

Revision of the Guidelines on Environmental State Aid

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Current Guidelines: Setup

- Valid until end of 2007
- Provisions for investment aid:
 - 30% of net extra investment costs
 - 10% extra for renewable energy investments
- Provisions for operating aid:
 - Waste management.
 - Tax reductions.
 - Renewable energy: Difference between production costs and market price.

- Aid intensity: 30-40% of extra costs.
→ Incentive effect?
- Net extra cost approach:
→ Calculation in case of new technology?
→ Calculation for integrated technology?
- Benchmark for exemptions: “Nature” and “general objectives” of the tax
→ “Platonic ideal” problematic when applied to real-world taxes.
→ Inadequate criterion for environmental incentives.

- General Block Exemption Regulation
 - Conditions for the exemption from the notification requirement of Art. 88(3) EC-T.
 - Specific provisions for environmental aid.
 - Easier and faster procedure for standard cases (up to certain ceiling in EUR).
- New Environmental Guidelines
 - Provisions for cases where the exemption regulation is not applicable.

- Different options for calculating the minimum necessary incentive
 - Where extra costs are applicable: 100%.
 - Payback period.
 - Avoided external costs.
 - Percentage of total project costs.
- Eco-Innovation
 - Double market failure which is not captured by new R+D+I guidelines.

- The distinction between investment and operating aid is no longer useful:
 - Cover waste management investments!
 - Use production cost approach for calculation!
- Transparent provisions for environmental taxes
 - In line with energy tax directive 2003/96/EC.
 - Criterion: Environmental incentive effect.

- 2001-Guidelines' provisions on renewable energies are comparatively good.
 - Here, the distinction between investment and operating aid is given up, already.
 - Aid intensity up to 100% of cost difference plus "fair return" on capital → Incentives reasonably okay.
- Yet, dormant competition problem because of "outsiders" of environmental guidelines:
 - Feed-in laws and state aid control:
Some countries are "in", some are "out".
 - The very fact of being or not being subject to the Art. 88 procedures creates competitive imbalance.
 - Minimum requirement: Uniform, EU-wide accepted certificates of origin for green power.

Thank you for your attention!

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