



EUROPEAN COMMISSION

Brussels, 30.09.2011
C(2011)7117 final

**Subject: State aid No SA.33210 (2011/N) – United Kingdom
Feed in Tariffs to support the generation of renewable electricity from
low carbon sources**

Sir,

1. PROCEDURE AND DESCRIPTION OF THE MEASURE

- (1) On 2 September 2011, the UK authorities notified to the Commission, under the Notice on simplified procedure, in particular points 5(a) or 5 (c) of the Notice¹, or in accordance with Article 4 of Commission Regulation (EC) N° 794/2004²;
- tightening of the criteria regarding the application of the existing aid measure N 94/2010 by reducing aid for large scale photovoltaics (PV), and
 - increasing aid for farm-scale anaerobic digestion.

The new tariff for large scale PV is for installation between 50 kW and 150 kW TIC: 19.0 p/kWh, between 150 kW and 250 kW TIC: 15.0 p/kWh and between 250 kW and 5MW TIC and stand-alone installations: 8.5 p/kWh (previous tariffs: between 50 kW and 100 kW TIC: 32.9 p/kWh, between 100 kW and 5 MW TIC: 30.7 p/kWh and stand-alone installations: 30.7 p/kWh).

The change in tariffs for farm-scale anaerobic digestion is minor for installation between 250kW and 500 kW and more important for below 250kW (previous tariffs: below 500kW: 12.1 p/kWh, new tariffs: below 250kW: 14.0 p/kWh and between 250 and 500 kW: 13.0 p/kWh).

¹ OJ C136, 16.06.2009, p. 3-12.

² Commission Regulation (EC) N° 794/2004 of 21 April 2004 implementing Council Regulation (EC) N° 659/1999 laying down detailed rules for the application of Article [93] of the EC Treaty, OJ L 140, 30.04.2004, p. 1.

The Rt Hon William HAGUE
Secretary of State for Foreign Affairs
Foreign and Commonwealth Office
King Charles Street
London SW1A 2AH
UNITED KINGDOM

Other features of the measure remained unchanged.

- (2) A description of relevant features of the notified measure can be found in the summary of the notification published on the website of the Commission http://ec.europa.eu/competition/state_aid/cases/241848/241848_1245064_13_1.pdf and annexed to the present decision.
- (3) The Commission has according to point 5(c) invited the UK authorities to proceed with notification in line with the provisions of the Notice on simplified procedure, which the UK authorities has accepted.

2. ASSESSMENT OF THE MEASURE

2.1. Existence of aid within the meaning of Article 107(1) of the TFEU³

- (4) The changes introduced to the notified measure do not alter the prior conclusion of the Commission in the case N 94/2010 that the measure constitutes State aid within the meaning of Article 107(1) TFEU, as moreover confirmed by the notifying Member State during the notification.

2.2. Compatibility of the aid

- (5) The Commission's analysis did not imply any serious difficulties and confirms that the two amendments made: (i) reduction of aid for large scale photovoltaics (PV), and (ii) increase of aid for farm-scale anaerobic digestion (AD) do not modify the original compatibility assessment regarding the approved measure N 94/2010 since they are in line with points 107-109 (Option I) and 119 of the Environmental aid guidelines⁴. The new tariffs lead to an Internal rate of Return of 10% for AD installation of less than 250 kilowatts and of 13% for AD between 250-500 kwh. These rates of return seem appropriate based on the information provided the UK authorities.
- (6) The UK remains committed to ensuring that there is no over-compensation under FITs, to maintain the incentive effect as required by point 142 of the Environmental aid guidelines and to ensuring compliance with the rules on cumulation and intensities. The main effect of the measure is the reduction of support for large-scale solar PV. It also increases support for farm-scale anaerobic digestion but with a view to providing the level of compensation originally envisaged and covered by the previous notification. Indeed, in view of the minor nature of the amendments the Commission sees no reason to depart from its previous positive compatibility assessment in N 94/2010.
- (7) The Commission did not receive any substantiated comments of third parties upon publication of a summary of the notification on its website.

³ With effect from 1 December 2009, Articles 87 and 88 of the EC Treaty have become Articles 107 and 108, respectively, of the TFEU. The two sets of provisions are, in substance, identical. For the purposes of this Decision, references to Articles 107 and 108 of the TFEU should be understood as references to Articles 87 and 88, respectively, of the EC Treaty where appropriate.

⁴ *Community guidelines on state aid for environmental protection - Official Journal C 82 of 01.04.2008, p. 1;*

3. CONCLUSION

- (8) The Commission therefore finds that the existing measure N 94/2010 as amended by means of the measures notified in case SA.33210 (2011/N is compatible with the Internal market in accordance with Article 107 (3)(c) of the TFEU and has accordingly decided not to raise objections to the notified measure.
- (9) The Member State has indicated in the context of the notification process that the summary nature of this decision implies that it does not contain any confidential information.

For the Commission

Joaquín ALMUNIA
Vice-President

Annex: Summary of the notification based on the information provided by the Member State according to the standard form provided in Annex to the Notice on simplified procedure.

Summary of notifications

On 02/09/2011, the Commission received a notification of an aid measure pursuant to Article 108 of the Treaty on the Functioning of the European Union. On preliminary examination, the Commission finds that the notified measure could fall within the scope of the Commission Notice on a simplified procedure for treatment of certain types of State aid (JO C136, 16.06.2009, p. 3-12). The Commission invites interested third parties to submit their possible observations on the proposed measure to the Commission. The main features of the aid measure are the following:

Reference number of the aid	SA.33210
Member State	United Kingdom
Member State reference number	
Region	- -
Granting authority	Sarah Nightingale Feed-in Tariffs Team, Area 4A, 3-5 Whitehall Place, London, SW1A 2AW www.decc.gov.uk
Title of the aid measure	Feed In Tariffs to support the generation of renewable electricity from low carbon sources
National legal basis	Energy Act 2008 SS 41-43
Proposed Community basis for assessment	Environment - Environmental Aid Guidelines 2008 - 2014
Type of measure	Scheme
Amendment of an existing aid measure	PN 265/2009 N 94/2010
Duration	01.08.2011 to 01.04.2037
Economic sector(s) concerned	Electricity, gas, steam and air conditioning supply
Type of beneficiary	All firms
Budget	Overall amount: GBP 3,100.00 (in millions)
Aid instrument (grant, interest rate subsidy, ...)	Direct grant

Observations raising competition issues relating to the notified measure must reach the Commission no later than 10 working days following the date of this publication and include a non confidential version of these observations to be provided to the Member State concerned and/or other interested parties. Observations can be sent to the Commission by fax, by post or email under reference number SA.33210 to the following address:

European Commission
Directorate-General for Competition
State Aid Registry
B-1049 Brussels
Fax (32-2) 296 12 42
Stateaidgreffe@ec.europa.eu