



Delivering effective state aid support for innovative renewable energy technologies

An effective and efficient EU State Aid regime is essential to investing in key pre-commercial technologies central to achieving the EU's 2030 and 2050 targets. The revised Energy and Environmental State Aid Guidelines (EEAG) must streamline and remove barriers to Member State support in their development. The enhancements outlined below will strengthen the EU's technological expertise and ensuing industrial strategies:

- 1. Strengthening support for technology-specific tenders:** The current guidelines favour a *"technology-neutral"* approach and fail to reflect the reality on the ground, which is that Member States routinely use the available derogations to run tenders that are technology-specific. The Council of the European Energy Regulators found that eight of the ten Member States who established tendering schemes operated technology-specific tenders.¹ This is due, in part, to the use of narrow criteria to define *"technology-neutrality,"* such as reliance on cost/MWe for capital costs or Levelised Cost of Electricity (LCOE) without integrating system costs or negative externalities which leads to competitive distortions.

All competitive bidding processes need to be differentiated according to the technical characteristics of each technology (cost, size, risk profile, load factor, project lead time, ability to provide system services, dispatchability etc). This approach would ensure the most cost-efficient deployment of renewable energy sources that would meet the EU's 2030 renewable energy targets and the 2050 climate objective. We recommend strengthening the role of technology-specific tenders by maintaining the link to the provisions outlined in **Article 4 of the Renewable Energy Directive (2018/2001/EU)**.

- 2. Providing a clear methodology for defining innovative technologies:** The current GBER foresees that *"aid shall be granted to new and innovative renewable energy technologies in a competitive bidding process open to at least one such technology"*. However, there is no reference to the methodology that clearly defines a *"new and innovative technology"*. For example, it is unclear if Member States can grant aid for innovative technologies such as Closed Loop and Enhanced Geothermal Systems, ocean energy or innovative

¹ [Council of the European Energy Regulators](#), Tendering procedures for RES in Europe: State of play and first lessons learnt

applications of Advanced Solar Thermal technologies using phase change materials. We recommend these technologies are classified as "*new and innovative technologies*".

3. Exempting demonstration projects from the notification requirement:

Pre-market technologies have a higher risk factor, which, when combined with their capital-intensive nature, requires additional State Aid support. Technology and project developers are often SMEs, research institutes and universities with limited resources. Furthermore, demonstration projects are usually small in scale, so these do not distort competition. Timely access to State Aid to advance EU expertise in renewable innovative technologies and bridge the gap between R&I stage and commercialisation is a vital component in delivering successful innovative renewable energy projects.

4. Exempting innovative business models from the notification requirement:

Energy policies in the form of subsidies and support schemes are the key factor that can influence the success rate of citizen/renewable energy communities. As renewable energy projects usually require high capital costs, one of the main challenges for energy communities is how to secure financial means up-front. Due to their innovative business model that is still not mature in many Member States, high administrative costs for participating to tenders for renewable energy support schemes are slowing down the pace of development of citizen/renewable energy community project development. A series of administrative barriers bring uncertainty and delays, and therefore hamper building a single integrated market for renewable energy and reaching a cost-effective deployment.²

We recommend exempting citizen/renewable energy communities from the notification requirement. This will encourage the diversification of renewable projects, notably in the commercial and industrial market and could enhance the deployment of this innovative business model.

5. Continue granting financial support for renewable energy sources:

As long as fossil fuels subsidies are still granted by Member States and insufficient pricing of externalities are embedded into fossil fuel utilisation, it is essential that renewable energy projects continue to receive State Aid exemptions to attempt to create a level playing-field.

² COMMISSION STAFF WORKING DOCUMENT, IMPACT ASSESSMENT, Accompanying the document, Proposal for a Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (recast), <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016SC0418&rid=4>