Consultation on the draft new State aid Framework to support the Clean Industrial Deal

CurrENT response to the EC's public consultation

Aid to accelerate the rollout of renewable energy

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

CurrENT's response: The deployment of renewable energy cannot be decoupled from the capacity and flexibility of electricity grids. CurrENT supports aid schemes to accelerate the rollout of renewables and urges the Commission to explicitly recognise that innovative grid technologies are crucial for achieving the integration of renewables, as well as the electrification and decarbonisation objectives of the Clean Industrial Deal. Point (33) already includes electricity storage and thermal storage. The wide range of innovative grid technologies (see below) have similar positive effects on the rollout of renewables and efficient development and operation of the electricity markets. CurrENT therefore proposes that Innovative Grid Technologies are added to point (33) of the draft Framework, considering investment aid to these technologies compatible with the Internal Market.

Current aid frameworks under-prioritize the critical enabling role of transmission and distribution networks. Projects using technologies like Smart Asset Thermal Assessment (SATA), High-Temperature Superconductor (HTS), Advanced Power Flow Control (APFC), Dynamic Line Rating (DLR), Digital Twins (DT) and Advanced Conductors can drastically increase the hosting capacity of the existing grid, allowing for faster and cheaper renewable deployment. These technologies are considered "technologies that can greatly improve the functioning of the electricity grids are readily available but not sufficiently used", according to the Commission's Action Plan for Grids. On this basis, they should be considered, for example by including them under point (32) of the draft framework, in line with the Action Plan's Action 7 to promote uptake of smart grid, network efficiency and innovative technologies.

The draft Framework Point (33) require Member States to ensure compliance with the 'do no significant harm' principle. CurrENT support this and suggests that a reference to

Member States ensuring compliance with the 'Energy Efficiency First principle" is added – either to point (33) or as a new point, in accordance with Articles 3 and 27 of Directive (EU) 2023/1791 on Energy Efficiency, requiring Member States to ensure that distribution and transmission system operators to apply it in their network planning, network development and investment decisions.

Q) 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.

No response

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

CurrENT's response: CurrENT supports this section as it does not discriminate against any type of technology. Nevertheless, the draft mentions that aid must not result in the indirect support of fossil fuels, but the criteria should be stricter. Fossil-based capacity mechanisms continue to benefit from more established aid frameworks.
Moreover, there is a risk that increasing and sustaining capacity mechanisms will distort the energy markets, because they distort price signals and would prevent more cost efficient flexibility mechanisms, such as grid extensions and using the technology to use the existing grid more efficiently by applying grid enhancing and other innovative technologies, from entering the market.

To counterbalance this, section 4.2 should clearly state that non-fossil flexibility must be prioritized in planning and procurement mechanisms, including capacity markets.
In addition, Aid for flexibility should be better aligned with system planning, reflecting where flexibility is most needed in the grid. The framework should encourage schemes that are responsive to system constraints and congestion.

Finally, the draft introduces requirements that may be overly complex for smaller actors or emerging technologies. Simpler approval processes and clearer guidance on eligible aid forms are needed to avoid slowing down deployment.

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

CurrENT's response: Grid technologies play a critical enabling role in energy transition, indirectly helping to deploy industrial decarbonisation. Yet, they are not sufficiently recognized within the decarbonisation aid sections. The framework should include support for grid projects that directly and indirectly facilitate industrial electrification and decarbonisation.

Aid to deploy industrial decarbonisation

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

CurrENT's response: CurrENT welcomes Point (74) which establishes that aid for investments in energy infrastructure, as defined by point 32 of the CEEAG, that forms part of an investment covered by point (72) in the draft framework, is considered compatible with the Internal Market.

Q) 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.

CurrENT's response : CurrENT considers that in tandem with energy efficiency that the prioritisation of renewable energy sources over fossil fuel, impacts all areas of industry and industry sectors (due to the increased use of electrical energy as a primary energy source) These are the highest priority, superseding any other.

Q) 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.

CurrENT's response: Current does not believe that 'low-carbon hydrogen' based on any form of unabated fossil fuel should be eligible for State Aid. Point (82) allows state aid for unabated natural gas, which should be disallowed as incompatible with the climate and energy ambitions of the EU. The cost of development and value from renewable hydrogen will be very high[1] and maximising its use and applications must be reflected.

Q) 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.

CurrENT's response: The presumption of zero indirect emissions for all electrification projects is appropriate in its current form, as it does not risk distorting aid decisions by ignoring the actual climate impact of electricity use, which varies significantly depending on the carbon intensity of national or regional grids.

Q) 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.

CurrENT's response: Incentives and state aid for new investments in industrial production based on natural gas or hydrogen derived from unabated natural gas should not be provided.

Q) 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

[1] https://www.iea.org/data-and-statistics/charts/global-average-levelised-cost-of-hydrogen-production-by-energy-source-and-technology-2019-and-2050

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 response

Q) 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").

CurrENT's response: Innovative grid technologies are considered "Net-zero technologies" within the meaning of Article 4 (h) of Regulation (EU) 2024/1735. As such, they should be included in the list of clean technologies eligible for manufacturing aid in section 6 of the framework. The draft framework text – Section 6 (122) (a) - refers to "batteries, solar panels, wind turbines, heat-pumps, electrolysers, and equipment for carbon capture usage and storage (CCUS)". It should include a reference to "electricity grid technologies, including electric charging technologies for transport and technologies to digitalise the grid" to ensure compatibility with the Net Zero Act. Alternatively, the list of technologies mentioned in 'hard brackets' should be replaced by a reference to the technologies listed in the Annex of Regulation (EU) 2024/1735 (see below). In addition to the Annex, High-Temperature Superconducting cables, tapes, wires and SFCL (Superconducting Fault Current Limiters) as well as Cables and lines for electricity transmission and distribution (overhead lines, underground and subsea cables, including HVDC / HVAC conventional and High-Temperature Superconducting (HTS) cables, Insulators, Joints, Terminations, and Associated integration accessories should be included.

Q) 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.

CurrENT's response: The draft framework text – Section 6 (122) (a) - refers to "batteries, solar panels, wind turbines, heat-pumps, electrolysers, and equipment for carbon capture usage and storage (CCUS)". The list of technologies mentioned in 'hard brackets' should be replaced by a reference to the technologies listed in the Annex (and Article 4) of Regulation (EU) 2024/1735, including the components primarily used for net-zero technologies.

Aid to reduce risks of private investments

Q) 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").

CurrENT's response: Current support this section. Innovative grid technologies often face significant upfront risk due to long return periods, conservative approaches to innovation among grid operators and inappropriate practices and incentives. Risk-sharing mechanisms, through a renew Cost-Benefit Analysis, public guarantees, pilot projects, could stimulate private investments and de-risk infrastructure projects.
The inclusion in the draft's Section 7 Point (146) of infrastructure within the framework set out in points 373 to 375 in CEEAG is crucial for the necessary scaling up of innovative grid technology deployment and development, needed to support the decarbonisation and electrification.

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

Yes