



State aid to renewable energy communities

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Application of State aid rules to renewable energy communities

Renewable energy communities

The recast Renewable Energy Directive defines a renewable energy community (REC) as:

‘a legal entity:

- a) which, in accordance with the applicable national law, is based on open and voluntary participation, is autonomous, and is effectively controlled by shareholders or members that are located in the proximity of the renewable energy projects that are owned and developed by that legal entity;*
- b) the shareholders or members of which are natural persons, SMEs or local authorities, including municipalities;*
- c) the primary purpose of which is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits’*

Notion of aid

Article 107(1) of the Treaty defines State aid as:

‘any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods [...], in so far as it affects trade between Member States’



- Undertakings are entities engaged in an economic activity
- An economic activity is any activity consisting in offering goods and services on a market
- The economic use of an asset may be ancillary

Notion of aid for RECs

A REC qualifies as an undertaking if:

- at least one of its members/shareholders is an undertaking, i.e., it offers goods or services on a market
- irrespective of the nature of its members/shareholders, it performs an economic activity which is not ancillary

State aid for renewable energy communities

RECs and State aid

The recast Renewable Energy Directive requires Member States to:

- ensure that RECs can participate in available support schemes on an equal footing with large participants.
- take into account the positive impact of RECs in the choices relative to the development of the energy market



Under State aid rules, RECs can receive support under the same conditions as other actors and they can benefit of additional flexibility in the application of certain requirements

GBER

<i>Article</i>	<i>Threshold</i>	<i>Scope</i>	<i>Aid intensity</i>
Article 41	30 M per undertaking per project	Investment aid for: <ul style="list-style-type: none"> renewable energy production electricity and thermal storage, storage of renewable hydrogen, biofuels, bioliquids, biogas and biomass fuels high-efficiency cogeneration 	<ul style="list-style-type: none"> Competitive bidding: aid up to 100% of the total investment costs Administratively: aid up to 45%/30% of the total investment costs + SME bonus
Article 42	30 M per undertaking per project and 300 M per year for the budget	Operating aid for renewable electricity production	Aid granted in a competitive bidding process open to all generators producing renewable electricity
Article 43		Operating aid for renewable energy production and electricity storage in <u>REC projects up to 6 MW installed capacity or 18 MW for wind</u>	Aid granted in a competitive bidding process or administratively, up to the funding gap

TCTF

Section	Scope	Aid intensity
Section 2.5.1	Investment (2.5.1) and operating aid (2.5.2) schemes for: <ul style="list-style-type: none"> renewable energy, electricity and thermal storage storage of renewable hydrogen, biofuels, bioliquids, biogas and biomass fuels 	<ul style="list-style-type: none"> Competitive bidding: aid up to 100% of the total investment costs Administratively: aid up to 45%/30% of the total investment costs + SME bonus → option only available for non-mature technologies, small projects and <u>RECs projects up to 6 MW installed capacity or 18 MW for wind</u>
Section 2.5.2		<ul style="list-style-type: none"> Competitive bidding: strike price of the two-way CfD set based on bids Administratively: strike price of the two-way CfD set by the regulatory authority to cover expected net costs → option only available for non-mature technologies, small projects and <u>RECs projects up to 6 MW installed capacity or 18 MW for wind</u>

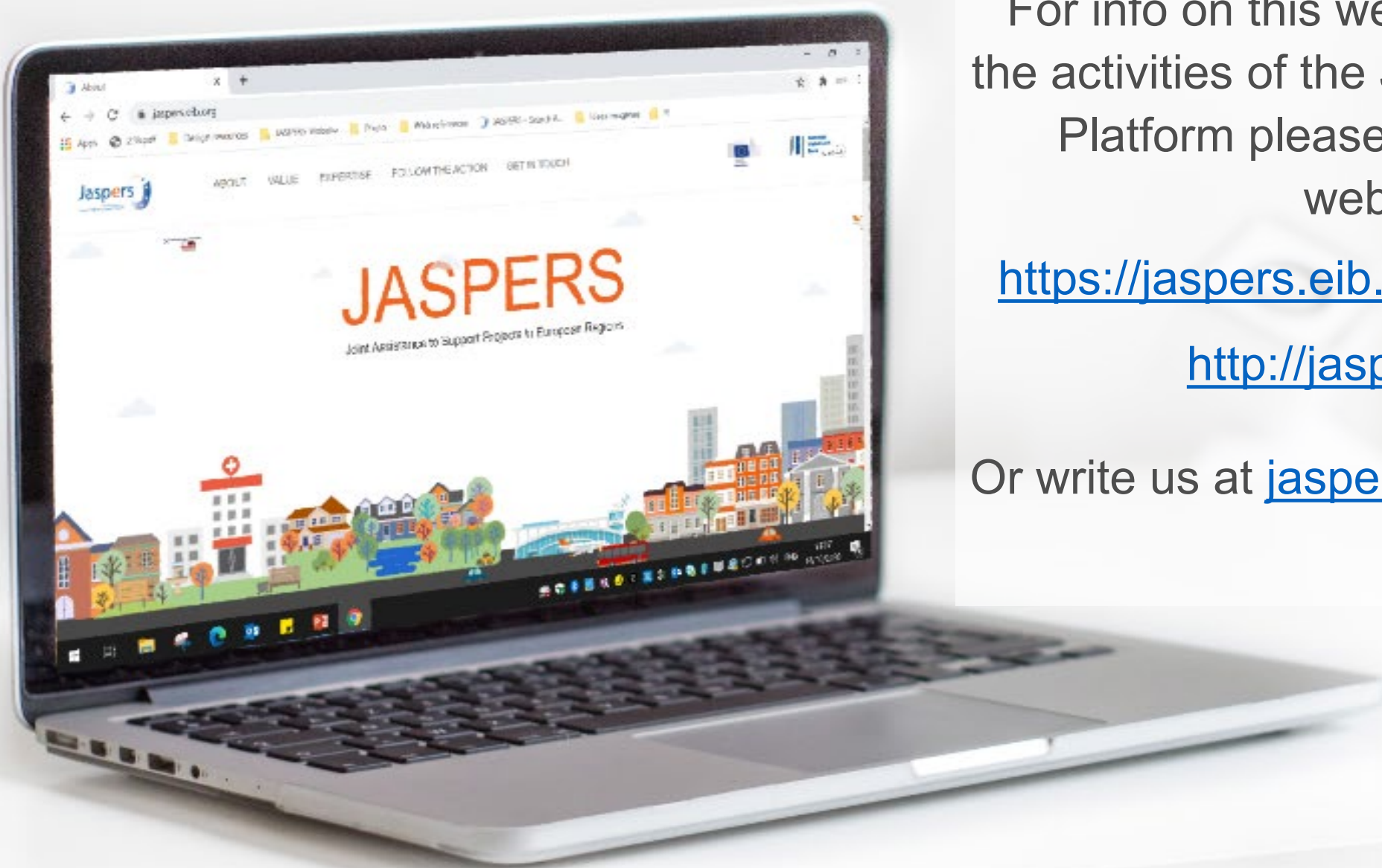
CEEAG

The CEEAG provides facilitations for the RECs in view of their important role in the energy transition, in particular:

- The Commission will generally look favorably at features to facilitate the participation of RECs in competitive bidding processes, including through flexibility regarding pre-qualification requirements
 - Recitals 75 and 120
- RECs projects up to 6 MW installed capacity or 18 MW for wind may benefit from an exemption from the competitive bidding requirement in Section 4.1
 - Recital 107(b)

Thank you for your attention





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