Clean Industrial Deal State aid Framework

Overview of Support Measures

<u>*DISCLAIMER*</u>

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CISAF adds an additional State aid tool to deliver on Clean Industrial Deal objectives

DG COMP stands ready to discuss specific proposals with Member States

- Any State aid that is not block exempted has to be notified to the Commission before putting it into effect
- The Commission invites Member States to engage in informal pre-notification discussions before starting a formal procedure
- Following the normal procedures, the Commission has to take a decision within two months as of complete notification
- CISAF is only one additional instrument, complementing the existing State aid toolbox

CISAF delivers on the CID objectives while protecting the level playing field

- **Accelerating the clean energy transition**
- **Achieving well-balanced energy markets & less volatile energy prices**
- **Achieving greenhouse gas reductions / reduce fossil fuel dependencies**
- **EU to become a manufacturing powerhouse**
- **Leveraging private funds to unlock clean investments**
- **Stimulating innovation and circularity**

- **While simplifying / reducing administrative burden**

and

- **balancing against negative effects on level playing field and competition in the single market**

The CISAF provides solutions for specific problems

Problem definition…

- Clean energy production needs to accelerate to reach net zero objectives
- High electricity prices slow industrial production
- Speed of decarbonisation of industry not sufficient
- Europe does not have sufficient clean tech manufacturing capacity required to support EU strategic open autonomy objectives
- Private investment alone not sufficient to reach CID objectives
- The need for simplification
- The need to protect the level playing field

…matched by the actions taken

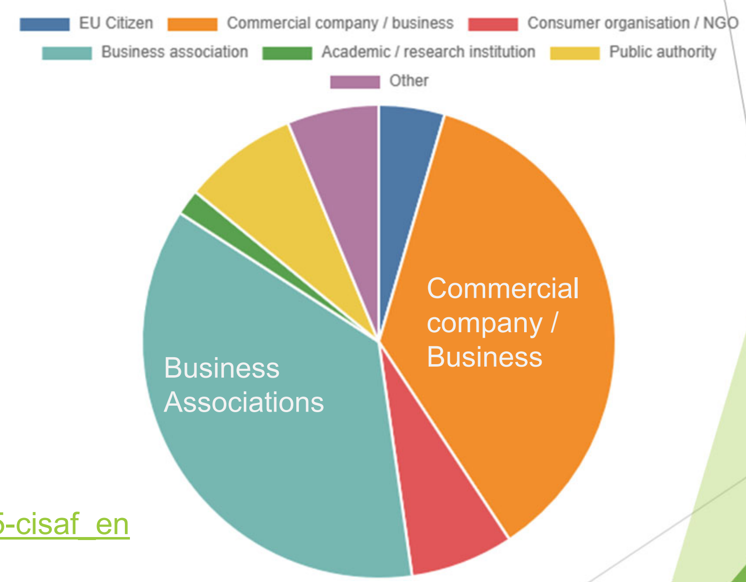
- Simplified rules to accelerate renewable (section 4.1) and clean energy (section 4.2) investments; new provisions to facilitate flexibility and capacity mechanisms (section 4.3/4.4)
- Temporary electricity price relief (section 4.5)
- Simplified rules for industrial decarbonisation and energy efficiency (section 5)
- Investment aid schemes for new capacity in net-zero technologies (section 6.1), ad hoc matching aid (section 6.2) and demand-side tax incentives (section 6.3)
- Section 8 allows for de-risking measures to crowd in private capital
- Facilitation for Innovation Fund projects (section 7)
- All provisions contain safeguards to protect the level playing field and cohesion objectives

CISAF is based on wide stakeholder consultation

- More than 500 stakeholders replied to the public consultation. 750+ documents received and reviewed – generally positive feedback
- Sample of replies is not representative
- Contributions available online on COMP website:

https://competition-policy.ec.europa.eu/public-consultations/2025-cisaf_en

More than 500 replies received



Accelerating the clean energy transition

- CISAF promotes a '**neutral**' approach:
  - Support can be given to both renewable *and* low carbon hydrogen production (both contribute to the Net-Zero economy)
  - Decarbonisation measures can be subsidised regardless of the technology used
- …while **prioritising renewables**:
  - Differentiated approach (intensities), given the higher production costs and contribution to grid balancing and sector coupling
- Manufacturing aid can be granted to ***all* technologies** contributing to a Net-Zero economy
- On **nuclear**:
  - Nuclear equipment that is covered by NZIA can also receive support under section on clean-tech manufacturing
  - No change for nuclear energy *production* (case-by-case assessment under Article 107(3)(c))
  - Timely assessment of State aid cases for nuclear supply chains and technologies, including for small modular reactors (recital)

Key elements for State aid to support clean energy roll-out

Section 4: clean energy		*Competitive tender*	*Aid intensities*
Production of electricity from renewable sources	Investment support	In principle always required, up to 100% of eligible costs	Exceptions from tender requirement for small and demonstration projects: 45% of eligible (investment) costs
	Direct price support (e.g. CfD, or feed-in tariffs)	In principle always required	Exceptions allowed for small and demonstration projects: NRA sets max aid levels
All other renewable energy production (incl. RFNBOs)	Investment support	Possible, up to 100% of eligible costs	**45%** of eligible (investment) costs
	direct price support (e.g. CfD, or feed-in tariffs)	In principle always required	Exceptions allowed for small and demonstration projects: NRA sets max aid levels
Low carbon fuels		Possible but need to have separate tender for RFNBOs	**20%** of eligible (investment) costs

Aid intensity bonuses apply: 20% for small and 10% for medium sized enterprises

Achieving well-balanced energy markets & less volatile prices

- **Temporary electricity price support** to ensure the transition to low electricity costs (Energy Intensive Users):
  - Limited in time: 3 years
  - Sectors at "significant risk" of production leaving EU (same as CEEAG annex)
  - Safeguards: aid is limited by "**4x50**" approach:
    - Only **50%** of consumption eligible
    - **50%** max. aid intensity on eligible consumption
    - Subsidised electricity cannot be below **50 EUR / MWh**
    - **50%** of aid received has to be re-invested in decarbonisation
- **Specific facilitations** for State aid for **non-fossil flexibility (4.3)** and **capacity mechanisms (4.4)**
  - Simplifying the implementation of sectorial energy regulation and approval for measures not likely to raise competition concerns, based on common requirements

Achieving GHG reductions & reduce fossil fuel dependencies

- Projects need to ensure (i) **greenhouse gas emission reductions** or (ii) **energy efficiency increases**
- **No absolute minimum reduction** of direct greenhouse emissions, BUT Member States must ensure
  - consistency with the EU's 2050 climate target; and
  - emission reductions exceeding what ETS alone would deliver.
- On **gas** as a 'transitional technology' strict safeguards apply:
  - Beneficiaries need to have a plan to phase-out gas by 2040 and Member States to ensure implementation (to avoid 'lock-in' effects)
  - Measures need to ensure emission reductions by at least 70% or energy consumption reduction per unit of output of at least 40%

Key elements for State aid to support industrial decarbonisation

Section 5: decarbonisation	*Aid intensities*	*Funding gap*	*Competitive tender*
Hydrogen or hydrogen-derived fuels with at least 40% RFNBO share	**60%** of eligible costs up to 200m	Possible, individual aid amounts above 200m have to be notified separately	always possible
Renewable energy or storage for self-consumption	**45%** of eligible costs up to 200m		
Investments enabling the use of low-carbon fuels	**35%** of eligible costs up to 200m		
Production of low-carbon fuels for self-consumption	**20%** of eligible costs up to 200m		
Any other eligible technology	**30%** of eligible costs up to 200m		

Aid intensity bonuses apply: 10% for small and 5% for medium sized enterprises

EU to become a manufacturing powerhouse

- CISAF supports *all* **manufacturing projects** to produce NZIA final products, specific main components and related critical raw materials, e.g.,:
  - not only batteries, solar panels, wind turbines, heat pumps, electrolysers, CC(U)S equipment as in the TCTF;
  - but also electricity grid, geothermal, nuclear value chain, electric propulsion etc;
  - and related critical raw materials to reduce reliance on imports.
- Aid schemes remain possible based on **maximum aid intensities** and amounts (on a per project basis); bonuses apply for assisted areas and SMEs
- **Matching aid** tool retained for **individual projects** to avoid artificial diversion of investments due to 3rd country subsidies; additional simplification for non-assisted areas
- **Demand support** also possible:
  - Tax incentives (accelerated depreciation) for companies to buy clean technology assets, such as solar panels.

Section 6.1: aid intensities

Section 6: clean-tech	**Aid intensity***	**Max amount**
non-assisted area	**15%** of eligible costs	up to **150m** per project
'c'-area	**20%** of eligible costs	up to **200m** per project
'a'-area	**35%** of eligible costs	up to **350m** per project

** Bonus on aid intensities of 20 percentage points for small and 10 percentage points for medium sized enterprises*

Leveraging private funds to unlock clean investments

- Possibilities for Member States to reduce the risks of investors in funds with investment portfolios linked to:
  - **clean energy**, **decarbonisation**, **clean tech manufacturing**
  - as well as **energy infrastructure** and the **circular economy projects**
- Equity, loans and/or guarantees for fund structures holding a portfolio of eligible projects

Stimulating innovation and circularity

- On **innovation**:
  - Facilitations for State aid schemes focusing on clean energy, decarbonisation and clean tech manufacturing projects that obtained a **Sovereignty Sea**l after a successful evaluation under an **Innovation Fund call**
- On **circularity**:
  - MS encouraged to ensure projects contribute to the circular economy
  - Other State aid rules (CEEAG, GBER)
  - Derisking measures for circular economy projects

Simplification / Reduction of administrative burden

- **Easier for MS to grant aid and get an approval from the Commission:**
  - CISAF promotes the **use of schemes** (ad hoc aid possible for clean tech manufacturing, as 'matching aid' to prevent relocation outside the EU)
  - Simplifies the conditions under which aid is given (compared to CEEAG): e.g., **no public consultations** required
  - In most cases, offers MS the choice, between using **aid intensities** and **administratively setting the amount of aid**
  - Provides '**safe harbours**' and **simplified models** enabling fast processing of notifications by the Commission
- **CISAF provides stable conditions for Member States and investors**
  - It replaces the Temporary Crisis and Transition Framework (TCTF)
  - Applicable until **31st December 2030**