

Insights

LATEST EUROPEAN DEVELOPMENTS ON MEASURES TO SUPPORT TRANSITION TOWARDS A NET-ZERO ECONOMY

Mar 21, 2023

SUMMARY

On March 9, the European Commission adopted a series of measures to foster investment and financing the transition to climate neutrality and a net-zero industry in the EU.

To this end, the Commission has:

- adopted a Temporary Crisis and Transition Framework to promote state support measures towards sectors which are key for the transition to a net-zero economy;
- amended the General Block Exemption Regulation («GBER») – which allows Member States to grant public support to specific categories of activities without seeking prior approval from the Commission – to encourage state support towards green and digital transition.

WITH REGARD TO THE PROVISION OF THE NEW TEMPORARY CRISIS AND TRANSITION FRAMEWORK

In order to support sectors key to the energy transition, the new Temporary Crisis and Transition Framework provides, in essence to:

- postpone until 31 December 2025 the possibility for Member States to support measures needed for the transition towards a net-zero industry, especially for the rollout of renewable energy, energy storage and schemes for the decarbonisation of industrial production processes;
- facilitate support schemes by (i) simplifying the conditions for the granting of aid to small projects and less mature technologies (e. renewable hydrogen) and by lifting the need for a competitive bidding process for these projects, (ii) expanding the possibilities of support towards all types of renewable energy sources as well as decarbonisation of industrial

processes switching to hydrogen-derived fuels and (iii) providing for higher aid ceilings and simplified aid calculation;

- foster strategic equipment – such as batteries, solar panels, wind turbines, heat-pumps, electrolyzers or carbon capture usage and storage by enabling Member States to:
 - provide support capped at a certain percentage of the investment costs and nominal amounts, depending on the location of the investment and the size of the beneficiary – with higher support to SMEs and companies located in disadvantaged regions;
 - provide higher support to individual companies, where there is a real risk of investments being diverted away from Europe, in order to incentivise the company to locate the investment in the EEA. This option is however subject to a number of safeguards.

It is now up to Member States to seize this new opportunity to develop specific projects within the framework of their national recovery plans.

WITH REGARD TO THE NEW PROVISION OF THE MODIFIED GENERAL BLOCK EXEMPTION REGULATION

With the same goal of supporting activities that contribute to a net-zero industry, the amendment of the GBER aims, in essence, to:

- increase support renewable energy, decarbonisation projects, green mobility and biodiversity;
- favour investments in renewable hydrogen and energy efficiency;
- facilitate the implementation of certain projects involving beneficiaries in several Member States, such as Important Projects of Common European Interest ('IPCEI'), in the R&D field;
- extend the possibilities for training and reskilling across sectors by exempting from notification training aid below €3 million;
- exempt aid measures set up by Member States to regulate prices for energy such as electricity, gas and heat produced from natural gas or electricity;
- significantly increase notification thresholds for environmental aid as well as for Research, Development and Innovation ('RDI') aid ;
- streamline the possibilities for risk finance aid, for SMEs and start-ups, as well as for financial products supported by the InvestEU Fund;
- prolong the GBER until the end of 2026.

RELATED CAPABILITIES

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MEET THE TEAM



Julie Catala Marty

Paris

julie.catalamarty@bclplaw.com

[+33 \(0\) 1 44 17 77 95](tel:+332144177795)



Jean-Pierre Delvigne

Paris

jeanpierre.delvigne@bclplaw.com

[+33 \(0\) 1 44 17 77 58](tel:+332144177758)

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