



## Answer to the roadmap on State Aid for environmental protection and energy – revised guidelines

The members of the [European Lime Association \(EuLA\)](#), acknowledge the European Commission's review of the guidelines on State aid for environmental protection and energy 2014-2020 (EEAG). This new document represents a unique opportunity to improve and update the current regime to reflect the latest EU regulatory and policy developments stemming from the low carbon transition affecting the competitiveness of the lime sector, ranging from EU energy, climate and environmental legislation to global trade and competition law developments over the last decade.

For the lime industry, the state aid rules related to energy and environment are fundamental to ensure that the installations investing in energy efficiency as well as in low-carbon and sustainable manufacturing solutions can benefit from state aids.

### OUR CALLS

**Establish clear regulatory conditions and reliable market mechanisms will provide stability needed to deliver the necessary investments and to drive innovation to decarbonise rapidly and in a cost-efficient manner.** In the interest of avoiding regulatory uncertainty and potential regulatory arbitrage, additional rules and guidelines should only be developed when absolutely necessary. Clear rules must be defined to guarantee the security of investments for all market participants.

**The State Aid rules are fundamental to ensure a level playing field across the EU.**

It is of paramount importance that the scope selected and the criteria used is adapted to the goal pursued by each State Aid Guideline.

**Maintain local exemption or rebate schemes possible for electro-intensive sectors.**

Comparing the final tariffs of electricity of different plants in Europe, the lime sector notice a strong variation in the costs of distribution, national taxation, and “public services charges” that some Members States (MS) impose on the cost of energy. Therefore, the revision of EEAG should not ignore the difference in the fiscal and administrative differences between MSs.

Against that background, some national exemptions of various charges applied to electricity intensive industries to mitigate distortion of competition between Member States, should continue to be authorized by the EU rules.



For example, the German system of EEG-Umlage or the French system of abatement for the electro-intensive sectors.

It is necessary to maintain States' schemes that prevent distortion of competition in the internal market due to different cost structures for the final electro-intensive customers.

**Avoid lengthy and unpredictable processes to notify and approve support schemes,**

The lengthy process to have support schemes developed, notified and eventually approved by the European Commission led to significant uncertainty for the lime industry, with large projects being stalled. The State Aid rules should provide a better framework and clearer timeline to have support schemes approved, as part of a transparent process that involves industry at all stages.

**Policy consistency is essential**

It is essential to ensure consistency of the revised State Aid guidelines with the detailed rules and principles related to State Aid included in the recently adopted "Clean Energy for All" (CEP) package and to uphold the commitment to market-based mechanisms. Support schemes must be market-based (generally through premiums), involve open, transparent and non-discriminatory tenders and be technology-neutral.

The impact assessment might also represent an opportunity for the Commission to assess (and learn from) some national schemes which have been accepted in the past but have eventually constituted a disproportionate advantage to some installations (for example the system of the white certificates in Italy)

**Ensure certainty on regulatory costs.**

The new EEAG must provide long-term certainty on regulatory costs related to electricity consumption and extend the EEAG's scope to reflect recent case law on existing surcharges related to the energy transition. The guidelines should further ensure that the 2030 climate and energy targets are achieved cost-effectively.

**In the current EEAG, the level of aid must be limited to the minimum necessary. Against that background, the impact assessment could be an opportunity to address/revisit the question of over-allocation.**

Provision 3.10(235) (b) of EEAG stipulates that the total amount of tradable permits granted below their market value (ex. free) must not be higher than its needs. In some cases, should some significant level of surplus granted to installations be considered as an disproportionate State aid,



especially if that surplus participate to the intervention of a cross sectoral correction factor. This question might be sensitive as the system should ensure a strong encouragement to invest alongside the carbon neutrality roadmap.

**Ensure that the EEAG State Aid guidelines allow Member States to compensate energy intensive sectors like the lime sector for the regulatory push of promoting use of renewable energy fuels (i.e biomass) in the framework of EU ETS.**

There has been a considerable impact on the existing market-based mechanisms, in particular the EU ETS. Allowing Members States to compensate the energy intensive industries will ensure that European lime industries which are at risk of carbon leakage, are protected in a homogeneous manner and at the adequate level. State Aid shall complement this tool by helping industrial installations to invest in more energy-efficient technologies and fuels.

It is important to ensure that the new guidelines promote this, including the interactions between State Aid, taxation of carbon emissions and the EU ETS.

In addition some alignment between the scope of some definition should be applied, for example between EU ETS, RED II and EAGG for exemple on qualified "biomass".

**CCS, CCU's installations and carbon removals.**

Alike CCS, CCU's installations and carbon removals should be introduced in the scope of EEAG, including in ANNEX 1, where the Aid for CCU should be treated the same way as CCS (100%).

**Consider the immediate economic and social impact of the COVID-19 crisis.**

Lime material value chains and the EU's internal market must be thoroughly assessed in the review, particularly in the context of the re-adjusted EU policy priorities part of the Recovery Plan.

*About EuLA*

*EuLA, the European Lime Association, represents about 95% of the European non-captive lime production through its 23 covered Member States (companies and national associations). The European lime sector operates more than 160 installations (plants) covering 297 kilns in the EU, producing more than 22 million tons of lime and dolime (2019). Lime is an essential but often unseen ingredient, which possesses many applications for downstream industries. As a strong "enabler", lime is used from steel to water treatment and pharmaceuticals, environmental protection, glass and paper industrial processes, in the construction and civil engineering and in agriculture*



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