



## State aid: Commission approves €26.3 million Finnish measure to support SEVO in construction of hydroelectric pump storage

Brussels, 5 December 2022

The European Commission has approved, under EU State aid rules, a €26.3 million Finnish aid measure to support Suomen Energiavarasto Oy ('SEVO') in the construction of an underground hydroelectric pump storage facility. The measure will increase the share of renewables in Finland's electricity generation in line with the EU's [European Green Deal](#) objectives. At the same time, it will help reduce dependence on Russian fossil fuels and fast forward the green transition in line with the [REPowerEU Plan](#).

### The Finnish measure

Finland notified the Commission of its plan to support SEVO, a subsidiary of EPV, in the conversion of a non-active mine located in Pyhäsalmi into a pumped hydroelectricity storage facility. The storage unit will participate in the electricity spot markets, as well as in electricity balancing markets. The storage unit will effectively substitute in the grid electricity generated by high-cost gas-fired units with low-cost, clean electricity available notably during strong renewable energies generation conditions (such as hours with high wind infeed). It will also help integrate a higher share of renewable electricity generation in the grid.

The aid, which will take the form of a €26.3 million investment grant, will support the construction and the installation of the storage unit.

The hydroelectric pump storage facility will have a capacity of 75 MW and 530 MWh and is expected to generate between 60 and 160 GWh of clean electricity per year. The facility is envisaged to start operating by the end of 2025. Once completed, the project is expected to avoid the release of 202,000 tonnes of carbon dioxide annually.

### The Commission's assessment

The Commission assessed the measure under EU State aid rules, in particular [Article 107\(3\)\(c\)](#) of the Treaty on the Functioning of the European Union ('TFEU'), which enables Member States to support the development of certain economic activities subject to certain conditions, and the [2022 Climate, Energy and Environment Aid Guidelines](#) ('CEEAG').

The Commission found that:

- The project implements an innovative technology in the electricity storage sector.
- The measure facilitates the development of an economic activity, in particular the integration of renewable electricity generation into the power grid. At the same time, it supports the objectives of key EU policy initiatives, such as the [European Green Deal](#) and the [REPowerEU Plan](#).
- The aid has an 'incentive effect', as the beneficiary would not carry out the investments without the public support. Furthermore, the project may incentivize more innovative storage solutions that would enable a higher integration of renewable energy in the Finnish electricity system.
- The measure has a limited impact on competition and trade within the EU. In particular, it is necessary and appropriate to increase the share of renewable electricity generation. In addition, it is proportionate, as the aid amount is limited to the effective financing needs. Furthermore, the project will bring societal benefits, such as job creation on national and local level due to the construction, installation and operation of the new storage facility.
- The aid brings about positive effects that outweigh any potential distortion of competition and trade in the EU.

On this basis, the Commission approved the Finnish measure under EU State aid rules.

### Background

The 2022 [CEEAG](#) provide guidance on how the Commission will assess the compatibility of aid measures for environmental protection, including climate protection, and energy which are subject to the notification requirement under Article 107(3)(c) TFEU.

The new guidelines, applicable as from January 2022, create a flexible, fit-for-purpose enabling framework to help Member States provide the necessary support to reach the Green Deal objectives in a targeted and cost-effective manner. The rules involve an alignment with the important EU's objectives and targets set out in the European Green Deal and with other recent regulatory changes in the energy and environmental areas and cater for the increased importance of climate protection. They include sections on aid for reduction of greenhouse gas emissions including through support for renewable energy, energy efficiency measures, aid for clean mobility, infrastructure, circular economy, pollution reduction, protection and restoration of bio diversity, as well as measures to ensure security of energy supply, subject to certain conditions.

The 2022 CEEAG aim to help Member States meet the EU's ambitious energy and climate targets at the least possible cost for taxpayers and without undue distortions of competition in the Single Market.

With the [European Green Deal Communication](#) in 2019, the Commission reinforced its climate ambitions, setting an objective of net zero emissions of greenhouse gases in 2050. The [European Climate Law](#) in force since July 2021, which enshrines the 2050 climate neutrality objective and introduces the intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030, sets the ground for the 'Fit for 55' legislative proposals presented by the Commission on 14 July 2021. Among these proposals, the Commission has presented amendments of the [Renewable Energy Directive](#) and the [Energy Efficiency Directive](#) with more ambitious binding annual targets to increase the production of energy from renewable sources and reduce energy use at EU level.

### For More Information

The non-confidential version of the decision will be made available under the case number SA.101183 in the [State aid register](#) on the Commission's [competition website](#) once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the Competition Weekly e-News.

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### Quotes:

This €26.3 million measure will enable Finland to support the construction an innovative underground hydroelectric storage, which will contribute to the decarbonisation of its electricity generation and supply. It will help deliver on the green transition, while reducing Finland's dependence on imported fossil fuels. The Commission continues to support Member States in helping the EU's energy sector tackle the challenges of the current energy crisis, while promoting a greener economy.  
Margrethe Vestager, Executive Vice-President in charge of competition policy - 05/12/2022

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