Resolution on the climate, energy and environmental State aid guidelines (CEEAG)

2021/2923(RSP) - 21/10/2021 - Text adopted by Parliament, single reading

The European Parliament adopted by 415 votes to 220, with 51 abstentions, a resolution on the climate, energy and environmental State aid guidelines (CEEAG).

The text adopted in plenary was tabled by the EPP, S&D and Renew groups.

Aligning the guidelines with the EU's climate objectives

The rules on State aid for climate, energy and environmental projects should be fit for the sustainable transition and should be in line with the climate, energy, circularity, zero-pollution and biodiversity goals and ambitions of the Union. The current 2014-2020 guidelines on State aid for environmental protection and energy (EEAG) will expire on 31 December 2021. A wide-ranging and deep review of the EEAG is required to fully align the guidelines with the European Green Deal, the Paris Agreement and the EU's 2030 and 2050 climate goals.

On 7 June 2021, the Commission launched a targeted public consultation and published the draft guidelines. The consultation period ended on 2 August 2021.

Parliament welcomed the Commission's draft communication on CEEAG and its efforts to strengthen the State aid for environmental protection and energy and aim at a higher level of environmental protection, which includes the decarbonisation of the energy sector.

State aid rules should have a degree of flexibility, taking into account the technological changes brought about by the transition to a less carbon-intensive model.

Members are convinced that environmentally sustainable State aid is key to achieving the EU's climate, energy and environmental protection objectives. They therefore called on the Commission to state clearly that all aid must be compatible with the Paris Agreement and the EU's green transition and social objectives.

Fossil fuels

Members called on the Commission to align the different aid categories with the European Climate Law, thereby supporting a cost-effective and just transition to climate neutrality and facilitating the phasing out of fossil fuels. They stressed that this gradual phasing out should be accompanied by support possibilities for new less carbon-intensive technologies in accordance with the 'do no significant harm' principle.

The report stressed that the aim of the guidelines is to clarify how Member States can incentivise early closures of coal, peat and oil shale activities. However, Members considered that this aid category should be significantly improved, for example by introducing clear safeguards as part of the phase-out of fossil fuels and related activities.

Energy prices

State aid in the field of climate, environmental protection and energy is a key medium-term tool for addressing spikes in energy prices, in particular by supporting energy efficiency measures and sustainable

renewable energy sources. Energy efficiency policies and measures, especially for buildings, are important for vulnerable people.

Concerned about the lack of ambition of the aid category for ‘the improvement of the energy and environmental performance of buildings’, Members called on the Commission to: (i) increase the basic requirement to reduce primary energy demand in buildings by at least 40 %, the minimum level needed to reach climate neutrality by 2050 in the building sector; (ii) broaden the possibility of loosening the State aid guidelines for environmental measures of social housing across the Union.

The Commission is also invited to increase the number of sectors eligible for State aid, in particular aid in the form of electricity tax reductions for large energy consumers and to review the list of sectors eligible for energy price compensation.

Energy efficiency and sustainable renewable energy technologies

Parliament is concerned that the draft guidelines remove the category of aid to support renewable energy and put it in competition with state aid for low-carbon, fossil fuel-based alternatives. Members therefore called for the final guidelines to include a chapter on support for renewable energy. They called for the introduction of a specific chapter with special provisions to support renewable energy communities of all sizes and small players.

The Commission is invited to explicitly integrate the ‘energy first principle’ in the guidelines on climate, energy and environmental State aid guidelines, in particular by using this principle as a priority baseline for assessing whether a measure in the energy sector is necessary.