Briefing for Olivier Guersent

Meeting with Gabrielle Gauthey, Représentante du Président-Directeur général de TotalEnergies auprès des institutions de l'Union européenne

8 March 2022 – 10:30 to 11:30

SUMMARY

- The meeting is with Gabrielle Gauthey, Représentante du Président-Directeur général de TotalEnergies auprès des institutions de l'Union européenne.
- 08 March 2022, 10:30 - 11:30
- Purpose of the meeting:
  - Measures in the FR RRF that are relevant to Total
  - CEEAG
  - IPCEI hydrogen – timing, progress, application of IPCEI and CEEAG (incl. Total projects)
  - IPCEI batteries – implementation (incl. Total project)

Overview of the Frenh Recovery and Resilience Plan

Objective of the other side [redacted]

Objective of the Commission: [redacted]

Climate, Energy and Environmental Protection State Aid Guidelines (CEEAG)

Objective of the other side: ask questions on the main provisions of the newly endorsed CEEAG and on its applicability.

Objective of the Commission: explain the content of the CEEAG and provide feedback on the questions that might arise.

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Overview of the Frenh Recovery and Resilience Plan

NECESSARY FACTS AND FIGURES

- ***RRF allocation****:* Overall EUR 207.8 billion, of which EUR 39.4 billion grants (1.5% of 2019 GDP) and EUR 168.4 billion loans (6.8% of 2019 GNI). No loan request.
- ***Formal submission***: 29 April 2021
- ***College meeting for adoption of Council Implementing Decision***: 23 June 2021
- ***Adoption by the Council***: 13 July 2021
- ***1st prefinancing paid***: 19 August (€ 5.1 billion)
- ***1st payment request***: approved in February 2022

- ***From policy perspective***:
    - **Green/digital targets are met**. France claimed that 51% of the Plan is devoted to the climate transition and 25% to the digital transition. The Commission's estimates showed that, applying correctly the Regulation's tagging methodology, the French Plan would still meet the 37% and 20% targets, but not with a large margin for the digital one.
    - **Assessment of the plan**: The French plan addresses the human capital area (where the DESI score is the lowest), with measure to improve digital skills. An investment of EUR 250 million is envisaged also to rise in basic digital skills of the population. The measure envisages three flagship actions:
        - Trained digital mediators, offering digital initiation workshops;
        - Tools to enable caregivers (social workers, local authorities, etc.) to better support French people who cannot do their administrative procedures alone;
        - Places of proximity open to all offering many activities related to digital technology with trained mediators.
    - Investments in digital capacities are mentioned in the plan (cloud, AI, data).
    - **Flagship uptake:** All digital flagships have been take up.
    - **Multi-country projects**:
        - IPCEI Hydrogen "Industry"
        - IPCEI Hydrogen "Technology"
        - IPCEI Cloud
        - IPCEI Microelectronics and Connectivity
    - Extension of the Franco-German cooperation already carried out in the field of artificial intelligence and the development of the battery chain is also under consideration.
    - **Country digital profile**: France ranks 15th out of 27 EU Member States (+UK) in the 2020 edition of the Digital Economy and Society Index (DESI). France performance is below EU average in two dimensions: human capital and use of internet services.
    - Based on data prior to the pandemic and compared to last year, the country overall scored better but remains far from EU's top performers. France improved significantly in the integration of digital technology dimension, registering good progress in the number of companies using social media and big data and sharing information online. France also performs well in the Digital public services dimension, gaining one position, thanks to the high number of e-government users and showing progress in the provision of digital public services for business. France's position has **worsened in the human capital** dimension, mainly to the **low share of people with "above basic digital skills"** and in the **connectivity** dimension, where despite a good increase in its score, it remained below the EU average.
    - France DESI 2020 performance and evolution over time is illustrated in the below graphs.

- ***From a State aid perspective***
    - State aid and competition rules fully apply to the measures funded by the RRF. Union funds channelled through the authorities of Member States, like the RRF funds, become State resources and can constitute State aid if all the other criteria of Article 107(1) TFEU are met. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the GBER. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid to the Commission before granting the aid.
    - It is important to emphasize that the State aid analysis carried out by France in its RRP cannot be considered a State aid notification. Also, the approval of the french RRP by the Council does not mean a State aid approval for all measures included and does not override the requirement for Spain to notify instances of potential State aid to the Commission.
    - DG COMP has reviewed 9 components of reforms and investments of the FR RRP.
    - For several investments and reforms, the plan does not include any State aid self-assessment and the information provided in the plan does not allow DG COMP to make a *prima facie* assessment as to whether the relevant measure will be State aid compliant. In this respect, in many cases the questions and comments raised were not addressed by the authorities in the final version of the component, for example as regards urban densification or greening of ports.
    - Based on the review of the available information, on a *prima facie* only basis, [redacted]

- ***Overall structure of the plan:***

The draft plan is a subset of the EUR 100 billion national recovery plan called ‘France Relance’. It is structured around 3 pillars (green, competitiveness, cohesion) and 9 components.

Contact:	[redacted]
Updated on:	02.03.2022

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The CEEAG

SPEAKING POINTS

- On 27 January 2022 the Commission adopted the new Guidelines on State aid for climate, environmental protection and energy (CEAAG).
- The new Guidelines create a flexible, fit-for-purpose enabling framework for the Member States to reach the objectives of the European Green Deal, including the Fit for 55 package.
- The CEEAG broaden the categories of investments and technologies that Member States can support to contribute to the climate targets. Member States will be able to support any technology delivering carbon reductions, also using flexible instruments like 'contracts for difference'.
- Among other technologies, the CEEAG cover aid for hydrogen generation under the general decarbonisation section (4.1). However, specific measures to support renewable hydrogen are possible to achieve the targets included in the Hydrogen Strategy.
- The decarbonisation section of the CEEAG also allows to support hydrogen demand, for instance where aid is necessary to incentivise the switch from a fossil fuel-based to a hydrogen-based production processes which would reduce carbon emissions linked to industrial activities.
- The CEEAG also introduced a dedicated section on State aid for clean mobility projects, encompassing aid for the purchase of vehicles and aid for the deployment of recharging and refuelling infrastructure. The latter also covers support for on-site renewable electricity and renewable or low-carbon hydrogen production and storage facilities.
- State aid for pollution reduction, circular economy and biodiversity, as well as energy efficiency in buildings will also be possible under the CEEAG.
- The new Guidelines seek to empower citizens and small-medium enterprises in the energy transition, by including dedicated provisions for their support.
- Maximum aid ceilings are eliminated for most categories of measures, so now State aid can cover the full additional cost of a greener investment over a less green alternative.
- With competitive bidding as the default mechanism for awarding contracts and setting subsidies, the Guidelines keep competition distortions to a minimum.
- By requiring public authorities to identify the relative costs of different measures to decrease emissions, the Guidelines shine a light on the most cost-effective approach.
- By requiring public consultations for the largest subsidy schemes, the Guidelines make the process more inclusive and more transparent. They give taxpayers and citizens a say on the support measures they are funding. To allow Member States and stakeholders the necessary time to adjust to these two requirements (i.e., quantification and public consultation), the Commission has postponed their entry into force until 2023.
- While supporting the green transition, the CEEAG also contribute to phasing out support to fossil fuels.

- In fact, when assessing the balance between the benefits of a supported activity and the distortion State aid can cause, the environmental harm of fossil fuels is accounted for, making it unlikely that a positive balance will be found for these projects.
- Natural gas, on the other hand, is considered a transition fuel and, as such, can be supported if its compatibility with our 2030 and 2050 climate targets is demonstrated and if there are sufficient safeguards to ensure that the aid does not lock in natural gas technologies.
- In order to cater for the enhanced decarbonisation efforts required to meet the EU climate targets, the CEEAG introduce changes to the rules on reductions for energy intensive users.
- All levies financing decarbonisation and social policies are eligible for reductions while the number of eligible sectors have been streamlined to ensure a level playing field.
- The rules have also been reviewed to better sustain the progressive decarbonisation of these companies by, among others, linking levy reductions to commitments by the beneficiaries to reduce their carbon footprint.
- The provisions of the Guidelines are complemented by the General Block Exemption Regulation (GBER), which lays down ex ante compatibility conditions on which basis Member States can implement State aid measures without prior notification to the Commission.
- The GBER provisions on aid in the field of climate, environmental protection and energy are currently undergoing a targeted revision that will allow Member States to mobilise more aid for green projects, without the need for prior approval from the Commission.

KEY MESSAGES ON MAIN COMMENTS RECEIVED IN THE PUBLIC CONSULTATION

- ***Security of supply***

  Total says: Capacity mechanisms are needed to complement the increase in RES and ensure security of supply and thus SA rule should not hamper their implementation. Support for interruptibility and demand response should be possible to ensure flexibility of the energy.

  LTT: The CEEAG aims at better aligning security of supply rules with the 2019 Electricity Regulation and to explain how the rules apply to variety of different possible measures for security of supply, including interruptibility mechanisms.

  The rules further limit the potential for fossil fuels to benefit from support under security of supply measures, and enable Member States generally to introduce environmental criteria in their security of supply measures to ensure support is targeted at sustainable activities.

  Finally, the rules clarify, following recent jurisprudence, the need for the costs of security of supply measures to be borne by the consumers that benefit from the security of supply provided.

- ***Decarbonisation***

Total says: The new guidelines should allow State aid to be granted to all assets and technologies contributing to carbon neutrality, such as renewable and nuclear low-carbon assets, carbon capture and storage, electricity storage, etc.

LTT: To facilitate to the greatest possible extent the achievement of the Union's climate targets, the scope of the proposed Guidelines is extended to potentially cover all technologies that reduce greenhouse gases under a unique decarbonisation section (4.1).

With regard to nuclear energy, the CEEAG indeed do not cover aid for supporting specifically new nuclear electricity projects. In this respect the CEEAG follow the same line as the previous guidelines (the 2014 EEAG). This is because support for nuclear energy generally concerns a limited number of very large projects, is particularly sensitive from a security perspective and legally needs to take account particularly of the EURATOM Treaty. However, that does not mean that aid for nuclear energy cannot be approved as such: it can be notified and approved directly under the Treaty on the Functioning of the European Union (TFEU) and the EURATOM Treaty.

- ***Hydrogen***

  Total says: Aid covering OPEX is necessary to boost the production of renewable and low-carbon hydrogen, since the costs of producing hydrogen by electrolysis are mainly correlated with the supply of electricity. It is important that projects are rewarded according to their decarbonisation potential with a technology neutrality approach.

  LTT: The approach taken in the CEEAG is derived by existing case practice and is based on the principle that investment aid is less distortive than operating aid. Nevertheless, operating aid can still be granted when Member States justify that this aid is necessary and results in even more environmentally friendly operating decisions.

  Total says: The CEEAG should make it possible for the Commission to approve aid supporting the demand of renewable and low-carbon hydrogen. Such aid should be possible also in the form of tax reductions.

- LTT: Section 4.1 on decarbonisation is sector and technology-neutral. This means that any technology leading to a reduction in greenhouse gas emissions would be eligible. Aid granted to incentivise undertakings to change their production process to a hydrogen-based process would be covered by the decarbonisation section of the CEEAG if such shift to hydrogen determines a reduction in emissions. Aid can cover both the extra investment and operating costs (e.g., the additional costs linked to hydrogen consumption). ***Hydrogen refuelling infrastructure for clean mobility***

  Total says: Aid for the deployment of recharging and refuelling infrastructure for transport should cover infrastructure supplying both renewable and low-carbon hydrogen, in line with the Hydrogen Strategy.

  LTT: Aid can be granted under the CEEAG for the deployment of refuelling infrastructure supplying renewable or low-carbon hydrogen. At the same time, the Commission acknowledges the need to address the 'chicken and egg' problem by ensuring enough incentives for rolling out a Union-wide network of hydrogen refuelling infrastructure in the first place. This is why the Commission indicates in the Guidelines that it will assess

whether the Member State has a credible pathway towards the phasing out of hydrogen that is not renewable or low-carbon to supply the refuelling infrastructure by 2035.
To facilitate the assessment of composite measures covering on-site hydrogen production and the installation of refuelling infrastructure, the clean mobility section of the CEEAG also allows to support the costs of installing electrolysers to produce renewable or low-carbon hydrogen on-site, as well as the costs of an on-site hydrogen storage facility.

- ***Biomethane and clean mobility***

  Total says: Biomethane is the only transport fuel that goes even beyond zero-emission mobility. Therefore, the requirement for CNG and LNG vehicles and refuelling infrastructure to have at least 20% blending with biomethane is welcome. The definition of 'zero-emission mobility' should be based on lifecycle emissions, in order to achieve real emission savings.

  LTT: While the use of biomethane or biofuels to run gas vehicles clearly reduces the environmental impact of operating such vehicles, aid supporting the purchase of new gas-fuelled vehicles may have high negative effects as it may lock in gas technologies and thereby hamper the development and market uptake of new solutions with zero tailpipe emissions (e.g., hydrogen or electric vehicles).

  That said, the situation is very different among the various transport modes, with aviation and maritime transport being very hard to decarbonise.

  - For maritime transport, zero-emission sea-going vessels are not expected to be available on the market before 2030, hence biofuels and biogas may indeed constitute a possible solution in the short term. For this reason, the CEEAG allow Member States to support the acquisition of gas-fuelled vessels and the deployment of gas refuelling infrastructure in ports, provided that they demonstrate that cleaner solutions are not available on the market, and that the refuelling infrastructure would trigger the transition towards the use of low-carbon fuels, as part of a clear pathway towards decarbonisation.
  - For road transport, alternative solutions to gas already exist or are expected to become available in the short term (e.g., electric and hydrogen cars are already a reality and zero-emission trucks are expected to be available soon on the market). The Commission would therefore expect Member States to focus their support measures for the greening of road transport on zero-emission technologies, which would entail lower risks of negative effects on competition and deliver more significant environmental protection improvements. This is why aid for investments in gas vehicles for road transport is excluded from the scope of the Guidelines and gas refuelling infrastructure can only be financed if it is to be used by heavy-duty road vehicles.

    CNG and LNG projects not covered by the Guidelines will be subject to a strict assessment by the Commission under the Treaty directly. When carrying out such an assessment, the Commission will carefully check whether, exceptionally, the Member State can demonstrate positive effects of such a measure in terms of expected environmental benefits which outweigh its negative effect on competition. This is not likely to be the case, where the measure leads to lock-in effects or displaces investments into cleaner technologies.

- ***Reductions in taxes and parafiscal levies***

  <u>Total says</u>: The Commission should continue to allow aid in the form of reductions in taxes reductions or parafiscal levies to the benefit GHP operators for the consumption of natural gas or biogas, in order to enable them to produce electricity with significantly less CO2 emissions than a conventional thermal power plant, under competitive conditions. It should be specified that total tax exemptions for sustainable biofuels and other biomass fuels are allowed.

  LTT: We would need more information on the legal basis for granting tax relief to properly assess the specific case; in general terms, reductions on taxes covered by the Energy Taxation Directive do not require notification to the Commission, as they are block-exempted under Article 44 of the GBER. However, these tax reductions need to comply with the minimum tax rates set out in Annex I of the ETD.

  Reductions below the minimum rates (such as tax exemptions) are not covered by Article 44 but may be still approved (and possibly block-exempted) thanks to a different legal basis, if the tax relief itself serves an environmental purpose. However, it is debatable whether this would be the case for taxes on natural gas consumption, while that may be easier in case of biogas consumption.

The CEEAG provisions for reductions on environmental taxes and levies (Section 4.7.1 CEEAG) largely replicate the rules under the previous set of Guidelines (EEAG) on this matter.

DEFENSIVES

Q: Do all requirements in the Guidelines apply as from January 2022?
A: Not all. Although this is the general rule, for a number of conditions, a phasing-in period will apply in order to provide enough time for Member States to adapt their processes and build administrative capacity, when necessary. For example, the requirements to publicly consult and to calculate the CO2 abatement cost for new decarbonisation measures will apply as from 1 July 2023. Also, for a transition period lasting until 31 December 2023, stand-alone electricity storage projects can still be considered as energy infrastructure – and assessed under the relevant rules. Finally, for energy-intensive users, Member States can establish a phase-out plan for certain current beneficiaries for the period of 2024-2028, in order to avoid disruptive changes in the levy burden for individual undertakings that do not meet the new eligibility conditions.

Q: Why do the CEEAG not define low-carbon hydrogen?
A: This is a complex issue and work is underway led by DG ENER to develop new definitions in this area. We therefore decided that at this stage - to ensure the guidelines remain future proof - it is best to avoid a definition of low carbon hydrogen. Support to non-renewable hydrogen projects that reduce GHG emissions remains possible but will need to be assessed case by case, although eventually a Union definition will be available.

Q: Why are low-carbon hydrogen and renewable hydrogen on the same foot in the CEEAG?

A: The CEEAG are in line with the Commission's Hydrogen Strategy in enabling Member States to support low-carbon hydrogen for a transitional period, with renewable hydrogen being the long-term objective. This support will come with safeguards to ensure that projects do not lead to stranded fossil-fuel assets, and do not lead to increased demand for electricity generated from fossil fuels.

Specific measures to support renewable hydrogen are possible under the CEEAG in order to comply with the targets included in the Hydrogen Strategy.

Q: What is the treatment of blue hydrogen (i.e., hydrogen produced using natural gas, but sequestering the process-related CO_2)? Is it covered in the Guidelines?
A: Aid for the generation of so-called 'blue' hydrogen may be found compatible with the internal market based on section 4.1 of the CEEAG on decarbonisation. As producing hydrogen using natural gas is normal/conventional practice, aid would only be possible to cover the extra costs of the carbon capture and storage equipment, not the basic costs of a steam methane reformer.

Q: Why do the guidelines require that hydrogen refuelling infrastructure supply only renewable or low-carbon hydrogen by 2035?
A: While the shift from conventional fuels to hydrogen certainly produces a significant reduction in tailpipe CO2 emissions, CO2 emissions from the hydrogen production process cannot be ignored (lifecycle approach). State aid under the guidelines should aim to reduce the environmental footprint of a given economic activity, including by reducing greenhouse gas emissions, and should not just result in shifting emissions from one sector to another.

Q: Isn't there a risk that technology neutral competitive bidding will favour already established technologies against innovative ones?
A: Competitive bidding procedures have helped to lower the price of renewable energy, favouring the development of new technologies like wind and solar energy. Moreover, competitive bidding can reduce the risk of over-subsidisation thereby also ensuring the best value for money for taxpayers. For these reasons, competitive bidding will be the default mechanism under most sections of the CEEAG to award aid. Where possible, open tenders across comparable areas and technologies are encouraged.

There may however be many different justifications for allowing technology specific tenders as already reflected in the Commission's case-practice. The CEEAG are less restrictive than the current EEAG, in particular for renewables, because they allow separate tenders without further justification when costs of technologies are expected to differ by at least 10%. The rules establish an open list of examples justifying technology specific tenders such as grid issues, long term potential, cost efficiency and other environmental objectives. In cases, where Union law establishes specific sectoral or technology based targets, e.g. for energy efficiency under the Energy Efficiency Directive or renewables under the Renewable Energy Directive or where new technologies need to be demonstrated, the CEEAG offer Member States flexibility to design more targeted measures. This aims to achieve the right balance between ensuring the cost-effectiveness of public spending, and supporting the deployment of innovative technologies which may be key to achieve the Green Deal objectives.

Q: What is the treatment of aid for CNG and LNG refuelling infrastructure for waterborne transport?

A: Action is urgently needed to decarbonise the transport sector. Ideally, Member States would strive to achieve this objective by incentivising an immediate shift to zero-emission mobility, and the Commission clearly supports these efforts.

However, currently, zero-emission solutions are not readily available across all transport modes. For instance, in the area of air or certain segments of the waterborne transport, zero-emission solutions do not yet constitute a practicable alternative. The new Guidelines therefore provide that Member States may for example grant aid for gas-fuelled ships and gas refuelling infrastructure, as a transitional solution for shifting away from even more polluting diesel powered ships. Those measures will be closely scrutinised by the Commission to ensure that their positive effects on the internal market outbalance any negative effects and do not create lock-in effects.

Q: What is the link between the CEEAG and Taxonomy?

A: The CEEAG and the EU Taxonomy are both important pillars of the European Green Deal, fulfilling different but complementary roles:

- The CEEAG are the EU rulebook for public support in the energy and environmental sectors, setting out which projects can be supported with public funds and how this support can be provided, while minimising impacts on the market and providing value to European citizens.
- The EU Taxonomy is a tool developed to enable private investors to re-orient investments towards more sustainable technologies and businesses. It will help make the EU a global leader in setting standards for sustainable finance. The Taxonomy can be a very useful tool in the context of EU State aid assessments. Where measures meet the taxonomy requirements, the State aid assessment can be simplified. In particular, in balancing the positive and negative effects of the aid, the Commission will pay particular attention to compliance with the ‘do no significant harm' principle.

However, there are other conditions in competition rules that would still need to be applied to ensure for example that the aid is necessary and proportionate (by way of example, the taxonomy identifies renewable energy as sustainable, and the competition rules then generally require renewable energy to be supported through competitive bidding processes). Support may in some cases also be granted to projects that do not meet the standards laid down in the Taxonomy so long as their positive effects are justified and a lock-in of non-sustainable activities is avoided.

Q: How can the CEEAG contribute to tackling high energy prices?

The current high energy prices in Europe are mostly the result of global supply and demand patterns in the natural gas market, driven in part by the global economic recovery.

On 13 October, the Commission adopted a Communication on “tackling rising energy prices while delivering the green transition” that describes the main tools for Member States to tackle this challenge, and how the Commission can support them in this respect. Following up to the Communication of 13 October, and as requested by Member States, in December 2021, the Commission proposed to improve the resilience of the gas system and strengthen the existing security of supply provisions.

The best way to reduce energy costs in the medium and long term is to reduce the EU's dependence on fossil fuel imports, and thus to accelerate the energy transition towards an energy efficient electricity system, based on renewable energy. The CEEAG support this target. For example, the CEEAG cover support measures to help companies quickly adapt and fully participate in the energy transition. This includes for example support for decarbonisation measures or increased energy efficiency, reducing the impact of increased electricity or gas prices for undertakings.

Competition law allows a range of measures that Member States can take without unduly distorting competition in the market. These include direct support measures to the most vulnerable and energy-poor, such as payments or energy allowances. Moreover, measures of a general nature, equally helping all energy consumers, do not constitute State aid. Such non-selective measures can take the form of general reductions in taxes or levies, a reduced rate to the supply of natural gas, electricity or district heating.

NECESSARY FACTS AND FIGURES

On 27/01/2022, the College of Commissioners adopted the new Guidelines on State aid for climate, environmental protection and energy (CEEAG).

The new rules create a flexible, fit-for-purpose enabling framework to help Member States provide the necessary support to reach the European Green Deal objectives in a targeted and cost-effective manner. In particular, the CEEAG:

- **Broaden the categories of investments and technologies that Member States can support to cover all technologies that can deliver the European Green Deal.** A new single section covers the reduction or avoidance of greenhouse gas emissions, facilitating the assessment of measures supporting the decarbonisation of different sectors of the economy, including through investments in renewable energy, energy efficiency in production processes and industrial decarbonisation, in line with the European Climate Law. The revised rules generally allow for aid amounts up to 100% of the funding gap, especially where aid is granted following a competitive bidding process, and introduce new aid instruments, such as Carbon Contracts for Difference to help Member States respond to the greening needs of industry.
- **Cover aid for numerous areas relevant for the Green Deal.** This includes new or updated sections on aid for the prevention or reduction of pollution other than due to greenhouse gases, including noise pollution, aid for resource efficiency and circular economy, aid for biodiversity and for the remediation of environmental damage. Moreover, the CEEAG feature dedicated sections for aid incentivising investments in flagship areas such as energy performance of buildings, and clean mobility, covering all transport modes.

- **Alignment of the security of supply rules with the 2019 Electricity Regulation.** The CEEAG introduce a number of clarifications to better align the security of supply rules with the 2019 Electricity Regulation and to explain how the rules apply to variety of different possible measures for security of supply, including measures related to regional security of supply problems caused by network insufficiency. The rules also further limit the potential for fossil fuels to benefit from support under security of supply measures, and enable Member States to introduce environmental criteria in their security of supply measures to ensure support is targeted at sustainable activities.
- **Introduce changes to the current rules on reductions of certain electricity levies for energy intensive users.** The rules aim at limiting the risk that, due to these levies, activities in certain sectors move to locations where environmental disciplines are absent or less ambitious than in the EU. In order to cater for the enhanced decarbonisation efforts required to meet the EU climate targets, the CEEAG cover the reductions in all levies financing decarbonisation and social policies. Furthermore, with a view to enable Member States to maintain a level playing field, and based on objective indicators at sector level, the CEEAG have streamlined the number of eligible sectors.
- **Introduce safeguards** to ensure that the aid is effectively directed where it is necessary to improve climate and environmental protection, is limited to what is needed and does not distort competition or the integrity of the Single Market. the CEEAG will for example enhance stakeholder participation in the design of large aid measures requiring Member States to consult stakeholders on their main features.
- **Ensure coherence with the relevant EU legislation and policies in the environmental and energy fields**, by, among others, ending subsidies for the most polluting fossil fuels, for which a positive assessment by the Commission under State aid rules is unlikely in light of their important negative environmental effects. Measures involving new investments in natural gas are unlikely to be approved unless it is demonstrated that the investments are compatible with the Union's 2030 and 2050 climate targets, facilitating the transition from more polluting fuels without locking-in technologies that may hamper the wider development of cleaner solutions. The CEEAG also include a new section on aid for the closure of coal, peat and oil shale plants to facilitate decarbonisation in the power sector.
- **Increase flexibility and streamline the previous rules**, also by eliminating the requirement for individual notifications of large green projects within aid schemes previously approved by the Commission.

The new Guidelines on State aid for climate, environmental protection and energy follow an evaluation of the existing rules, the Energy and Environmental State aid guidelines (EEAG), conducted as part of the State aid Fitness Check and a study carried out by external consultants. The Commission also carried out an extensive consultation of all interested parties on the proposed revised rules which yielded more than 700 contributions. The process has involved Member States, business associations, interest groups, individual companies, NGOs and citizens. The review also reflects the Commission's experience stemming from its case practice in recent years.

The **General Block Exemption Regulation (GBER)** is also undergoing a targeted revision with the aim to further facilitate green investments by widening its scope to cover aid for investments in new technologies, such as hydrogen and carbon capture and storage or usage, and for areas that are key to achieve the objectives of the Green Deal, like resource efficiency and biodiversity. Moreover, the GBER revision aims to further refining the provisions on aid for investments in flagship areas such as energy performance of buildings and recharging and refuelling infrastructure for clean mobility, which were already introduced as part of the targeted GBER revision in July 2021. Finally, the rules will be made more flexible with regard to the definition of eligible costs and aid intensities.

A public consultation on the targeted revision of the GBER took place between 06/10/2021 and 08/12/2021 to collect stakeholders' input on the proposed targeted amendment. The replies received are currently being analysed.

Contact:	[redacted]
	Updated on: 03/03/2022

IPCEI projects on Hydrogen – TotalEnergies

KEY MESSAGES

- The Commission fully supports the initiative from the industry and Member States in order to enable Important Projects of Common European Interest (IPCEI) in strategic value chains for the EU economy, such hydrogen technologies and systems or low carbon emission industry. The Commission services are working full speed on the assessment of the individual projects submitted under both IPCEIs on Hydrogen, "Technology" and "Industry". First requests for information were sent for all individual projects. We are currently assessing the replies and sending second requests for information, where necessary.
- Experience with previous IPCEIs shows that the design of an IPCEI and the quality of the individual company projects determine the speed of the assessment process. The Member States are driving the design of the IPCEI and notification of individual projects. Manageability is another important factor: it is evident that an IPCEI comprising of hundreds of large projects will take longer to assess.
- According to the IPCEI Communication, beyond the projects pursuing R&D&I activities or First Industrial Deployment, support for important infrastructure projects in strategic value chains such as energy, transport, health and digital, are also eligible, insofar as all the other criteria are met.
- For what concerns Hydrogen IPCEIs specifically, infrastructure projects must be about large-scale generation, transport and storage of hydrogen benefiting multiple users in an open manner, and not projects tailored to the needs of one user. The mere creation of hydrogen demand does not qualify. (Hydrogen users however can present breakthrough innovation projects that are assessed under the RDI/FID specific criteria).

- The projects that do not meet the criteria of the IPCEI Communication, such as individual decarbonisation projects, will be assessed in parallel under the new Climate, Environmental protection and Energy Aid Guidelines, the so-called CEEAG. In particular, its section on decarbonisation of industry is well applicable and actually more appropriate for such projects.
- The change of the legal basis does not put these decarbonisation projects at a disadvantage. On the contrary, the CEEAG offers more funding possibilities, and relieves projects from certain requirements such as integration with partners from other Member States or demonstrating the existence of extensive spillovers. In addition, there is no limitation in relation to eligible costs (CAPEX or OPEX) in the decarbonisation section of the CEEAG.
- In order to avoid delays for these projects, we will use the information already provided to us by the Member States in the IPCEI project portfolios and funding gaps. Furthermore, projects that have been selected via national calls for a potential IPCEI will be exempted from the mandatory competitive bidding process of the CEEAG.

NECESSARY FACTS AND FIGURES

[redacted]

[redacted]

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[redacted]

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Meeting with Gabrielle Gauthey, Représentante du Président-Directeur général de TotalEnergies auprès des institutions de l'Union européenne

8 March 2022 – 10:30 to 11:30

[redacted]

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	Updated on: 02/03/2022