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# 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 (https://commission.europa.eu/topics/eucompetitiveness/clean-industrial-deal\_en) Communication on 26 February 2025, the Commission is consulting the general public on a draft new State aid framework (https://competitionpolicy.ec.europa.eu/document/download/45b532ce-53fb-4907-975c-79edaa31a166\_en).

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

Christian Schaible

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

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European Environmental Bureau (EEB)
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Please indicate the size of your organisation

- Micro (1 to 9 employees)
- 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

(https://commission.europa.eu/about/service-standards-and-principles/transparency/transparency-register\_en).

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

Belgium

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 <u>never</u> 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 <u>not</u> be published).

\*Protection of personal data

I agree with the personal data protection provisions (https://ec.europa.eu/info/law/betterregulation/specific-privacy-statement).

# 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.

To benefit from a simplified assessment CEEAG should be interpreted more strictly to ensure that the public interest is served first & public money is used for projects addressing the EU's environmental & strategic autonomy goals [ref1]. The incentive effect and necessity test should be interpreted to address actual market failures instead of policy failures; State aids should not be used in lieu of good policy. DG COMP recognised in recent SA decisions that market & regulatory signals are often insufficient to override cost differences between traditional & decarbonised production methods, mentioning the EU ETS & the Industrial Emissions Directive as laws not promoting the industrial transition because enforcement is too weak or undermined by derogations. A strict enforcement & improvement of EU law should be conditional to any granting of SA i.e. EU standards shall be enforced at their full potential to assess the presence of an actual market failure instead of a mere policy failure. Provisions in §15 & 16 should be stronger. Member States should mandatorily include additional conditions aimed at addressing social, environmental & resilience goals, mandatory public consultation processes & strict monitoring plans, as well as tools enabling comparability & assessment of best public interest values for money. SA schemes should prioritise circularity, energy & material efficiency & electrification, include clear fossil fuels phase out goals & provisions asking undertakings to contribute to the setting of enabling conditions for a decarbonised industrial ecosystem (e.g. investments in renewable energy, modern grids, lower material footprint). While "Circularity & access to materials" is described as the 4th pillar of the CID, it has not been afforded the same provisions within the State Aid Framework as other priority areas, although it improves the affordability & accessibility of essential materials but also reduces strategic dependencies as material volumes are reduced, reused, remanufactured, recycled, & kept within the economy for longer. Similarly, negative conditions should be interpreted strictly. The notion of common interest should be refocused to today's reality & citizens' concerns; it cannot be limited to a better functioning of the EU internal market, a concept not delivering per se a toxic-free & sustainable environment within planetary boundaries. The resilience of the EU & its autonomy are at stake mainly due to its reliance on fossil feedstocks. Other important principles should be considered, such as the precautionary principle & the polluter pays principle (a191(2)). The Treaty itself affirms that Member States should be able to take measures going beyond pure economic considerations to pursue environmental protection. Counterfactual scenarios & the calculation of the funding gap should fully internalise negative externalities to factor in the costs that undertakings shift to society, particularly when operators do not prevent pollution to its full potential. E.g.1 in SA104903 DG COMP states that the EU ETS does not provide sufficient financial incentives to reduce GHG emissions due to free allocations. Additionally COM(2022)156 states that between 75% & 85% of all emission limit values are set at the least demanding end of the BAT-AEL ranges for large industry, meaning that negative externalities due to pollution are outsourced to society. According to CREA, the application of the strictest BAT-AEL range in industrial sectors would avoid an estimated 10K deaths & external costs of €28 billion per year [ref2]. The World Bank deems insufficient the present EU ETS price to attain a 1,5C compatible pathway: a price of 226 to 385 USD per ton of CO2 would be more appropriate [ref3]. The positive condition should require the demonstration of serving the common interest aligned to the climate neutrality & zero pollution goals. The negative condition should ensure the absence of failures to address negative externalities or full exhaustion of other policy measures able to achieve the goals stated in SA schemes. Where not considered, those should be subtracted

from the aid.

SA should play their part to strengthen the EU & reconcile environmental & climate protection with economic prosperity. The full alignment of pollution prevention & the polluter pays principle with trade & competition issues, the full inclusion of negative externalities in any SA decision & a total phase out of fossil fuels & feedstock are key to ensure a future-proof & sustainable EU. The EU State aid register should be revamped to allow the public to understand if & how the project match various public interest needs e.g. by allowing to compare the goals in the project application vs real progress delivered by the beneficiary on set Key Performance Indicators (KPI) to deliver the Zero Pollution aligned targets. A transparent & standardised cost-benefit assessment analysis could be helpful for allowing comparability REF5

# 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").

5,000 character(s) maximum

Priority should be given to non-combustion based renewable options (See ref 6 https://eeb.org/library/climate-impact-of-air-pollution-levels-aligning-witheuropean-commissions-proposed-air-quality-standards ) to maximise co-benefits (e.g. air pollution, water consumption (cooling), biodiversity, waste related aspects, upstream biomass fuel sourcing related impacts and climate) and secure coherence with already existing legal obligations and commitments (e.g. Ambient Air Quality Directive, National Emission reduction Commitments Directive, Zero Pollution ambition and Climate Neutrality).

In part those aspects are addressed by the DNSH criteria. See similar points made in the STEP consultation by the EEB https://eeb.org/library/eebcontribution-to-the-assessment-of-the-strategic-technologies-for-europeplatform-step/ [ref 4+5]

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.

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

5,000 character(s) maximum

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

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

The criteria set in the TCTF (OJ C101 17/03/2023) in section 2.6 are more robust, outcome oriented and fit for purpose to deliver in timely manner the decarbonisation objectives with other environmental co-benefits in part considered. Notably requirements TCTF §81point d) provide for a targeted support approach on the transformation pathways i.e. electrification of the production processes, switch to renewables, electrolysis based H2 with wider fossil fuel/feedstock substitution goal. It also has a cumulative criterion for minimal energy consumption saving. The aid is clearly targeted to a limited set of (more) promising transformation pathways. Hence opening the pandora box of "irrespective of the technological solution used" (§72) and option of alternative criteria is to be rejected unless the intention is to also support alternative business models that deliver more and faster on pollution prevention overall. The provisions of the TCTF could be strengthened to refer to both substitute fossil fuels as well as fossil-based carbon feedstocks where the decarbonisation pathway relates to the input material (e.g. cement production, chemicals production). Negative exclusion criteria in terms of wider zero pollution ambition goals (not affect DNSH or Environmental Quality Standards) could be strengthened. §71 point c shall also exclude any activities linked to exploration, extraction and refining of any hydrocarbons. \$73 last sentence implicitly promotes use of natural gas and any reference to it should be deleted. TCTF §81 point e requires to go "below" the EU ETS benchmark values, they reflect the current 10% most efficient (EU) installation GHG intensities, but not performance as to the new state of the art of alternative production routes not yet commercially online, §86 point b) should correct those failures. For "new" installations (third sub-point) the EU ETS benchmark is insufficient, the criteria shall be "net zero" compliance scenario. The precited CO2 damage cost / negative externalities shall be subtracted to calculate "necessity", assuming at least 20-40 years of operation of the retrofitted installation, typical for large scale activities. Where the cost (beneficiary) to benefit (external damage costs) ratio is 3:1 it may be presumed that the investment will not take place without aid. The >80% GHG direct reduction target as per (§79b) is a useful starting point to define minimal expectations. The penalties (\$80) shall refer to default CO2 damage cost shadow price as per general comment section (385 USD/tCO2eq). Additionally, CISAF approach should be more holistic & based on a broader "material efficiency" mindset: e.g., by designing buildings & infrastructures more efficiently, emissions can be reduced by 50% through the optimisation of the use of cement 8,9. While (100) & (101) offer some protection against creating lock-ins in fossil gas, we doubt that such provisions could impact the behaviour of undertakings (e.g. ArcelorMittal10). For this reason, we support a total ban of fossil-based projects / material condition under CISAF by a fixed deadline e.g. 2040 to be explicit (101point b). Mandatory energy saving targets are welcomed but they should prevent prolonged use of (less polluting) fossil fuels. State aid shall not be granted for measures where the Energy Efficiency Audit foresees a payback time < 5 years in general & < 10 years for Industrial Emissions Directive activities. (77) requires a more proactive approach to guide MSs towards the more efficient technologies able to deliver the above-mentioned goals. (77(iii)) should explicitly exclude any fossil-based solutions & prioritise less energy & material intensive processes based on circularity & electrification, as well as material substitution. In steelmaking EAF fed with renewable electricity require 75% less energy per ton of crude steel than DRI plants fed with low-carbon

hydrogen11,12. In cement production, low or zero-clinker cements can achieve equivalent performances as the commonly used Portland cement, while using less energy & emitting 50% less GHGs8, 19 . We reject the use of SA for CCS projects (see further comments in Section 7 -Derisking). The maximum aid intensity (90) should reflect the conditions mentioned above & fund techniques / solutions not relying on fossil fuels & with the highest efficiency & effectiveness in preventing GHGs & pollution impacts. CISAF misses a "EU wide" perspective. SA schemes provided to MSs for helping the transition of their steel sector do not allow to spend public funds efficiently & promote a well-integrated EU industrial landscape, where each production phase is located where it makes more sense under a financial & environmental perspective. For instance, renewable hydrogen can be produced where electricity is cheaper as well as direct reduction of iron ore & then used in steelworks

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.

around the EU, resulting in more competitive prices.

We fully support the prioritisation proposed in the first sentence of (§73) for decarbonising industrial heat. We encourage the Commission to push that prioritisation further, deleting the provision allowing fossil gas investments & targeting public support towards direct electrification with renewable electricity, including reviewing aid intensities to benefit the cleanest alternatives the most. CAPEX will be driven mainly by low electricity costs & benefits are proportional to the share of generation through renewable sources & hence need to be considered in parallel. Non-combustion-based renewables shall be favoured (air quality link) as well as waste & water use related gains need to be strengthened depending on type of renewables deployed. Trade-offs with sustainable biomass sourcing will be key. The two sentences of (§73) contradict each other. According to the Regulatory Assistance Project15, one of the main barriers to industrial electrification is the fact that in most EU countries electricity is taxed at a higher rate than fossil fuels, & renewable energy support levies are often put on electricity & not gas or oil. The second sentence of (§73) would increase public support for fossil gas, worsening the current imbalance between electricity & fossil gas support & diverting scarce public support from electrification projects & exposing EU industry to volatile fossil gas even more. Considering that only 7% of the energy used today by the EU industry cannot be electrified (see next paragraph) & that such percentage can be covered by energy & material efficiency measures, as well as material substitution, such formulation leaves too much levy for funding stranded assets & would divert scarce public funds from projects promoting electrification & circularity. According to Fraunhofer & Agora Industry16, there is significant potential for the direct electrification of process heat generation, which could meet 90% of the energy demand not yet electrified by European industry, if fully deployed. Public support should decisively help to fulfil this potential. Only 7% of the energy consumed by EU industry today cannot be electrified, while 43% can be electrified today, 14% by 2030 & 5% by 2035 (31% is already electrified). This would contribute to a significant cut in emissions due to the reduction in fossil fuel use, strengthening the sector's competitiveness & resilience, as well as making a critical contribution to achieving EU climate & environmental targets. Solutions already exist to electrify a large part of process heat generation, potentially reducing fuel demand by 62%. A sectoral approach is needed: while sectors with low-temperature process heat demand like food or pulp & paper can be electrified to a very large extent using today's technologies, other sectors still have technical hurdles to overcome, such as cement & steelmaking. In the steel industry a certain proportion of fuels is currently needed as a reducing agent in the production of iron ore-based steel. To overcome such limitations, we suggest a further prioritisation of the aid towards technologies & techniques able to prevent the use fossil fuels in the first place, such as a combination of improved circularity with a focus on downcycling prevention, energy & material efficiency & material substitution to dramatically lower the dependence on fossil fuels & prepare the sectors for the uptake of direct electrification technologies when fully developed For instance, the direct electrification of steelmaking would be easier if the production of high-quality steel, including flat steel, through the scrap-based route in electric arc furnaces (EAFs) would significantly increase. EAFs require 75% less energy than the H2-DRI route, including with CCS. When it comes to the production of cement, low or zero clinker cements are already on the market & allow an almost full decarbonisation of the sector without recurring to fossil fuels & CCS, being the production of clinker the carbon-intensive phase of the cement supply chain.

Public support to electrified process based on renewable electricity rather than fossil fuel-based, as well as to improving the use of secondary materials & material substitution is essential to create a favourable environment for investments, pushing the development of the sectors, stimulating innovation & making the EU industrial sector more resilient & competitive, shielded by the intrinsic volatility & risks of fossil fuels.

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 (https://eurlex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02018L2001-20240716) 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.

Public support should reward ambitious & beyond "business-as-usual" goals. In this regard, the "+10%" provision is welcomed & could be even doubled, particularly for those countries where the RES share is not in line with the EU average (~47% in 2024). In fact, while the uptake of renewable electricity in the EU is encouraging, there are Member States that are still heavily locked in fossil-based electricity sources, such as Pol& (53% from coal & 12% from gas in 2024) or Italy (44% from fossil gas). Rather than being based on Member States, (§82) should be based on EU goals & be complemented with binding benchmarks for the use of renewable hydrogen that should be detached by Member States RES share. The idea is to use SA to stimulate the uptake of renewable hydrogen coherently with the 2050 climate neutrality goal of the EU, as well as its intermediate target to reduce an at least 90% GHG reduction by 2040. We suggest adding the following conditions: State aids for investments covering the use of hydrogen should consider only 100% renewable hydrogen projects. Moreover, an explicit exclusion of any fossil-based hydrogen production route, including with CCUS, regardless of the definition of low-carbon hydrogen. The criteria of the TCTF promote renewable H2 and or produced via electrolysis route, whilst the sustainability criteria via §81 point h) and i) address the carbon footprint, other environmental footprints (water use, NOx emissions, waste generation) should be considered in addition, the aid should not be used to (directly) promote nuclear electricity generation. Penalty clauses are also provided.

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.

We do not support relying on NECPs to assess the zero indirect emissions presumption. It does not look an appropriate tool, being it at high risk of noncompliance & potentially even at risk of legal challenges. Assessments of the draft revised NECPs undertaken by civil society17, research institutes & the European Commission itself have all pointed out concerning findings. On the substance, the draft plans are collectively falling short of all EU 2030 binding climate targets & energy contributions. Individually, some Member States are backtracking on previous commitments (e.g. delaying coal phaseout). The absence of a solid assessment of investment needs & financing sources has also been highlighted. More in detail, an analysis of draft NECPs by Transport & Environment18 reveals that the EU is 4,5% off track to achieve the -40% GHG emissions goal vs 2005 included in the Effort Sharing Regulation. More than half of EU countries are not compliant or unlikely to comply with such target, with 12 countries completely off track & requiring additional policies to reach it. 7 more countries are at lower risk of being non-compliant, meaning that any backtracking of policies or even a very cold winter pushing higher energy consumption, could push them into non-compliance. On the procedural side, there was significant delay in the submission of several draft plans, & most Member States did not organise proper public consultation processes in line with EU law or the Aarhus Convention. If Member States do not fix these major gaps when delivering the final version of their NECPs, these plans could be challenged before courts & tribunals. The European Commission itself announced in December 2023 that it sent a letter of formal notice to Bulgaria, Austria & Poland for failing to submit their draft revised NECP by the deadline. This is the first step possibly leading to infringement procedures.

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.

As mentioned above, any public support provided to fossil-based projects would counteract the wider decarbonisation & strategic autonomy goals of the Union & disadvantage electrification projects. While valuing the cumulative conditions set in (100) & (101), we think that such support is nevertheless not appropriate for the following reasons: Regardless of the conditions set in (100) & (101), SAs provided to fossil-based projects will divert public funds from other more effective projects to develop fossil-free alternatives, slowing down the transition towards an electrified & renewables-based industrial ecosystem & increasing the EU exposure to geopolitical tensions. SAs should support the public good. The reliance on fossil gas is currently putting the EU's elementary values & safety at high risk. They are so fundamental that it is impossible to calculate their economic value, unless we want to put a price tag on our freedom. Such priceless assets should be kept in high consideration when assessing the actual value of fossil-based projects, particularly in the assessment of counterfactual scenarios. As mentioned in the previous questions, fossil-free production processes are available in many industrial sectors. Those should be prioritised when providing public support. The assessment under (100 (ii)) should be strictly applied considering that 93% of the energy currently used by EU industry can be electrified in a decade. The fact that fossil gas-consuming equipment can be operated with hydrogen even without additional investments does not mean that it will be used in such a way. Even the provision in (101 (b)) lacks teeth, since operators exposed to fossil fuels volatility would simply not implement the project (as ArcelorMittal is currently doing, stalling the transition of the entire steelmaking sector in Europe) or even pay penalties if it is more convenient for their business.

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.

No comment

# 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").

The list correctly identifies the most important technologies to decarbonise the EU industrial ecosystem & for which the EU is a net importer. According to SWD(2023) 68 final, China covers the vast majority of PV components, wind turbines (offshore & onshore) & batteries, while keeping a relevant market share for heat pumps & electrolysers. Consequently, & because of the considerations made above about the need for prioritising electrification technologies, keeping these technologies in the scope of this scheme looks appropriate. Although the production of secondary raw materials is eligible for aid, there is no specific incentive to favour this above using virgin materials. We therefore propose to set a higher aid intensity for production based on secondary raw material (following the waste hierarchy to push investments towards reuse, recovery and repair first), to foster circularity. For the same reasons mentioned above in section 5, CCUS technologies should not be included. As precited in the general section, the best value for money (impact) is paramount. One example could be LC3 cement production process19 that can be scaled/deployed at much cheaper cost (considering the output ratio) compared to retrofitting a traditional Portland cement clinker production plant with CCS (only 50% CO2 capture rate20) with similar GHG intensity performance at the concrete level. The only CCS example known in Europe is at the Heidelberg materials Brevik, Norway plant. The plant is more than 100 years old, it took 20 years from planning to pilot runs. Whilst the first of its kind learning process & demonstrating technical feasibility may be a value on its own, the deployability/ replicability of the solutions (funded widely with state subsidies) need to be considered with a more open & global impact reduction purpose mindset. The same money could have been spent for other alternative cement production options delivering significantly more pollution prevention benefits at much lower costs at much larger scale.

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 (https://eur-lex.europa.eu/legal-content/EN/TXT/?

uri=CELEX%3A02023XC0317%2801%29-20240502) (as set out in the draft for consultation of stakeholder views), with the scope of the Annex of the Net Zero Industry Act (https://eur-

lex.europa.eu/eli/reg/2024/1735/oj/eng), 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.

same points as above, in general we consider the definition of "clean" as currently used not aligned to the integrated wider zero pollution ambition, which goes beyond climate related aspects (GHG emissions and energy efficiency). See related critique as to absence of measures to promote circularity investments (boost material circularity). Dedicated criteria on circular economy should be worked out (see related points made in STEP submission).

# 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

# 5,000 character(s) maximum

Where CCS is supported, the following cumulative conditions should be included as a 'de-risking' of private investments 9: Must not allow any increase in the production of any fossil fuel. Allows a transparent, steady minimum 95% carbon capture rate. Concerns only permanent storage (84 a (i) & 85). Other uses of CO2 for products that would release it after a period shorter than "several centuries or longer" must not be considered10. Allows CO2 quality specifications stricter than the ones required by the Northern Lights project to minimise risks of CO2 leakages. As appropriately stated in (102), concerns only residual GHG emissions not technically abatable after all measures to reduce GHG emissions at source have been implemented, including a higher use of circular & recycled materials, energy & material efficiency measures & electrification. (102) should be supplemented with sectoral considerations; power generation, steelmaking & hydrogen production emissions can entirely be abated without CCS. Regarding cement, the role of CCS should be minor: through a combination of material efficiency strategies, circularity models, increased efficiency of kilns, electrification & a much wider uptake of low & zero-clinker cements, the need

for CCS would be greatly reduced.

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

If no, please explain why and provide justification for any alternative scope.

"No" has been ticked to provide alternative proposals on the substance. Alternatives to consider are as follows: a. Guarantees or loans (paragraph 24) b. Tax incentives to support the production of certain products & that selectively favour a specific undertaking Tax incentives should be allowed for activities that enable products' reuse and repair, as well as for projects that contribute to reducing resource consumption. Any activity resulting in significant harm to the circular economy and/or incentivising resource overconsumption should not be eligible for incentives – for these activities the tax rates should be increased.

## 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. List\_of\_references\_State\_Aid\_consultation.docx

### Contact

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