Contribution ID: 27edd512-3172-4935-b79e-9ff53d50122d
Date: 25/04/2025 14:15:17

Consultation on the draft new State aid Framework to support the Clean Industrial Deal (Clean Industrial Deal State Aid Framework – CISAF)

Fields marked with * are mandatory.

Introduction

Following the adoption of the Clean Industrial Deal Communication on 26 February 2025, the Commission is consulting the general public on a draft new State aid framework.

The Commission invites you to provide your views on the draft Clean Industrial Deal State Aid Framework via the form below. The Commission is particularly interested in views on those parts marked in [ ]. In case you consider any such parts not appropriate in their current form and want to propose alternatives, please ensure to submit relevant data and evidence to substantiate your view.

Thank you for your collaboration!

About you

Please specify the language of your contribution

English

* Please specify in which role you provide your contribution

- ○ EU Citizen
- ○ Commercial company / business
- ○ Consumer organisation / NGO
- ◉ Business association
- ○ Academic / research institution
- ○ Public authority
- ○ Other

* Please provide your full name

Victor Sebastianutti

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Please provide the name of the organisation or company you represent (if any)

Union Française de l'Electricité

Please indicate the size of your organisation

- [ ] Micro (1 to 9 employees)
- [x] Small (10 to 49 employees)
- [ ] Medium (50 to 249 employees)
- [ ] Large (250 or more employees)

If your organisation is registered, please provide your transparency register number

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making. More information can be found here.

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Please specify your country of residence or the location of the headquarter of the organisation / company your represent

FR - France

The Commission will publish all contributions to this consultation. Please do not include any confidential information in your reply.
You can choose whether you would prefer to have your personal details published or to remain anonymous when your contribution is published. For the purpose of transparency, the type of respondent (e.g., 'EU citizen', 'commercial company' or 'consumer organisation'), country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published. Please opt in to select the privacy option that best suits you.

Privacy setting

- ( ) **Anonymous**
  Only organisation details are published: The type of respondent indicated above, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin, and your contribution will be published as received. Your name and email address will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.
- (•) **Public**
  Organisation details and respondent details are published: The type of respondent as indicated above, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin, and your contribution will be published. Your name will also be published (your email address will not be published).

* Protection of personal data

- [x] I agree with the personal data protection provisions.

General comments

Please provide any comments you may wish to bring to the Commission's attention in relation to the draft proposal for a new Clean Industrial Deal State aid Framework.

5000 character(s) maximum

About technological neutrality :

- UFE believes that the CISAF should allow State aid to be granted to all assets and technologies contributing to achieving carbon neutrality. A technologically neutral approach must be respected, and nuclear energy should not be discriminated against. Currently, nuclear energy provides around 45% of the EU's carbon-free electricity and up to 25% of the total electricity generation in Europe. Nuclear energy plays a critical role in Europe's security of supply and transition to a clean energy future. As a reliable, low-carbon power source, nuclear energy offers consistent baseload generation, complementing intermittent renewable energy sources like wind, solar, and hydro.

About the scope and OPEX inclusion :

- Currently, aid for OPEX for electrification projects is not within the scope of the CISAF. This should be addressed and aid for OPEX included temporarily.

Aid to accelerate the rollout of renewable energy

Please provide any comments specific to section 4.1 of the draft framework (“Aid schemes to accelerate the rollout of renewable energy”).

5000 character(s) maximum

About technological neutrality :

- Facilitating the rollout of renewable energies is key, but to achieve and accelerate the energy transition while strengthening European competitiveness, the scope of this section should be revised, to encompass all “low-carbon energies”. UFE strongly defends a technologically neutral approach for the new State aid guidelines. All low-carbon energy sources should be included in this aid scheme. For instance, point (32) (a) should include SMRs and other low-carbon means, and point (32) (b) should include low-carbon hydrogen and e-fuels).

About the definition of small projects :

- About point 43 (a), to take full advantage of the revamping of existing hydropower assets, the threshold for mandatory competitive bidding process – currently set at 1MW – should be raised, to avoid leaving behind valuable assets due to the tender procedure.

If you consider the proposed completion deadlines or exemptions therefrom (see point (37)) are not appropriate, please provide concrete justification for any alternative timeline or other exemptions you would consider more appropriate.

- With regard to hydro storage, UFE recommends refining the wording for pumped storage hydropower to improve clarity and avoid confusion.

- Low carbon hydrogen should be included in the list of technologies benefiting from a derogation because although this technology is crucial for the decarbonisation of our industry, the 36-month period is unrealistic for all the necessary infrastructure investments.

Please provide any comments specific to section 4.2 of the draft framework (“Aid for non-fossil flexibility support schemes”).

5000 character(s) maximum

About consumers’ flexibility efforts :

- Regarding point (57) and footnote (37), Member States should be allowed to support non-fossil flexibility even when a capacity mechanism is in place, as provided by Regulation 2024/1747. Member States shall be free to choose the better way to promote non-fossil flexibility, through capacity mechanisms and/or dedicated support schemes, in accordance with the EMD Regulation and with the respective objectives of both mechanisms. Thus, mandating non-fossil flexibility support through capacity mechanisms should be avoided. Capacity mechanisms’ role is to ensure security of supply, whilst non-fossil flexibility schemes aim at developing additional flexible electricity system resources, on top of that provided by conventional generation assets. Thus, whilst both are complementary, flexibility needs should be differentiated from security of supply needs as they are driven by different factors:
  - o Security of supply maintains essential system resources available, even though revenues from energy markets only might not be sufficient to keep them on, so that demand can be met even at its peak level, according to a publicly defined objective. Non-fossil flexibility also contributes to this objective and should therefore be included in the capacity mechanism design.
  - o Flexibilities further support non dispatchable renewable integration and associated challenges to the grid in terms of balancing and ancillary services.

  For footnote (37) regarding duly justification of non-fossil flexibility support schemes, a clear rationale should underpin additional and targeted support to non-fossil flexibility. Such a rationale should demonstrate that markets are not sufficient to enable the development of those resources and should be justified by a public target for the development of those resources.

- With regard to point (66), UFE considers that energy security and flexibility are already handled through the market and dedicated mechanisms. This provision would further penalise non-flexible electricity consumers, in particular baseload industrial users. The financing of the scheme should be left to the Member States.

Please provide any comments specific to section 4.3 and Annex I of the draft framework (“Aid for capacity mechanisms following a target model”).

5000 character(s) maximum

- On Annex I, Req. 1, UFE believes that, in the long term, the central reference scenarios of ACER's ERAA are the logical basis for identifying the need for a capacity mechanism. But in the meantime, given that the use of ERAA may prove difficult, Member States' national resource adequacy assessment must also remain a possible basis for this kind of analysis. At present, ERAA scenarios don't always allow national specificities to be considered, and assess default criteria differently. As for footnote (2), the ACER Decision of 2 October 2020 should remain the only method of calculation for VOLL and CONE, as a matter of sovereignty. Relying on figures provided by ACER "as envisaged in the Commission's 3 March 2025 Report on the assessment of possibilities of streamlining and simplifying the process of applying a capacity mechanism" would go against the principle of subsidiarity.

- On Annex I, Req. 10: UFE considers that a main competitive bidding process should take place 4 years ahead of the delivery window and include a significant part of the volume required for the delivery window. UFE believes that the volumes should be designed in accordance with Member States' energy policies. In addition, all capacities, regardless of their technology, should be eligible to participate in capacity mechanisms, including their participation in a second auction, provided that they contribute to meeting the security of supply criteria and that they meet the qualification standards set by the Member States.

- On Annex I, Req. 14, UFE considers that beneficiaries should be allowed to trade (OTC) until at least the end of the delivery window to balance their positions.

- On Annex I, Req. 16, UFE recommends long term capacity agreements, without limiting their duration according to the market structure of the Member State. Their duration shall be proportionate to the initial CAPEX of the capacity to be contracted. Investment thresholds for long-term contract eligibility should take non-derated capacity into account, rather than derated capacity, otherwise the capacities with a higher potential would be penalised (EUR/ MW rather than EUR/de-rated MW).

- On Annex I, Req. 20, UFE recommends its removal since capacity mechanism's parameters should not impact the functioning of the short-term market.

- On Annex I, Req. 21, UFE recommends its removal as capacity mechanism and flexibility schemes' objectives may differ across Member States. Member States shall be allowed to design mechanisms suited to their system needs, provided the total aid granted remains proportionate.

Aid to deploy industrial decarbonisation

Please provide any comments specific to section 5 of the draft framework ("Aid to deploy industrial decarbonisation").

5000 character(s) maximum

Inclusion of operating costs in the framework : Currently, aid for OPEX for electrification projects is not within the scope of the CISAF. This should be addressed and aid for OPEX temporarily included.

- With regard to point (69), it is important that operating subsidies are included in this section. The operating costs associated with electrification projects are a barrier that slows down the electrification of the industry. For this reason, it is crucial that all costs are taken into account when subsidies are granted.

- With regard to point (76), an aid scheme based on a bilateral (carbon) contract for difference would fit perfectly with the general approach adopted in the CISAF project. According to the definition of the 'funding gap' in point 86(a) it is necessary to compare the factual scenario of the project with a counterfactual scenario taking into account all investment and operating risks and costs. In order to do this, it is imperative that the aid covered in this section is included with more details both in terms of their form and their scope, for instance : variable premiums based on investment and operating costs, direct price support of (carbon) two-way contract for difference.

About on-site electricity generation vs markets :

- With regard to point (75), the mention of "at least 80% of the energy produced must be used on-site for the beneficiary's own industrial activities" should be removed. The promotion of self-sufficiency in industrial decarbonisation encourages industries to consume their own production (mainly on-site RES production), rather than source clean electricity from the grid. This will be both costly and inefficient. Furthermore, limiting the aid to self-production of low-carbon energy excludes de-facto the support for decarbonisation of smaller processes that do not have the capacity to produce low-carbon energy on their own, due to a lack of liquidity or skills. Consortia between industrials and energy producers should also be eligible to aid under this section.

About technological neutrality :

- With regard to point (82) and (107), UFE strongly believes that low carbon hydrogen should be subject to the same rules as renewable hydrogen, with no additional conditions. The principle of technology neutrality should apply as both, renewable and low-carbon H2enable decarbonising industrial activities significantly.

About cost and time limitation of the aid :

- On point (79), UFE believes that the 36-month constraint for projects to be in operation should not include grid connection. It could indeed be excessive for certain electrification projects due to several elements which are difficult to control like the often-complex permitting processes and lengthy waiting lists.

- On point (90), UFE considers that limiting the amount of aid under 50% of the decarbonisation cost does not allow for an efficient decarbonisation effort regarding industrial processes. Differentiating the proportion of aid available depending on the technology is not the right solution : the amount of the aid should mostly depend on the cost of decarbonisation and not exceed 50% this cost.

If you consider that the prioritisation of technologies for decarbonisation of industrial heat in this section on decarbonisation and energy efficiency is not appropriate (see point (73)), please explain and provide evidence for other criteria you would consider more appropriate.

The prioritisation proposed in point (73) corresponds to UFE's recommendations, but we suggest raising the threshold from 400°C to 500°C in order to include the most efficient decarbonisation solutions, including electric boilers.

For aid schemes covering investments relying wholly or partly on the use of hydrogen, section 5, point (82), the new framework takes into account the fact that Article 22a of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (RED) establishes targets for renewable fuels of non-biological origin (RFNBO) for hydrogen in industry. The draft framework does so by laying down a minimum share of renewable hydrogen calculated by reference to the average share of electricity from renewable sources in the Member State concerned, as such project-level contribution to meeting national targets established by EU law is considered a positive effect in the balancing exercise under Article 107(3)(c) TFEU. If you consider that the scope for aid for investments for industrial use of hydrogen should be defined differently, please provide justification and any available evidence for the scope of projects for which you consider that State aid for other types or combinations of hydrogen is required.

About technological neutrality :

- Low carbon hydrogen should be eligible to aid schemes covering investments relying on the use of hydrogen, with no additional conditions than renewable hydrogen. There should be no difference between the two technologies as they both enable decarbonising industrial activities significantly.

- Moreover, in point (82), the footnote 49 still defines "low-carbon hydrogen" based on "Article 2(11) of Directive (EU) 2024/1788 of the European Parliament and of the Council and its implementing or delegated acts". The fact that the delegated act on low carbon-hydrogen is still awaiting publication contributes to a legal uncertainty, which threatens the correct application of such a provision.

If you consider that the zero indirect emissions presumption for electrification projects in this section on decarbonisation and energy efficiency is not appropriate (see point (98)), please explain and provide evidence for an alternative presumption you would consider more appropriate.

If you consider that the safe harbour for natural gas based projects in this section on decarbonisation and energy efficiency is not appropriate (see point (101)), please explain and provide evidence for an alternative presumption you would consider more appropriate.

The draft framework allows to provide support for investment costs related directly to the achievement of the greenhouse gas emission savings or energy efficiency. Such support for these investment costs does not cover production capacity increases, but it also does not prevent companies from proceeding at the same time with capacity increases insofar as the increases are not financed by State aid under the decarbonisation section. This is without prejudice to the compatibility of aid for such capacity increases under other sections of the framework, other frameworks or the Treaty. For simplification reasons, the draft

framework nevertheless allows increases of capacity up to 5% without having to differentiate between costs for decarbonisation and those related to capacity increases (see point (103)). Do you think the 5% flexibility margin proposed to be appropriate? If not, please substantiate your view with concrete evidence and data.

Aid to ensure sufficient manufacturing capacity in clean technologies

Please provide any comments specific to section 6 of the draft framework ("Aid to ensure sufficient manufacturing capacity in clean technologies").

5000 character(s) maximum

- With regard to point (143), the conditions applying to the clean technology equipment should be revised in order to broaden the scope of eligible assets. All assets, and not only those belonging to SMEs, should remain associated with the activities of the beneficiary for at least three years. This requirement is restrictive enough to ensure sufficient manufacturing capacity in clean technologies, like it is the case in France for industrial equipment and tools for instance. Furthermore, the condition of acquisition from a third party is too restrictive and it doesn't allow companies to share the benefits of eligible assets they developed internally (R&D) with other subsidiaries of the group. The condition stipulating that the transaction must have been concluded under market conditions is sufficient to exclude abusive transactions.

- Similarly to point 122, the definition of the technologies covered by point (142) should correspond to that established in the NZIA Regulation", for the sake of consistency, clarity, legal certainty and the absence of technological discrimination.

The list of clean technologies in point (122) eligible for manufacturing aid should be defined by reference to identifiable market failures in ensuring resilient supply of such technologies. Please indicate whether you consider that the scope for aid for clean tech manufacturing equipment and components activities under section 6 should be aligned with the scope of the corresponding section of the Temporary Crisis and Transition Framework (as set out in the draft for consultation of stakeholder views), with the scope of the Annex of the Net Zero Industry Act, or with some other sub-set of such technologies. Please provide justification and any available evidence for the scope of projects for which you consider that State aid for additional manufacturing capacity is required.

For the sake of consistency, clarity, legal certainty and the absence of technological discrimination, the definition of the technologies covered by point 122 should correspond to that established in the NZIA Regulation"

Aid to reduce risks of private investments

Please provide any comments specific to section 7 of the draft framework ("Aid to reduce risks of private investments in renewable energy, industrial decarbonisation, clean technology manufacturing and energy infrastructure").

5000 character(s) maximum

On technological neutrality :

- With regard to point (146), the technological neutrality principle should be applied, by including low carbon energy in projects eligible for Member States' incentives to private investors. Currently, nuclear energy provides around 45% of the EU's carbon-free electricity and up to 25% of the total electricity generation in Europe.

On aid cap :

- On point (150), UFE considers that for certain projects, the amount of aid needed to reduce risks of private investments could be higher than the maximum amount of 100 million. Depending on the project, the costs could vary greatly depending on their nature. For this reason, UFE considers that the maximum amount of aid should be expressed as a percentage of the costs of the project, instead of a lump sum.

Do you agree that the inclusion of aid to investors in energy infrastructure projects as foreseen in point (146) is necessary?

- (●) Yes
- ( ) No
- ( ) I don't know

Thank you!

Your contribution is highly welcome. Thank you very much for sharing your views!

If you want to provide additional evidence to support your replies above, please upload here.

Contact

Contact Form