



# Current application of the EEAG in the EU

Workshop: Guidelines on environmental and energy State aid  
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# Overview

- Purpose and main rules of RES rules in EEAG
- Practical application of EEAG RES rules in the EU
- Application of competition rules in the EnC

# Background: Where EEAG came from

## Previous guidelines (2008)

- Supported progress towards 2020 targets
- Only partially suited for the new challenges.

## Impact of support on the electricity market:

1. Overall costs of support were increasing  
→ concerns about competitiveness
2. Reduced price signals for investments in other technologies  
→ concerns about generation adequacy/security of supply
3. Lack of integration of RES in the market  
→ distortion of competition and partitioning of the internal market

# Operating aid for electricity from RES (I)

## Integrating RES into the market:

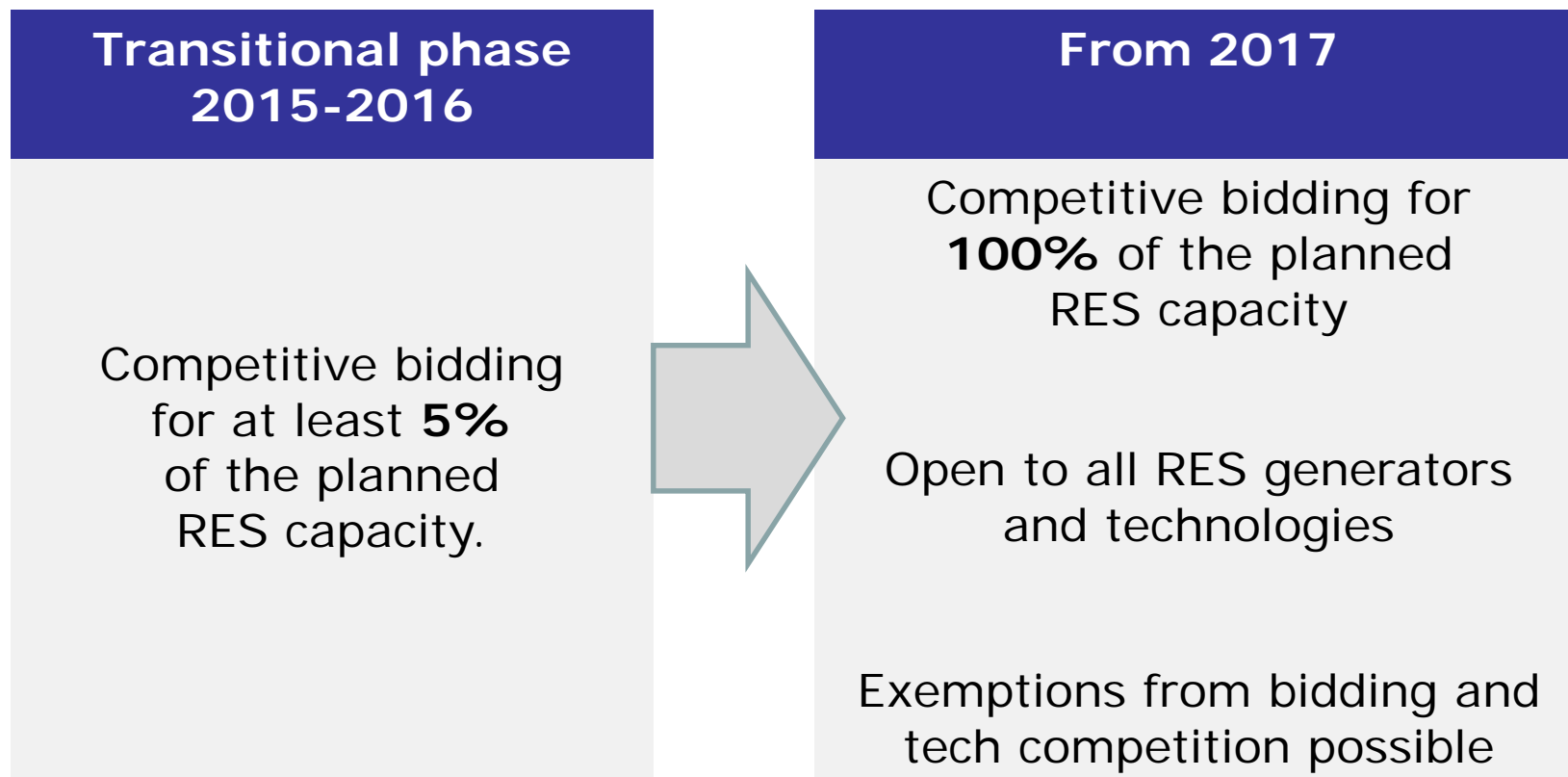
Only new installations (no changes for existing ones)

### From 2016:

- **Sell electricity** directly on the market  
(aid as premium on top of the market price)
- **Balancing** responsibilities  
(if liquid intra-day market)
- No incentives to generate with **negative prices**.

# Operating aid for electricity from RES (II)

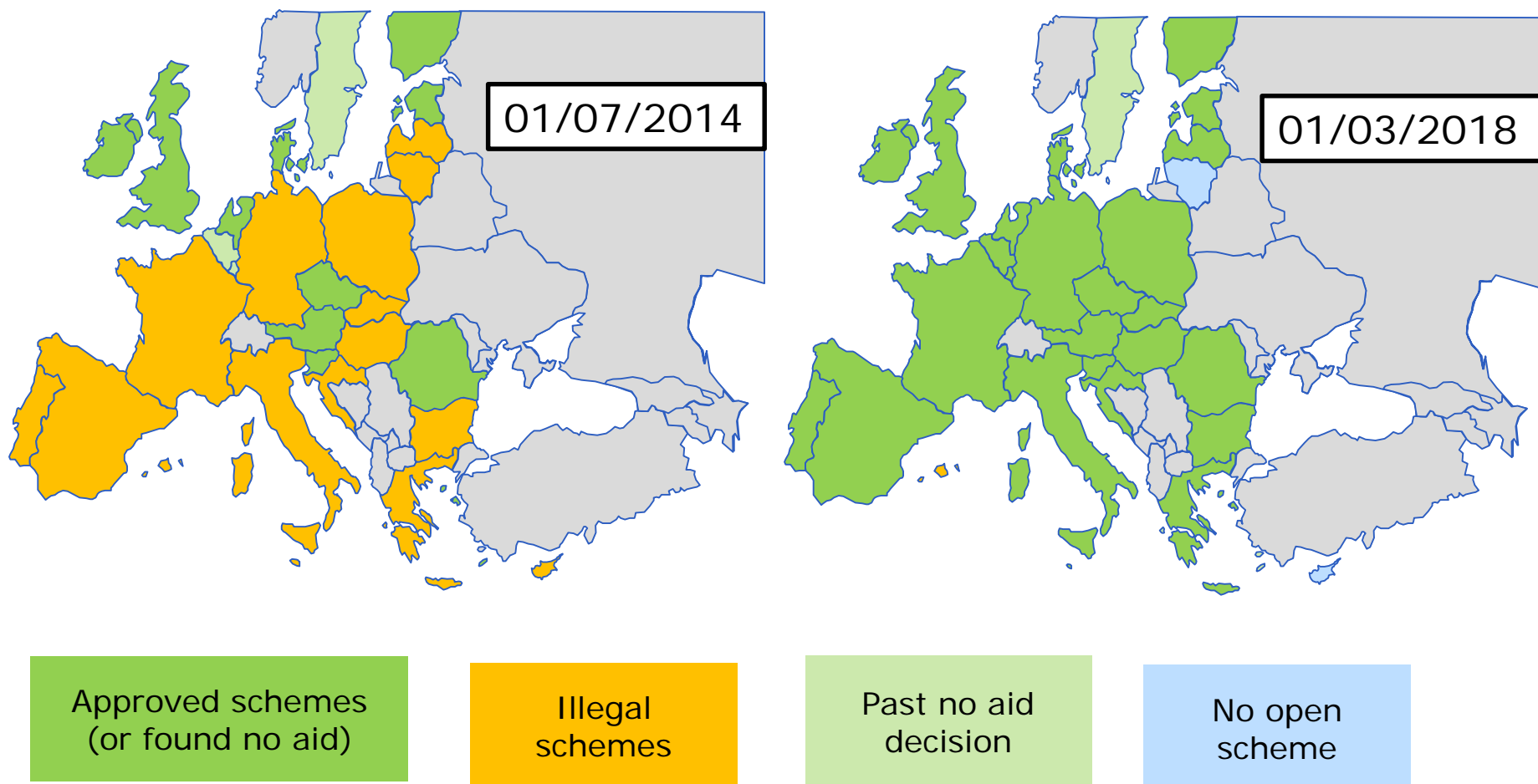
## Introduction of competitive bidding processes:



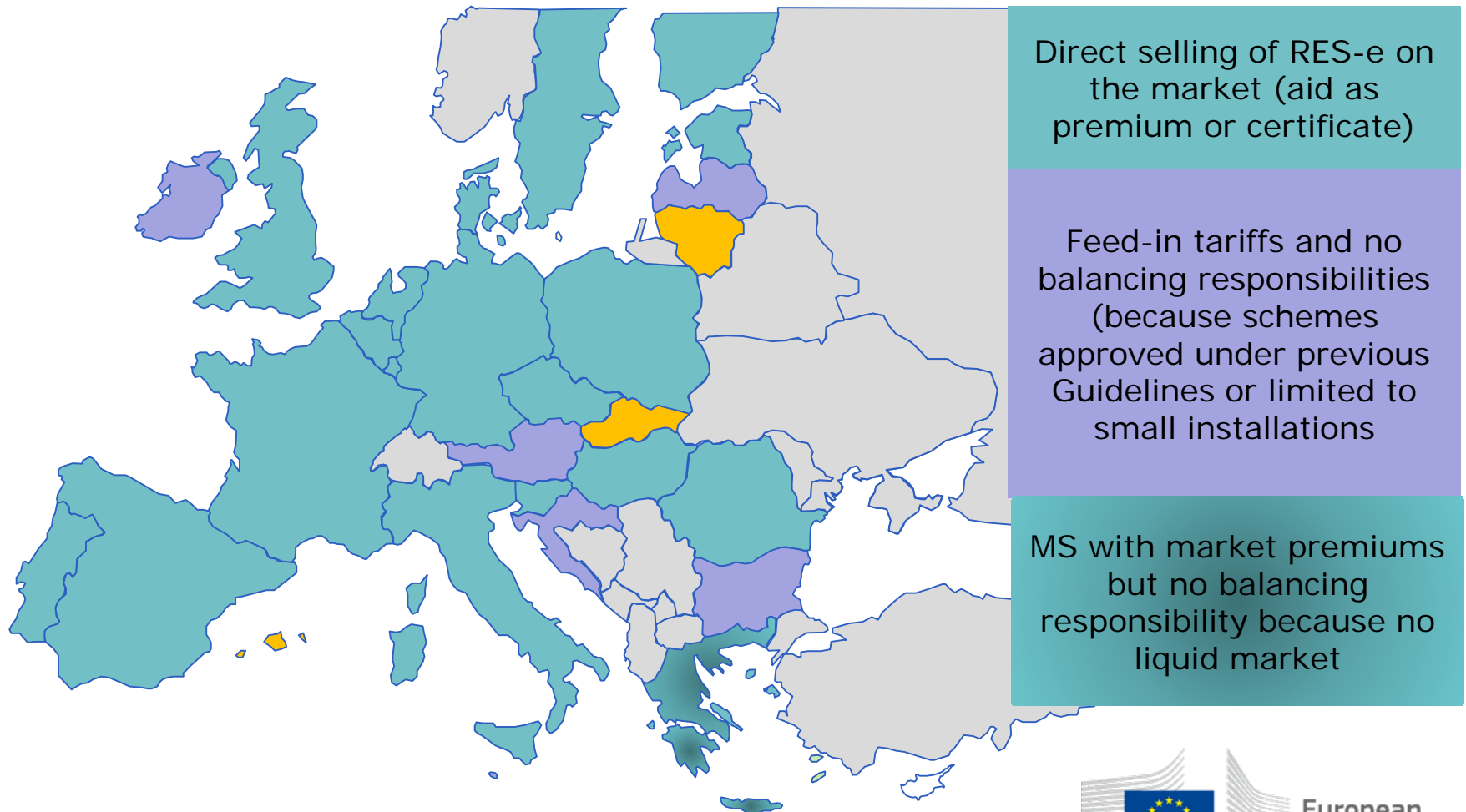
# Commission decisions adopted under EEAG

- **129** decisions adopted since 1 July 2014 (EEAG started being applicable)
- **101** relate to schemes
- **52** relate to operating aid schemes to RES-electricity,
- **13** decisions on capacity mechanisms:

# Overview of State aid status of RES schemes (electricity, operating aid)



# MS with premiums (RES-e selling on the market and subject to balancing responsibilities) (01/03/2018)



Direct selling of RES-e on the market (aid as premium or certificate)

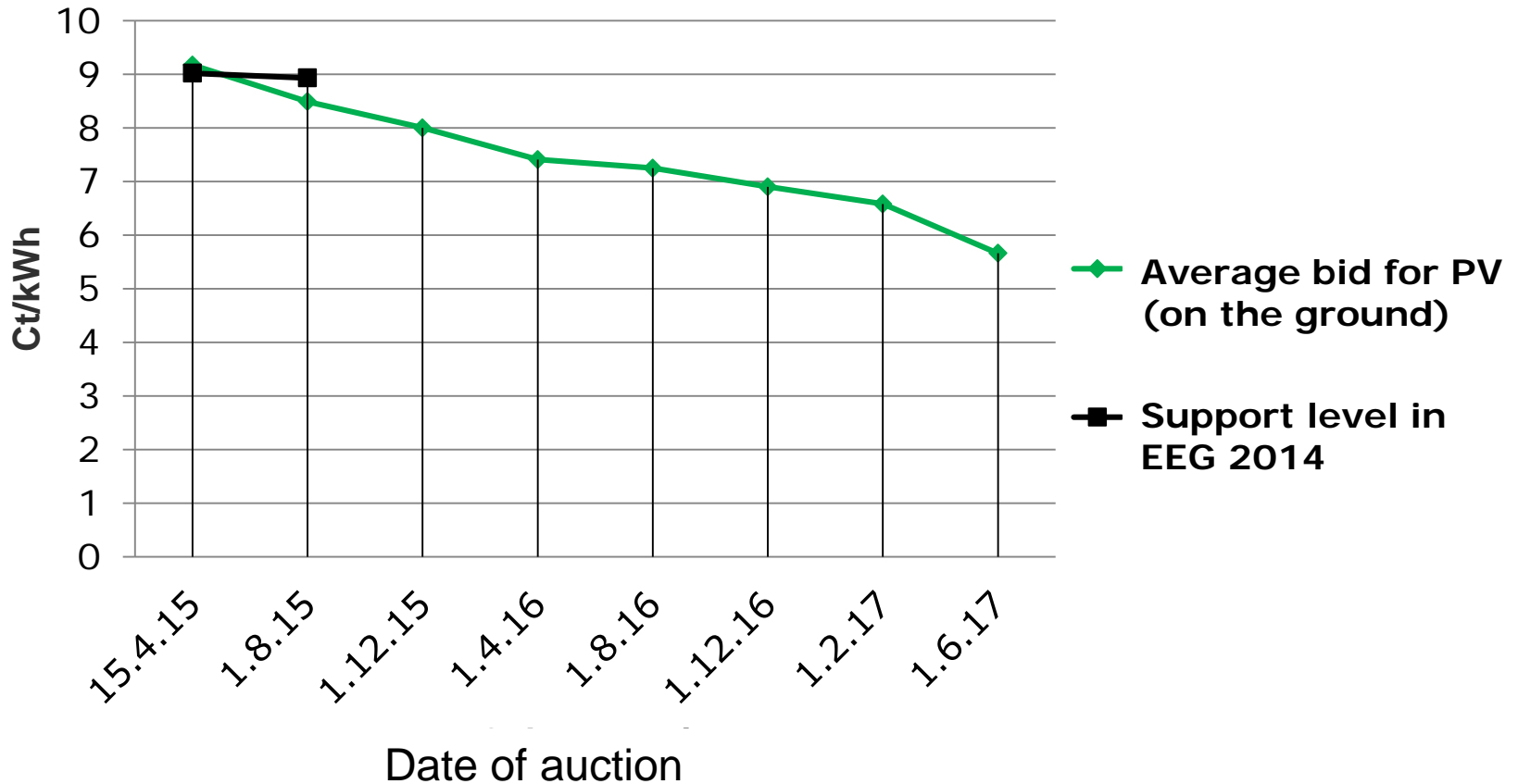
Feed-in tariffs and no balancing responsibilities (because schemes approved under previous Guidelines or limited to small installations)

MS with market premiums but no balancing responsibility because no liquid market



# Decline in support levels with tenders

Example of solar PV support since introduction of tenders in Germany



# Clarifying the application of the EU competition rules in the EnC (I)

The EU and all EnC Contracting Parties (CPs) have concluded **bilateral association agreements which include a comprehensive competition framework** based on 3 pillars:

- Approximation to EU competition rules;
- A governance mechanism to monitor and report on implementation;
- Recourse to the dispute settlement mechanism as regards all State aid provisions and all competition provisions related to EU law approximation.

The EU competition framework is not structured according to economic sectors. It **covers most sectors** of the economy including 'network energy'.

# Clarifying the application of the EU competition rules in the EnC (II)

- **Conclusions of the PHLG of 22 June 2016**
  - The **competition framework** in the bilateral agreements is already applicable to **most economic sectors** (including 'network energy')
  - Commission **discouraged the pursuit of an energy sector-specific approach** (risks leading to divergences in enforcement, duplicating efforts)
- **Energy Community could focus on initiatives of added value** (e.g. knowledge-sharing initiatives aimed at supporting national competition authorities' enforcement in the network energy sector)

**Enforcement of competition rules through bilateral agreements**

## 2 DOs and DON'Ts for Contracting Parties

1. DO: transpose in your RES laws the requirements of the existing RES Directive
2. DO: State Aid compatibility rules (incl. those for RES) should stem from your National State Aid law and be enforced by your State Aid control bodies (no need to notify to EnCS).
3. DO: take into account **your own market conditions** when developing the compatibility criteria:
  - DO NOT copy/paste EU energy compatibility rules - EEAG, and the 2010 Coal Decision took into account the market conditions in the EU!
  - DO NOT introduce a support scheme for RES based on competitive tendering if the market conditions are not suitable.