

Environmental action vs. State Aid Regulations Focus on biofuels for aviation

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State aid in a nutshell

- **General prohibition of State aid in the EEA**
 - State aid is any advantage granted to an undertaking from public funds resulting in an effect on trade and competition
- **Aid can be declared compatible, e.g. for environmental protection**
 - Guidelines on State aid for environmental protection and energy 2014-2020 (EEAG)
 - General block exemption regulation (GBER)
- **Relevance for today's discussion**

State aid and biofuels

- **Very limited practice in the aviation sector**
- **Experience from road transport and shipping sectors – support at different levels:**
 - **Producers of biofuels**
 - **Distributors**
 - **Users**
- **Focus on environmental aid – but note:**
 - **Aid for research (separate framework)**
 - **No aid approach: eg. blending/supply obligations**

Aid to producers

- **Rules allow for support of both investments in production facilities and their operation**
 - **Categorised as aid for the promotion of energy from renewable sources**
 - **Investment support: aid intensities of up to 45% (plus SME/regio bonuses)**
 - **Operation support can cover difference between cost and market price, taking into account any investment aid received**
- **Detailed assessment if aid amount exceeds EUR 15 million per undertaking per project**

Aid to distributors

- **Experience from road transport:**
 - **Not included in the guidelines/GBER**
 - **Limited to extra costs of pumps/tanks suitable for biofuels**
 - **Example: ENOVA alternative fuels infrastructure**
- **Airport situation potentially different – part of airport infrastructure?**

Aid to users

- **Not possible to subsidise use of biofuels directly**
- **Support for extra cost of technical adaptations required to enable use of biofuel (if any)**
- **Possibility to introduce a reduction in/exemption from environmental taxes or charges**
 - **Link to higher level of taxes/charges**
 - **Commitments to achieve min. 20% effect**
 - **Example: Norwegian NOx Fund – transferable?**

Further reading

- **Notice on the notion of aid**
- **GBER**
- **EEAG**
- **ESA decisions:**
 - **Alternative fuels infrastructure (232/16/COL)**
 - **NOx Fund (144/11/COL)**

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