

STATE AID FOR ENVIRONMENTAL PROTECTION

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ENVIRONMENTAL GUIDELINES

Community guidelines on State aid for environmental protection - *Official Journal C 37 3.2.2001, p. 3*

Four main goals:

- ◆ Reinforce Polluter pays principle
- ◆ Consistency with other policies
- ◆ Clear rules



INVESTMENT AID

Definition eligible costs

- ◆ limited list of eligible costs
- ◆ only extra costs are eligible
- ◆ benefits have to be deducted

Aid Intensities

- ◆ 30% regular investments, 40% for energy saving / renewable energy / CHP
- ◆ Bonuses for assisted regions and SMEs

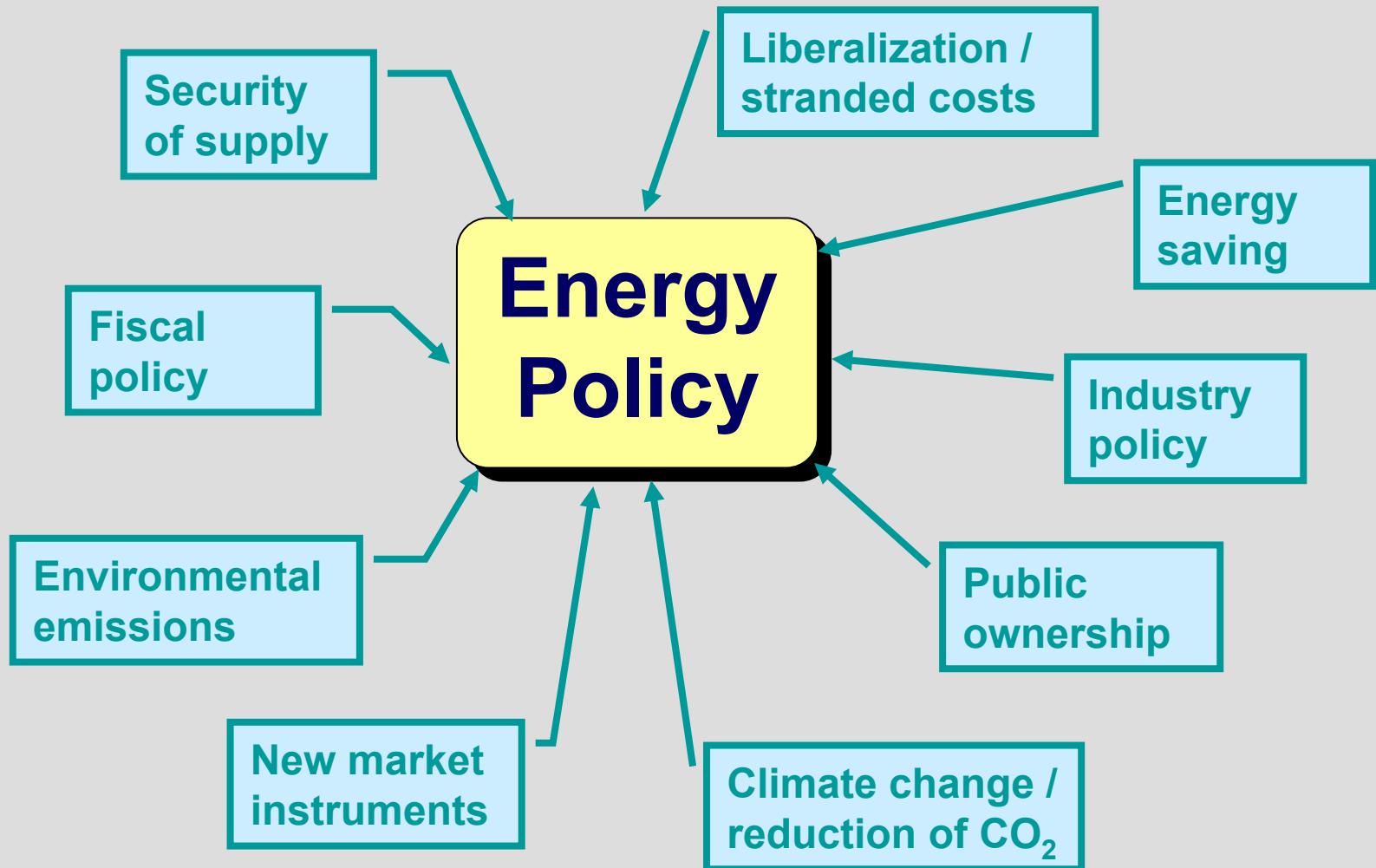


OPERATING AID

- ◆ **General rules** for operating aid: 50% or degressive, maximum 5-year
- ◆ **Tax reductions/exemptions**
 - ◆ Community tax or not?
 - ◆ New or existing tax?
 - ◆ Binding voluntary agreements
- ◆ Four options for **renewable energy sources**
 - ◆ 1: to cover the difference in production costs and market price
 - ◆ 2: market mechanism (in particular green certificates)
 - ◆ 3: aid calculated on the basis of the avoided external costs
 - ◆ 4: general rules of operating aids



STATE AID AND THE ENERGY SECTOR



STRANDED COSTS

Definition: costs incurred by firms upon the changeover from

- *a regulated market in which the setting of tariffs by the State ensures that any investment will be profitable into*
- *a liberalised market in which competition implies lower prices and that only the most efficient investment projects will be profitable.*

Methodology adopted on 25 July 2001. Key points are:

- Only aid to offset costs from commitments entered into prior to the entry into force of Directive 96/92/EC (February 1997).
- The commitments must be irrevocable.
- Maximum amount of aid must be fixed *a priori*.
- Compensation may be granted only for a limited period.



Further remarks

- ❑ **Not everything is aid: e.g. Supply Obligations and PreußenElektra Ruling (but beware!)**
- ❑ **Review of guidelines has started**



UP TO DATE LEGISLATION AND INFORMATION:

http://europa.eu.int/comm/competition/index_en.html



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09 Jan *EU Competition Policy in the Media Sector, new studies*

07 Jan *The seventh European Competition Day takes place on 14 February 2003 in Athens, under the headline: "Promoting competition and consumers' interests: Chances and limits"*

19 Dec *Discussion Paper : Services of general economic interest and state aid*

19 Dec *Public consultation on DG Competition Draft Best Practices on the conduct of EC merger control proceedings*

17 Dec *Enlargement - initial staffing in the Competition Directorate*

16 Dec *The Council adopts a new Regulation implementing Articles 81 and 82 of the EC Treaty*

13 Dec *Report on the state of play in the work on the guidelines for state aid and services of general economic interest*