

**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, electrolysers 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 PRACTICE AREAS**

- Antitrust
- International Trade
- Energy & Natural Resources
- Environment
- Infrastructure

## MEET THE TEAM



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