



Recent Trends and Key Issues for State Aid in Energy Markets

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* All views expressed are personal and do not
commit the European Commission

Challenges for the energy market

Intertwined energy and climate policies

- An on-going liberalisation process
- An active climate change policy

Energy markets in crisis?

- High energy prices
- Concerns in relation to security of supply
- Decarbonisation at risk

Priorities of State aid control in energy markets



Make the Green transition work



Ensure security of supply preserving competition and cross border trade



Ensure transparency for all nuclear costs

Make the Green Transition Work

Costs

- Increasing costs for all energy consumers
- Risk for the acceptance of the climate policy

Market distortion

- Are renewable operators competitors on the electricity market?
- Negative prices and hidden balancing costs

Market integration

- National schemes
- Impact on networks

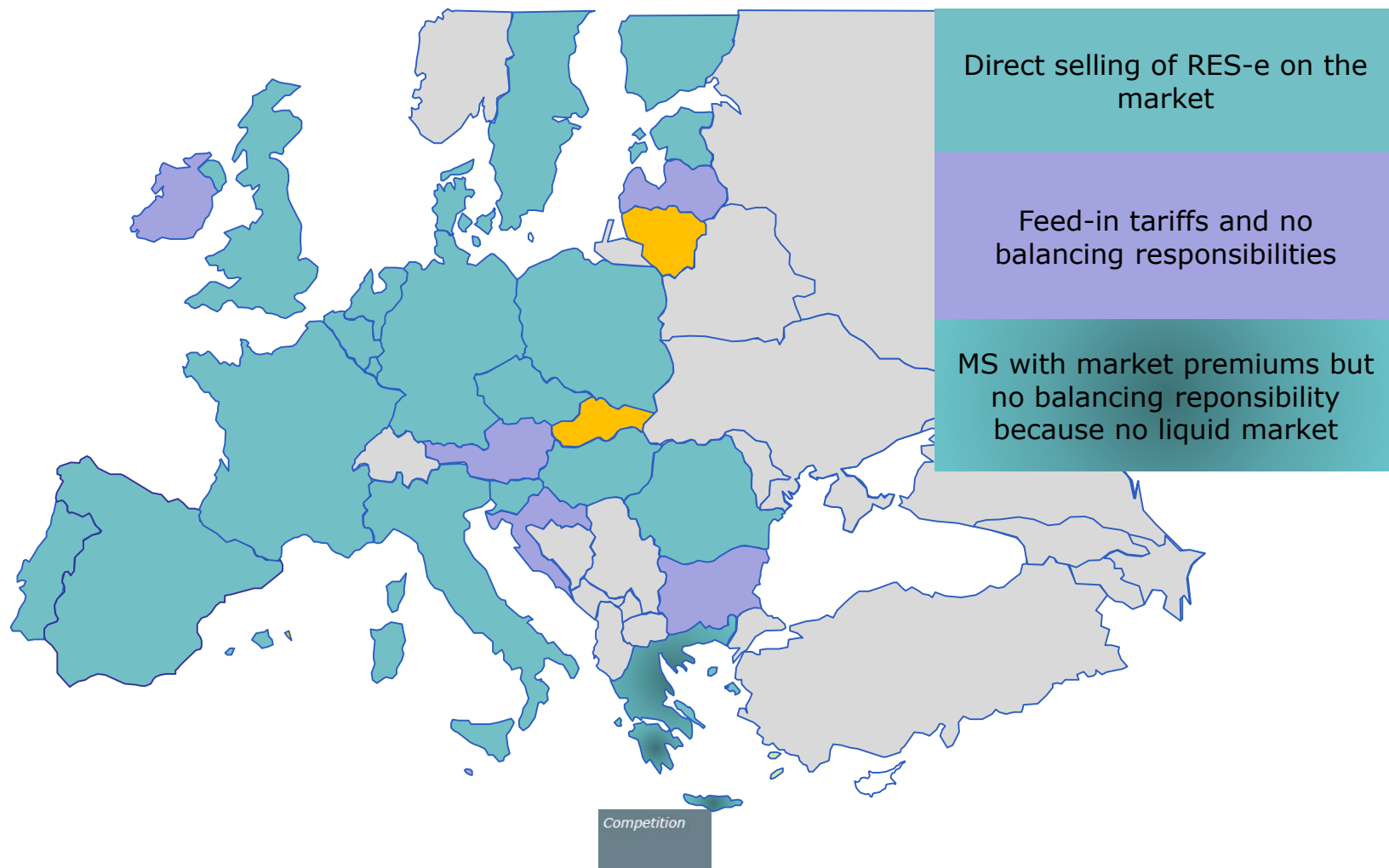


Make the green transition work

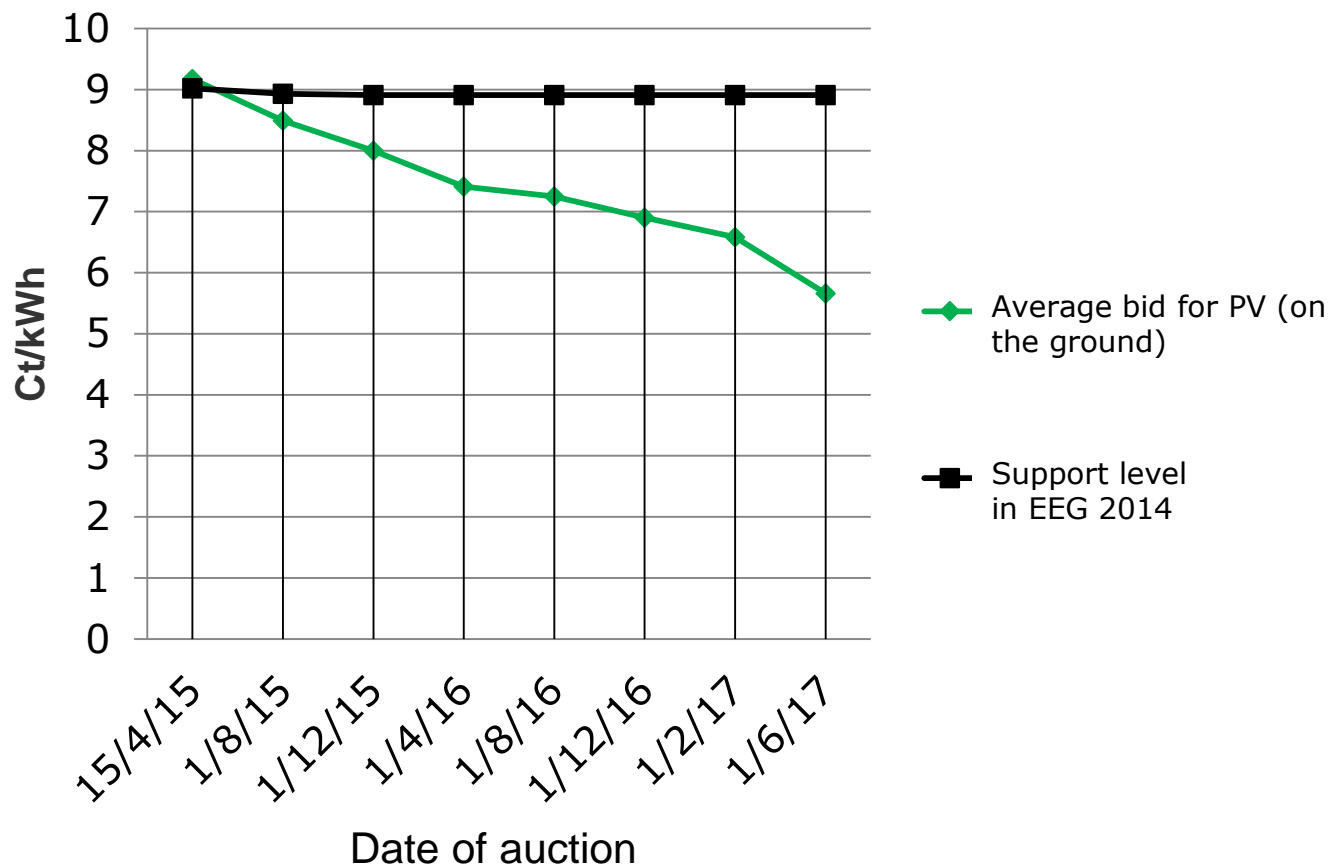
Make it less distortive and more affordable:

- No feed-in tariffs anymore (except installations < 500 kW)
- Direct marketing (premium, balancing responsibility and no support at negative prices)
 - RES becoming a market actor
 - New services, devices (technologies increasing the predictability of production, etc.) and new market operators appearing (aggregators) facilitating market integration.
- Tenders (except installations <1MW)

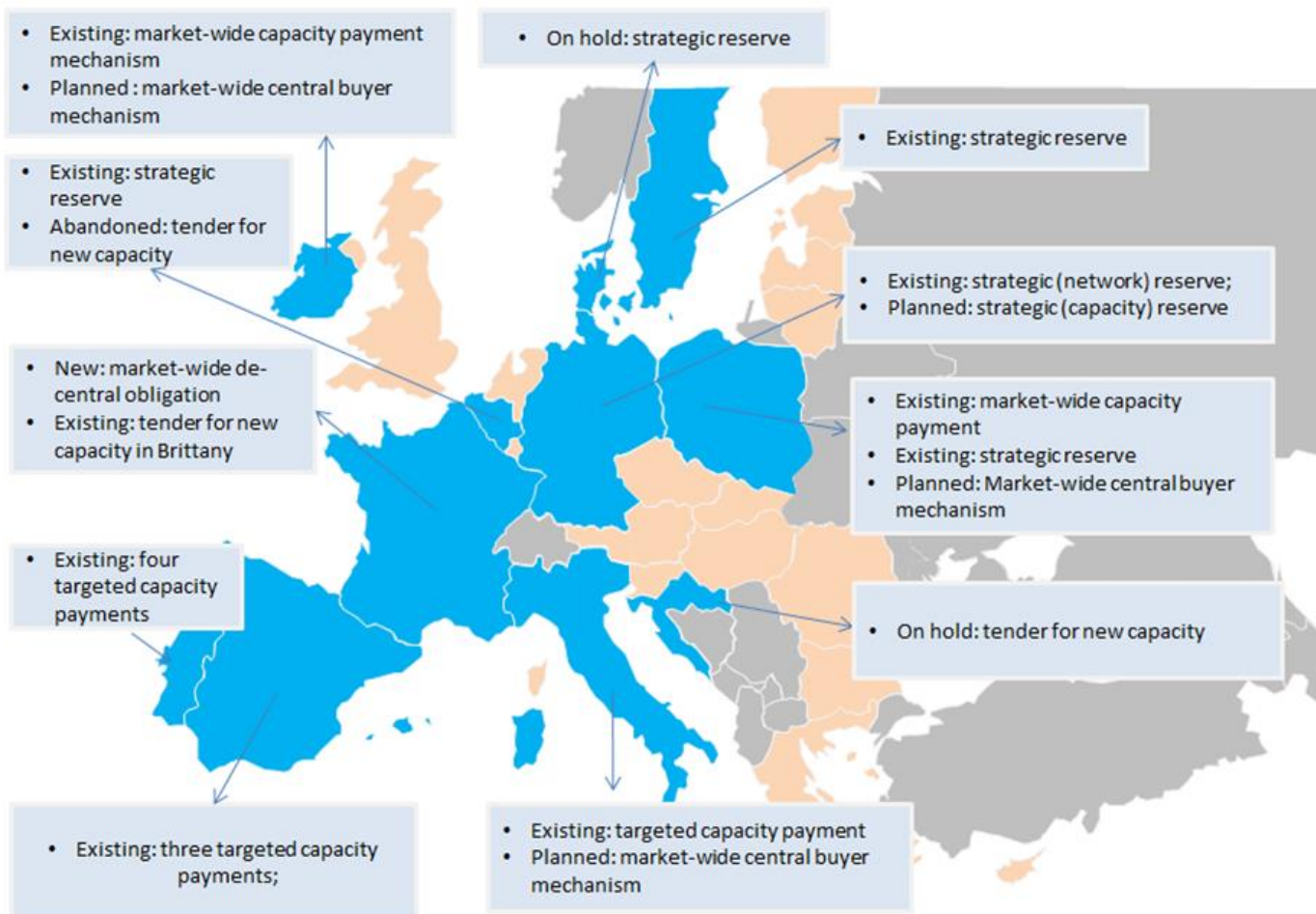
Integrate renewables in the market



Decline in support levels with tenders (ex. PV (on the ground) tenders in Germany)

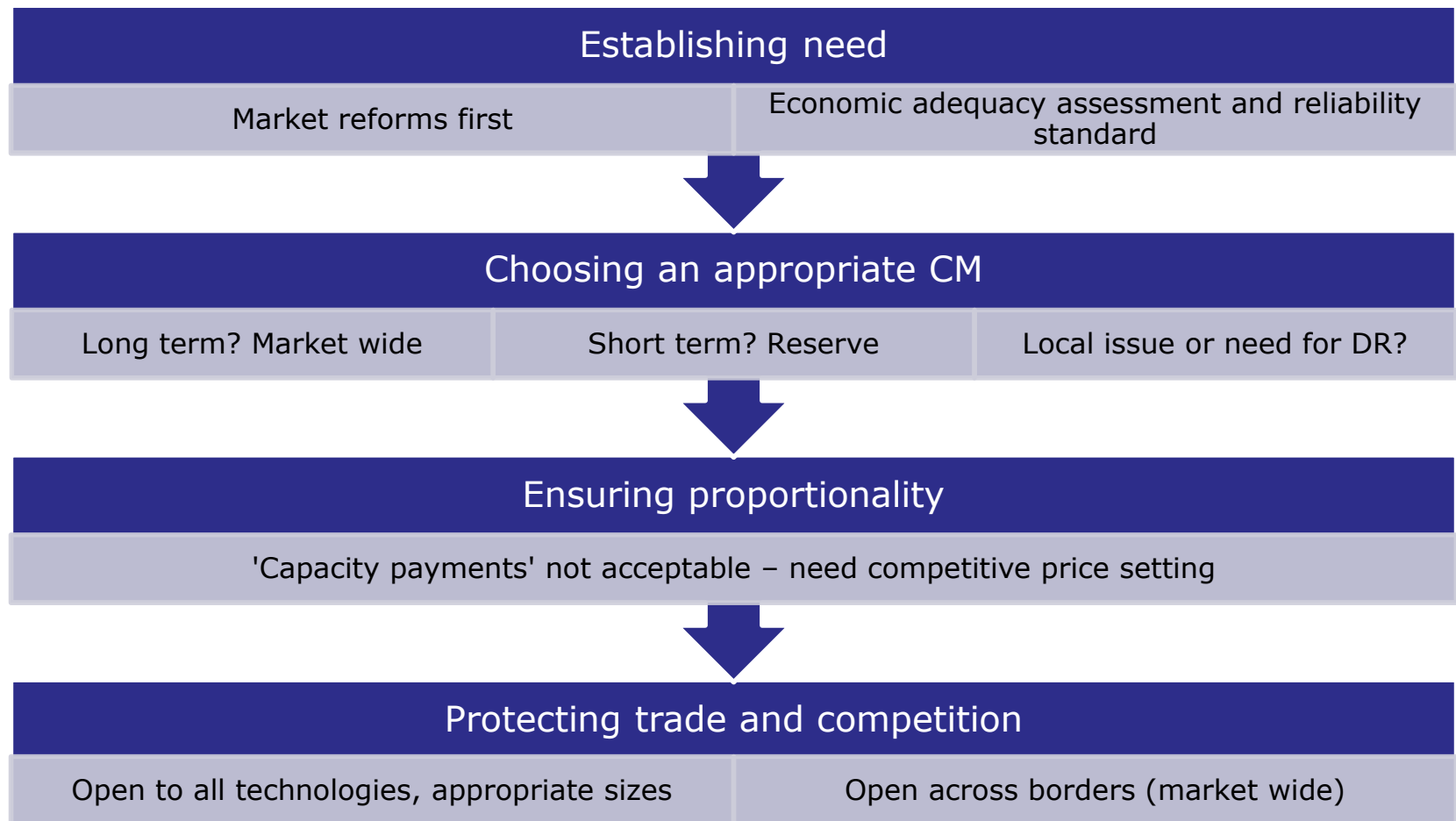


Ensuring that capacity mechanisms are well-designed and least distortive

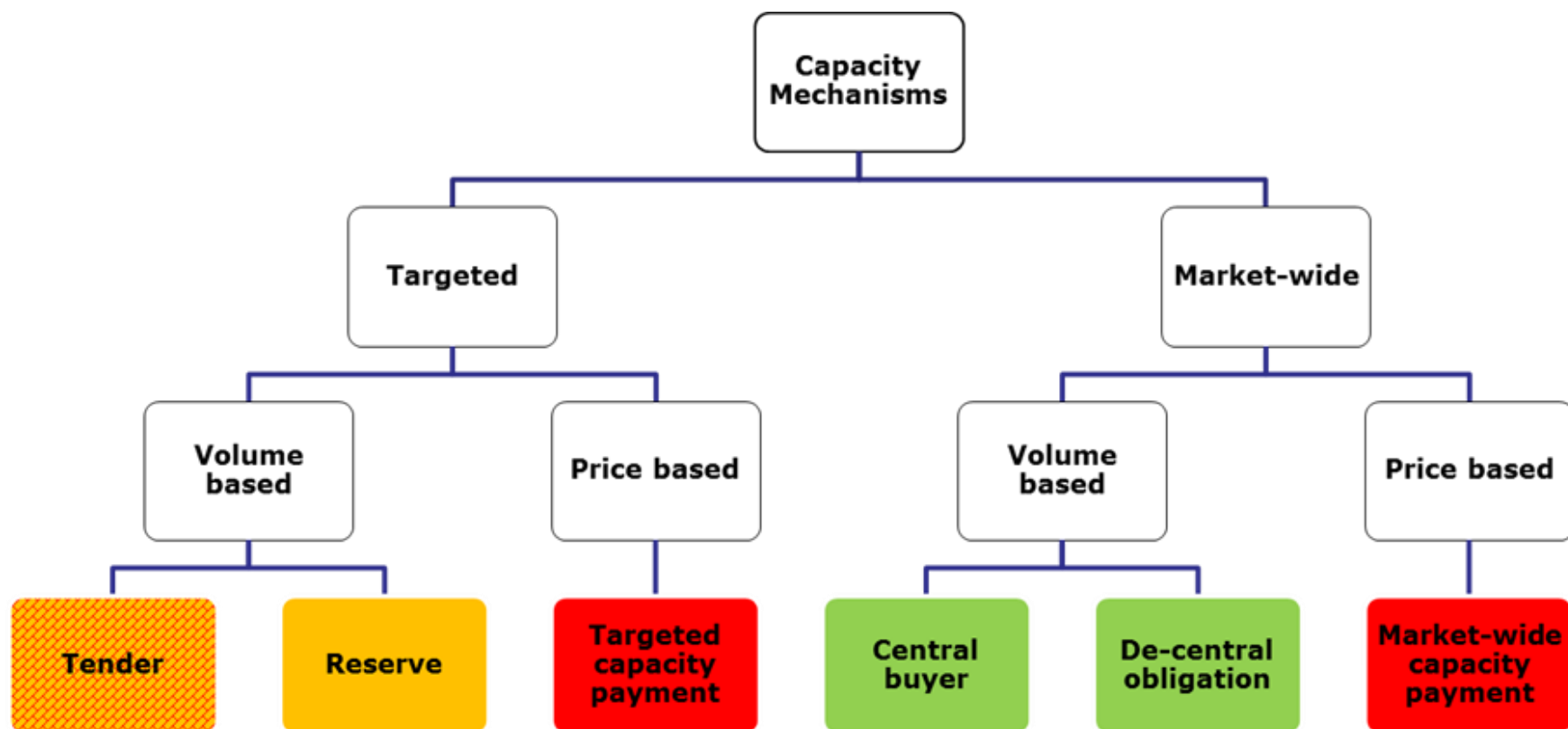




State aid rules ensure minimum market distortions





Enforcement – Capacity mechanisms

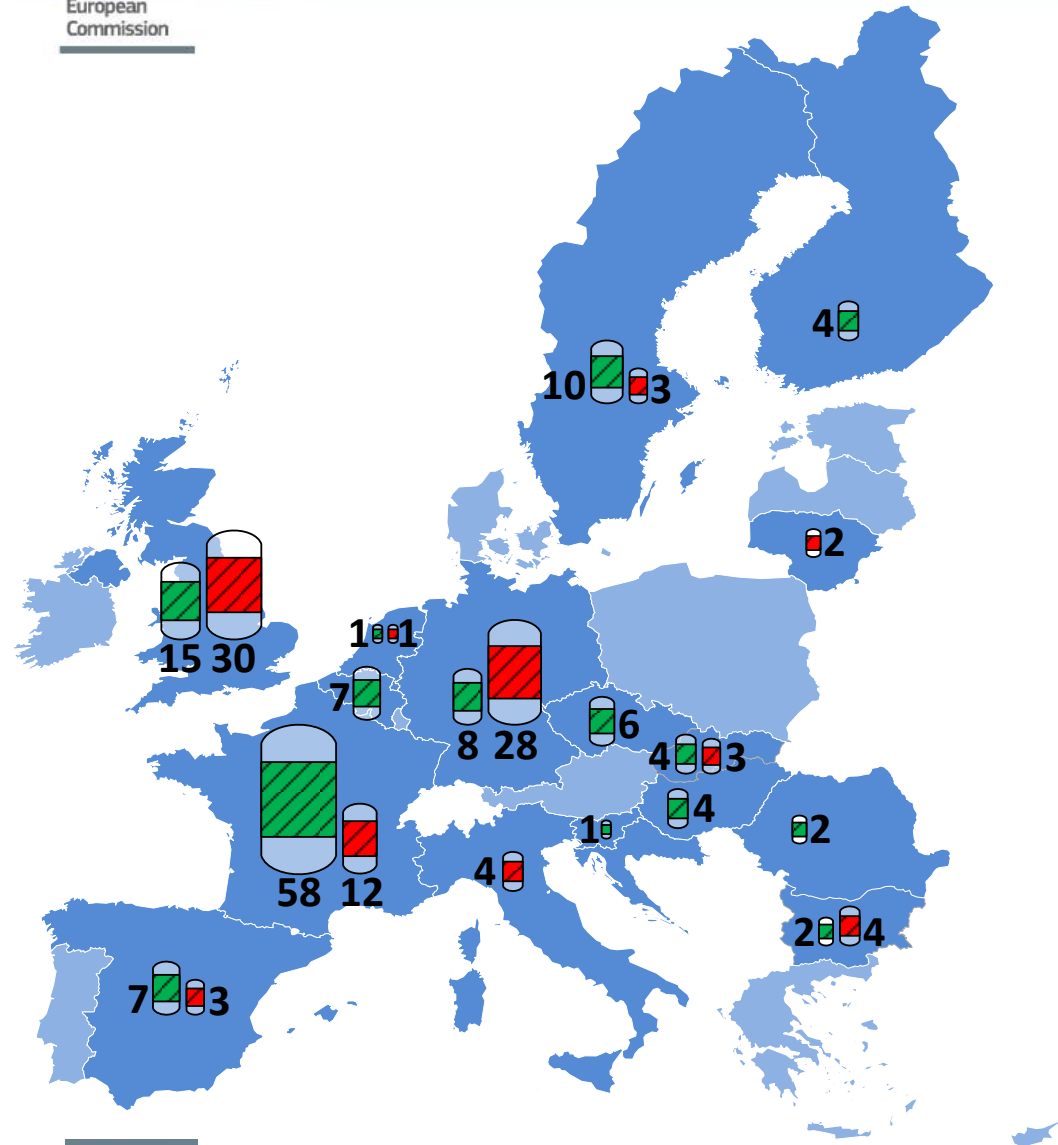
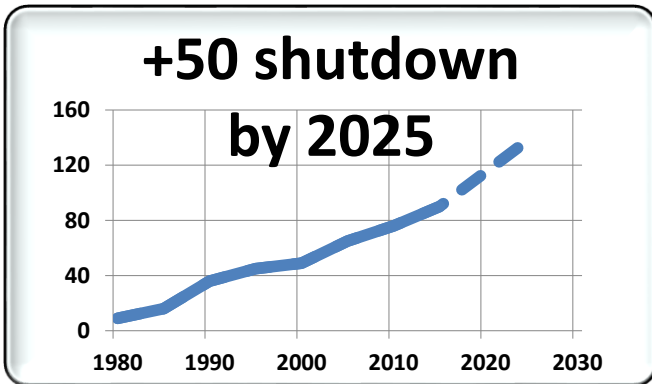
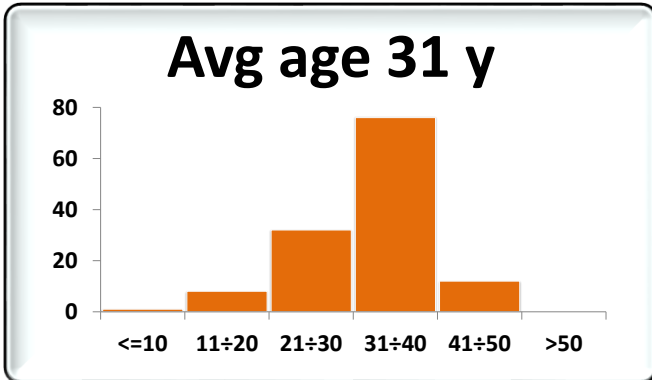


Creating transparency of all nuclear costs



Reactors

-  **129** operating
-  **90** shut-down



Objective of State aid assesment in nuclear matters

- Addressing the competition impact of the investment
- Ensuring cost transparency and comparison across technologies
- Ensuring internalisation of costs and externalities to the largest extent possible

Key principles of State aid assessment

New built

- New built and lifetime extension
- Mitigating the market impact, creating cost transparency
- Hinkley Point C; PAKS II; NPPs in Belgium

Waste

- Polluter pays principle and adequate remuneration of the risk taken by the State
- German nuclear fund

Insurance

- Avoiding that State intervention prevents the development of a competitive market for nuclear insurance
- Belgian guarantee scheme

Conclusion

State Aid as a key tool for managing the energy transition

Significant progress made since the entry into force of the guidelines

Ensure transparency, cost effectiveness and competition for the benefit of consumers