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**News | Ecological Transition**

**Focus on the new Guidelines on  
State aid for climate,  
environmental protection and  
energy**



# Background & Issues





The new Guidelines on state aid for climate, environmental protection and energy, also called “**CEEAG**” (*Climate, Energy and Environmental Aid Guidelines*) :

- entered into force on January 27, 2022,
- were published in the Official Journal of the European Union on February 18, 2022.





**Considering the European Green Deal (2019) and the "Fit-for-55" Package (2021), competition policy and state aid rules are a strategic lever to achieve the goals:**

- carbon neutrality by 2050;
- and a 55 % reduction in net greenhouse gas emissions by 2030 compared to the 1990 levels enshrined in European climate law (Regulation EU 2021 / 1119 of June 30, 2021).





According to the Commission, to achieve these goals, the challenge in terms of investments is of an unprecedented scale for both the private and public sectors:

*"It will require EUR 390 billion of additional annual investment compared to the levels in 2011-2020, in addition to the estimated annual EUR 130 billion for other environmental purposes"*



In this changing context:

✓ the purpose of the **Guidelines (the “CEEAG”)** is to provide a revised framework of guidance for public and private actors combining:

- the imperatives of economic efficiency in the transition to climate neutrality...
- while ensuring a level playing field in the internal market.

✓ the object of the **Guidelines (the “CEEAG”)** is to:

*“provide guidance on how the Commission will assess the compatibility of the measures regarding the protection of environment, including climate protection, and energy which are subject to the obligation of notification (...)”*



# The CEEAG





## Strategically broaden the categories of eligible investments

The "CEEAG" include a significant number of **new categories of investments and technologies** likely to be supported by the Member States and declared compatible "under conditions" with the European market. Emphasis is on the **theme of energy**.



Support for technologies promoting the reduction or even removal of **greenhouse gas emissions** and **energy efficiency** is eligible for State Aid.

These may include investments in **renewable energy** and in **low-carbon energy generation** mechanisms such as **hydrogen**.







## Adapt competitive bidding processes in favor of SMEs and renewable energy communities

The CEEAG provide for **exemption rules from competitive bidding** for the allocation of aid in favor of small-scale virtuous projects carried out by SMEs that do not exceed a certain threshold of megawatts.

*"In general, the Commission will take a positive view on the characteristics of measures proposed by Member States to facilitate the involvement of SMEs and, where appropriate, renewable energy communities in competitive bidding processes, provided that the positive effects resulting from their involvement and acceptance outweigh any potential distorting effects".*





## Optimize sectoral aid contributing to the reduction of pollution of all kinds

The Commission relaxes the regulatory framework in order to encourage Member States to **invest sustainably in key sectors of the ecological transition** and in particular to:

- improve **energy performance in the building sector**;
- “green up” all modes of transport for a **clean mobility**;
- use sustainably resources enabling the transition to a **circular economy**;
- protect **biodiversity**;
- compensate **damages caused to the environment**.





## Submit the most significant investments to public consultation

In exchange for the flexibility offered by the new investment guidelines, a new **aid control** mechanism is implemented.

As of **July 2023**, and "*except under exceptional circumstances*" duly justified, Member States will be required to carry out such **consultation**. Public consultation **becomes mandatory**:

- for a period of six weeks minimum concerning any average annual aid higher than or equal to 150 million / year.
- for a period of one month for any aid lower than this amount.





## Taxonomy & CEEAG: Gas and nuclear are targeted

### ✓ “Taxonomy” approach:

For the record, this is a set of criteria for identifying the categories of **labeled “green” investments** and contributing concretely to the achievement of environmental goals. This classification tool can be used to facilitate the assessment of State aid when the investments targeted by the aid fall within the established nomenclature.

Controversies remain over the integration by the Commission on February 2, 2022, of **natural gas** and **nuclear power** into the taxonomy classification by means of delegated act.

### ✓ “Guidelines” approach (CEEAG):

- they do not apply to state aid in favor of **nuclear energy**.
- they apply to State aid supporting **natural gas**, provided that the Member State can justify the guarantees necessary for the pursuit of European goals.



## Experts Oyat Avocats



**Laurent DE LA  
BROSSE**

*Founding Partner*



**Romain CANOT**

*Partner*





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