State aid: Commission adopts Temporary Crisis and Transition Framework to further support transition towards net-zero economy

Brussels, 9 March 2023

The European Commission has adopted today a new Temporary Crisis and Transition Framework to foster support measures in sectors which are key for the **transition to a net-zero economy**, in line with the **Green Deal Industrial Plan**.

The new Temporary Crisis and Transition Framework amends and prolongs in part the Temporary Crisis Framework, adopted on 23 March 2022 to enable Member States to support the economy in the context of Russia's war against Ukraine and already amended on 20 July 2022 and 28 October 2022.

Together with the amendment to the General Block Exemption Regulation ('GBER') that the Commission endorsed today, the Temporary Crisis and Transition Framework will help speeding up investment and financing for clean tech production in Europe.

Taking into account the feedback received from Member States in the context of a survey and a targeted consultation, and in light of the Green Deal Industrial Plan, the new Temporary Crisis and Transition Framework:

- **Prolongs** the possibility for Member States to further support measures needed for the transition towards a net-zero industry. This concerns in particular **schemes for accelerating the rollout of renewable energy and energy storage, and schemes for the decarbonisation of industrial production processes, which Member States may now set up until 31 December 2025.**
- **Amends** the scope of such measures to make schemes to support renewable energy, energy storage and decarbonisation of industrial production processes even easier to design and more effective by: (i) simplifying the conditions for the granting of aid to small projects and less mature technologies, such as renewable hydrogen, by lifting the need for a competitive bidding process, subject to certain safeguards; (ii) expanding the possibilities of support for the deployment of all types of renewable energy sources; (iii) expanding the possibilities of support for the decarbonisation of industrial processes switching to hydrogen-derived fuels; and (iv) providing for higher aid ceilings and simplified aid calculations.
- **Introduces new measures, applicable until 31 December 2025, to further accelerate investments in key sectors for the transition towards a net-zero economy**, enabling investment support for the manufacturing of strategic equipment, namely batteries, solar panels, wind turbines, heat-pumps, electrolysers and carbon capture usage and storage as well as for production of key components and for production and recycling of related critical raw materials. More specifically, Member States may:
    - Design simple and effective schemes, providing support capped at a certain percentage of the investment costs and nominal amounts, depending on the location of the investment and the size of the beneficiary. Small and medium-sized enterprises ('SMEs') as well as companies located in disadvantaged regions are eligible for higher support, to ensure that cohesion objectives are duly taken into account. Member States may grant even higher percentages of the investment costs if the aid is provided via tax advantages, loans or guarantees. Before granting the aid, national authorities must nevertheless verify the concrete risks of the productive investment not taking place within the European Economic Area ('EEA') and that there is no risk of provoking relocation within the single market.
    - In exceptional cases, provide higher support to individual companies, where there is a real risk of investments being diverted away from Europe. In such situations, Member States may provide either the amount of support the beneficiary could receive for an equivalent investment in that alternative location (the so-called 'matching aid'), or the amount needed to incentivise the company to locate the investment in the EEA (the so-called 'funding gap') whichever is the lowest. This option is subject to a number of

safeguards. First, it can be used only for (i) investments taking place in assisted areas, as defined in the applicable regional aid map; or (ii) cross-border investments involving projects located in at least three Member States, with a significant part of the overall investment taking place in at least two assisted areas, one of which is an "a" area (outermost regions or regions whose GDP per capita is below or equal to 75% of the EU average). Second, the beneficiary should use state-of-the-art production technology from an environmental emissions perspective. Third, the aid cannot trigger relocation of investments between Member States.

The changes approved today will also assist Member States in delivering on specific projects under National Recovery Plans which fall within their scope.

The remaining provisions of the Temporary Crisis Framework (limited amounts of aid, liquidity support in form of State guarantees and subsidised loans, aid to compensate for high energy prices, measures aimed at supporting electricity demand reduction), more linked to the immediate crisis situation, remain applicable until 31 December 2023. With a view to ensuring legal certainty, the Commission will assess at a later stage the need for an extension.

Background

Following two surveys on the implementation of the Temporary Crisis Framework, through which the Commission consulted Member States in late 2022 and early 2023, on 1 February 2023, the Commission sent to Member States for consultation a draft proposal, part of the Green Deal Industrial Plan, to transform the State aid Temporary Crisis Framework into a Temporary Crisis and Transition Framework. Together with the new Framework, today the Commission endorsed an amendment to the GBER to grant Member States more flexibility to design and directly implement support measures in sectors that are key for the transition to climate neutrality and to a net-zero industry, without the Commission's former approval.

The Temporary Crisis Framework, adopted on 23 March 2022, enables Member States to use the flexibility foreseen under State aid rules to support the economy in the context of Russia's war against Ukraine.

The Temporary Crisis Framework has been first amended on 20 July 2022, to complement the Winter Preparedness Package and in line with the REPowerEU Plan objectives, and further revised on 28 October 2022, in line with the Regulation on an emergency intervention to address high energy prices ('Regulation (EU) 2022/1854') and the Commission's proposal on a new emergency regulation to address high gas prices in the EU and ensure security of supply this winter.

Sanctioned Russian-controlled entities are excluded from the scope of these measures.

More information on the Temporary Crisis Framework and other actions taken by the Commission to address the economic impact of Russia's war against Ukraine can be found here.

For more information

Support possibilities for schemes under section 2.8 of the Temporary Crisis and Transition Framework

Factsheet - Temporary Crisis and Transition Framework

IP/23/1563

Quotes:

State aid rules, and in particular the Temporary Crisis Framework, have helped Member States cushion the impact of the current crisis in Europe. The Framework that we have adopted today gives Member States the option to give State aid in a fast, clear and predictable way. Our rules enable Member States to accelerate net-zero investments at this critical moment, while protecting the level playing field in the Single Market and cohesion objectives. The new rules are proportionate, targeted and temporary.
Margrethe Vestager, Executive Vice-President in charge of competition policy - 09/03/2023

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Related documents

[Temporary Crisis and Transition Framework - Factsheet.pdf]