



BRIEFING FOR HEAD OF CABINET STEFANO GRASSI
MEETING WITH BDI DEPUTY DG MR HOLGER LÖSCH

9 November 2021, Brussels

SCENE SETTER

You meet the Deputy Director General of the German Industry Association BDI. He is a vocal supporter of relieving energy-intensive users from energy price increases to safeguard the competitive level playing field with international competitors and to avoid 'carbon leakage'. This particularly applies to the German energy-intensive SMEs.

Topics to be discussed at the meeting:

- State aid to energy intensive users;
- BDI views/possibilities for engagement on the decarbonisation of gas package.

LINES TO TAKE

Aid in the form of reductions from electricity levies for energy-intensive users in Section 4.11 of the draft CEEAG.

- Section 4.11 currently covers aid in the form of reductions from electricity levies to avoid relocation outside the EU (in order to prevent 'carbon leakage').
- It includes the reduction of levies which finance an energy policy objective [*e.g. first and foremost energy from RES, in the case of Germany*]. Exemptions from network charges or financing of capacity mechanisms are not covered, however. The section only covers levies on the consumption of electricity (and not energy in other forms, such as natural gas).
- State aid is to be limited to sectors that are particularly exposed to a high risk of carbon leakage.
- The disadvantage and risk of relocation outside the EU will be determined based on two factors: electro-intensity and trade intensity of a given sector. The Commission has listed these sectors in Annex I to the draft CEEAG.
- Reductions may only be granted if the overall cumulative level of these levies, before any reductions, exceeds a certain amount. The Commission has not proposed a specific figure for this as yet.
- In line with the EU decarbonisation objectives, EIUs should be encouraged through State aid to invest in energy efficiency and

the decarbonisation of production processes, for example via renewable or low-carbon electrification.

- The Commission has received a large number of submissions from stakeholders on this particular issue during the recent public consultation. It is currently evaluating the responses in view of the finalisation of the CEEAG (the Commission aims at adopting it by the end of 2021).
- Ask [REDACTED] what BDI thinks about the potential role in the German industry of Carbon Capture and Storage and Carbon Capture and Utilisation.

DEFENSIVE POINTS

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
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Background

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