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Subject: State Aid SA.108953 (2023/N) – Italy
TCTF: RRF - Investment aid scheme for the production of electrolysers

Excellency,

1. PROCEDURE

(1) By electronic notification of 7 August 2023, Italy notified aid for accelerated investments in sectors strategic for the transition towards a net-zero economy (‘*Programmi di investimento volti alla produzione di elettrolizzatori*’), the “measure”) under the Temporary Crisis and Transition Framework for State aid measures to support the economy following the aggression against Ukraine by Russia (the “Temporary Crisis and Transition Framework”) ([1]). Italy provided additional information on 22 September 2023.

(2) Italy exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

([1]) Communication from the Commission on the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (OJ C 101, 17.3.2023, p. 3). This Temporary Crisis and Transition Framework replaces the Temporary Crisis Framework adopted on 28 October 2022 (OJ C 426, 9.11.2022, p. 1), (‘Temporary Crisis Framework’), which had already replaced the previous Temporary Crisis Framework adopted on 23 March 2022 (OJ C 131I, 24.3.2022, p. 1), as amended on 20 July 2022 (OJ C 280, 21.7.2022, p. 1). The Temporary Crisis Framework was withdrawn with effect from 9 March 2023.

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Article 3 of Regulation 1/1958[2] and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

(3) Italy considers that the Russian aggression against Ukraine and its direct and indirect effects, including the sanctions imposed and the counter-measures taken, for example by Russia have economic repercussions on the entire internal market ("the current crisis"). The current crisis created significant economic uncertainties, disrupted trade flows and supply chains and led to exceptionally large and unexpected price increases, especially in natural gas and electricity, but also in numerous other input and raw materials and primary goods.

(4) Italy explains that due to the current crisis, economic activity and investments have slowed down compared to the pre-crisis level. As pointed out in a study published by Confindustria ([3]) in July 2023 ([4]), production and investments have decreased by 1.9% and 2.6% respectively in the first two quarters of 2023 compared to the same period of 2022. The economic outlook also looks negative as an effect of the still high energy prices and higher interest rates. In this context, where Italy has started to diversify its energy supply, focusing in particular on the development of the hydrogen market ([5]), production and investments in the hydrogen sector are put at risk, since without incentives companies would be discouraged to start investments for the production of electrolysers. That sector is still nascent in Italy and therefore there is no certainty about future profitability of new investments, due to very long payback periods and a currently complex regulatory framework. Furthermore, according to the Italian authorities, investments in the hydrogen sector and electrolysers have strategic importance for the transition of the Union towards a net-zero economy and are considered key to accelerating investments leading to the clean tech transformation, as acknowledged by the Commission ([6]).

(5) Italy confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.

(6) The compatibility assessment of the measure is based on Article 107(3), point (c), TFEU, in light of sections 1 and 2.8 of the Temporary Crisis and Transition Framework.

([2]) Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

([3]) The main Italian trade association.

([4]) https://www.confindustria.it/wcm/connect/141f367f-96d5-4a53-8345-a009265004ec/Congiuntura_Flash_lug23_290723_Confindustria.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-141f367f-96d5-4a53-8345-a009265004ec-oDgfF1f

([5]) See Mission 2, Component 2, Investment 5.2 "Hydrogen" of Italian National Recovery and Resilience Plan (PNRR), approved by the ECOFIN Council decision of 13 July 2021.

([6]) Communication from the Commission of 1.2.2023, A green deal industrial plan for the net-zero age, COM(2023)62 final.

2.1. The nature and form of aid

(7) The measure provides aid on the basis of a scheme in the form of direct grants.

2.2. Legal bases

(8) The legal bases for the measure are the Decree No. 168 of 27 April 2022 of the Minister of Ecological Transition (the "2022 Decree") and the draft Decree of the Director General for Energy Incentives of the Ministry for Environment and Energy Security (the "draft Decree").

2.3. Administration of the measure

(9) The Ministry for Environment and Energy Security is the granting authority and is also responsible for administering the measure.

2.4. Budget and duration of the measure

(10) Pursuant to Article 1(2)(b) of the 2022 Decree and to Article 3(1) of the draft Decree, the estimated budget of the measure is EUR 100 million.

(11) The budget of the notified scheme is totally made available through the Recovery and Resilience Facility (RRF) ([7]).

(12) Italy confirms that aid may be granted under the measure as from the notification of the Commission's decision approving the measure until no later than 31 December 2025.

2.5. Beneficiaries

(13) Pursuant to Article 4(1) of the draft Decree, the beneficiaries of the measure are SMEs ([8]) and large enterprises ([9]). However, credit institutions or other financial institutions are excluded as eligible final beneficiaries.

(14) At the date of application to aid ([10]), undertakings are eligible if, amongst others, they meet all the following conditions:

(a) they are incorporated and registered in the Business Register ([11]);

([7]) Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, p. 17.

([8]) As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty ("GBER"), OJ L 187, 26.6.2014, p. 1.

([9]) As defined in Article 2, point 24, GBER.

([10]) Pursuant to Article 8(2) of the draft Decree, applications to aid may be submitted from 2 October to 17 November 2023. Applications must include all the information specified in Annex 4 to the draft Decree (including the required information under Annex II of the Temporary Crisis and Transition Framework, recital (24)) and are ranked according to the scoring mechanism set out in Annex 1 to the same Decree.

([11]) Foreign undertakings must be established in accordance with the rules of their State of residence and must be registered in their respective Business Register. Foreign companies must also be able to

(b) they have repaid all outstanding orders issued by the Ministry of Environment and Energy Security and have fulfilled all their tax contribution obligations;

(c) they are not in voluntary liquidation and are not subject to bankruptcy proceedings;

(d) they are not undertakings in difficulty ([12]).

(15) Pursuant to Article 4(2) of the draft Decree, undertakings are not eligible if:

(a) they have received and not repaid or deposited in a blocked account, aid identified as unlawful or incompatible by the European Commission;

(b) they have been sanctioned under Article 9(2)(d) of Legislative Decree No. 231 of 8 June 2001 ([13]);

(c) their legal representatives or administrators have been convicted for the crimes listed in Article 2(b) of the draft Decree ([14]);

(d) they are subject to disqualification under the anti-mafia regulations pursuant to Legislative Decree no. 159 of 6 September 2011 or under any other regulation that prevents them from being beneficiary of public support.

(16) Pursuant to Article 4(3) of the draft Decree, beneficiaries must confirm that in the two years preceding the application for aid, they have not carried out a relocation ([15]) to the establishment in which the aided investment is to take place and commit not to carry out such relocation up to a period of two years after completion of the investment.

(17) Pursuant to Article 4(1)(h) of the draft Decree, the aid under the measure is not granted to undertakings under sanctions adopted by the Union, including but not limited to: (i) persons, entities or bodies specifically named in the legal acts imposing those sanctions; (ii) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the Union; or (iii) undertakings active in industries targeted by sanctions adopted by the Union, insofar as the aid would undermine the objectives of the relevant sanctions.

(18) Italy confirms that the measure may not in any way be used to undermine the intended effects of sanctions imposed by the Union or its international partners

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demonstrate that they are operating the production unit located on the Italian territory that will receive aid.

([12]) As defined under the Communication from the Commission – Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (OJ C 249, 31.7.2014, p. 1).

([13]) Administrative liabilities of legal entities (‘*Disciplina della responsabilita' amministrativa delle persone giuridiche, delle societa' e delle associazioni anche prive di personalita' giuridica*’).

([14]) Notably, those include crimes that lead to the exclusion of an economic operator from the participation in procurement or concession procedures under the Italian legislation on public works, services and supplies.

([15]) As defined in Article 1(c) of the draft Decree, which replicates the definition in footnote 147 of the Temporary Crisis and Transition Framework.

and will be in full compliance with the anti-circumvention rules of the applicable regulations[16]. In particular, natural persons or entities subject to the sanctions will not benefit directly or indirectly from the measure.

2.6. Sectoral and regional scope of the measure

(19) The measure is open to all sectors with the exception of the financial sector. It applies to the whole territory of Italy.

(20) Based on Article 1(2)(b) of the 2022 Decree, and on Article 5(1) of the draft Decree, the eligible types of investments are those relating to the production of electrolysers.

2.7. Basic elements of the measure

(21) The purpose of the scheme is to grant aid for investments for the production of electrolysers.

(22) Pursuant to Article 5(2) of the draft Decree, eligible investments must concern the following:

(a) creation of a new production unit;

(b) extension of the capacity of an existing production unit;

(c) reconversion of a pre-existing production unit, for the diversification of the production into products that do not belong to the same 4-digit ATECO code ([17]) of the products already manufactured in that production unit.

(23) Pursuant to Article 5(3) of the draft Decree, eligible investments must also:

(a) be implemented in a production unit that, at the date of application for aid, is located on the Italian territory and is operated by the beneficiary ([18]);

(b) have an eligible expenditure (recital (25)) of at least EUR 10 million;

(c) start works after the relevant aid application is submitted ([19]). Works must also be completed by 11 May 2026;

(d) comply with the prohibition of double funding and with the Do-No-Significant-Harm principle, pursuant to Article 17, Regulation (EU) 2021/241;

([16]) For example, Article 12 of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 229, 31.7.2014, p. 1).

([17]) The Italian equivalent of NACE codes.

([18]) This requirement must not be met for the creation of a new production unit (recital(22)(a)) and for investments made by foreign undertakings, who must demonstrate that they are operating the production unit located on the Italian territory that will receive aid at the date when the first request for payment of the aid is made.

([19]) As defined in Article 5(3)(c) of the draft Decree, which replicates the definition in footnote 145 of the Temporary Crisis and Transition Framework.

(e) concern electrolysers consuming less than 58 MWh/tH2 and producing renewable hydrogen ([20]) ([21]).

(24) Pursuant to Annex 4, point 1(b) to the draft Decree, beneficiaries must provide the required information under Annex II of the Temporary Crisis and Transition Framework.

(25) Pursuant to Article 6(1) of the draft Decree, eligible expenditure must concern tangible assets such as land (up to a maximum of 10% of the total eligible costs), buildings and related masonry (up to a maximum of 40% of the total eligible costs), equipment and machinery (provided that those are new assets), as well as intangible assets such as IT software, patent rights, licences, know-how or unpatented technical knowledge concerning new products and production processes. Pursuant to Article 6(2) of the draft Decree, intangible assets must: 1) remain associated with the area concerned and must not be transferred to other areas; 2) be used primarily in the relevant production facility receiving the aid; 3) they must be amortisable; 4) be purchased under market conditions from third parties unrelated to the buyer; 5) be included in the assets of the undertaking that receives the aid; and 6) must remain associated with the project for which the aid is awarded for at least five years (or three years for SMEs). Eligible expenditure must also comply with the requirements set out in Article 6(3) and (4) of the draft Decree ([22]).

(26) Pursuant to Article 7(2)(c) and 7(4)(c) of the draft Decree, the aid intensity of the investments set out in recital (21) may not exceed 15 % of the eligible costs and, considering that the estimated budget of the scheme is EUR 100 million, the overall aid amount may not exceed EUR 150 million per undertaking in Italy. However:

(a) pursuant to Article 7(2)(b) and 7(4)(b) of the draft Decree, for investments in assisted areas designated in the Regional Aid Map 2022-2027 for

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([20]) The Italian authorities explained that those are requirements set out in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.06.2020, p. 13, and Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, OJ L 442, 09.12.2021, p. 1, introducing the EU taxonomy for sustainable activities and establishing the "Do no significant harm" principle.

([21]) The Italian authorities explained that beneficiary should guarantee that electrolysers are suitable for the production of renewable hydrogen. To that end beneficiaries should implement monitoring and controlling systems of the renewable hydrogen produced by the electrolysers, pursuant to the European Commission Communication C(2023) 1087 final of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non-biological origin.

([22]) Those mainly concern compliance with the rules on RRF funds and with other rules under Italian and EU legal orders.

Italy ([23]) in accordance with Article 107(3), point (c), TFEU (‘c’ areas), the aid intensity may be increased to 20% of the eligible costs and, considering that the estimated budget of the scheme is EUR 100 million, the total aid amount may not exceed EUR 200 million per undertaking in Italy;

(b) pursuant to Article 7(2)(a) and 7(4)(a) of the draft Decree, for investments in assisted areas designated in the Regional Aid Map 2022-2027 for Italy, in accordance with Article 107(3), point (a), TFEU (‘a’ areas), the aid intensity may be increased to 35% of the eligible costs and, considering that the estimated budget of the scheme is EUR 100 million, the total aid amount may not exceed EUR 300 million per undertaking in Italy;

(c) pursuant to Article 7(3) of the draft Decree, for investments made by small enterprises, the aid intensities may be further increased by 20 percentage points and for those investments made by medium-sized ([24]) enterprises, the aid intensities may be increased by 10 percentage points.

(27) Pursuant to Article 12(1)(w) of the draft Decree, the beneficiary must commit to maintain the investments in the area concerned for at least five years, or three years for SMEs, after the completion of the investment. Such a commitment should not prevent the replacement of plant or equipment that has become outdated or broken within this period, provided that the economic activity is retained in the area concerned for the minimum period. However, no further aid may be awarded to replace that plant or equipment.

(28) Pursuant to Article 9(3)(c) of the draft Decree, before granting the aid and on the basis of the information provided by the beneficiary in Annex II of the Temporary Crisis and Transition Framework and the commitments set out in recital (16), the granting authority (recital (9)) must verify the concrete risks of the productive investment not taking place within the EEA and that there is no risk of relocation within the EEA.

2.8. Compliance with relevant provisions of Union law

(29) The Italian authorities confirm that the proposed measure does not by itself, or by the conditions attached to it or by its financing method constitute a non-severable violation of Union law.

2.9. Cumulation

(30) Pursuant to Article 16 of the draft Decree, aid granted under the measure cannot be cumulated with State aid in relation to the same eligible costs, partly or fully overlapping.

([23]) See SA.100380 – Regional aid map for Italy (1 January 2022 – 31 December 2027), OJ C 60, 4.2.2022, p. 1) as amended by SA.101134 - Amendment to the Regional aid map for Italy (1 January 2022 – 31 December 2027).

([24]) Within the meaning of Annex I to the GBER.

2.10. Monitoring and reporting

(31) The Italian authorities confirm that they will respect the monitoring and reporting obligations laid down in section 3 of the Temporary Crisis and Transition Framework (including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure on the comprehensive national State aid website or Commission's IT tool) within 6 months from the moment of granting ([25]).

(32) The Italian authorities confirm that they will inform the Commission within 60 days from the moment of granting the aid, about the granting date, the aid amount, the eligible costs, the beneficiary's identity, the type and location of the investment supported on the basis of the information provided by the beneficiary in Annex II to the Temporary Crisis and Transition Framework.

3. ASSESSMENT

3.1. Lawfulness of the measure

(33) By notifying the measure before putting it into effect, the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

(34) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

(35) The measure is imputable to the State, since it is administered by the Ministry for Environment and Energy Security (recital (9)) and it is based on the legal bases described in recital (8). It is financed through State resources, since it is financed by public funds (recitals (10) and (11)).

(36) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (7)). The measure confers an advantage on those beneficiaries which they would not have had under normal market conditions.

(37) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings that meet the requirements set out in recitals (13) to (16), excluding the financial sector (recital (19)).

(38) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.

([25]) Referring to information required in Annex III to Commission Regulation (EU) No 651/2014 and Annex III to Commission Regulation (EU) 2022/2472 and Annex III to Commission Regulation (EU) 2022/2473.

(39) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Italian authorities do not contest that conclusion.

3.3. Compatibility

(40) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.

(41) By adopting the Temporary Crisis and Transition Framework, the Commission acknowledged (in section 1) that the current crisis has created significant economic uncertainties, disrupted trade flows and supply chains and led to exceptionally large and unexpected price increases, especially in natural gas and electricity, but also in numerous other input and raw materials and primary goods.

(42) Pursuant to Article 107(3), point (c), TFEU, the Commission may declare compatible with the internal market 'aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest'.

(43) The current crisis has demonstrated the urgent need to reduce dependency on imports of fossil fuels and to accelerate the energy transition. In that context, the Commission considers that Member States may need to take additional measures in line with the REPowerEU Plan ([26]), to accelerate the decarbonisation of European industry and to address the productive investment gap in sectors strategic for the transition towards a net-zero economy in order to achieve the Union's climate targets. The adoption of the Temporary Crisis and Transition Framework demonstrates the Commission's view that State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3), point (c), TFEU for a limited period of time if it contributes to accelerating the economic transition and addressing the productive investment gap in sectors strategic for the transition towards a net-zero economy by providing incentives for their fast deployment, also considering global challenges posing a threat of new investments in these sectors being diverted in favour of third countries outside the EEA.

(44) The Commission considers that the measure is necessary, appropriate and proportionate in the current context and can be declared compatible with the internal market on the basis of Article 107(3), point (c), TFEU. In particular:

- The measure is aimed at investment projects with strategic importance for the transition towards a net-zero economy. The measure will support investments for the production of electrolysers (recital (21)). The measure therefore complies with point 85(a) of the Temporary Crisis and Transition Framework;

([26]) Communication from the Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions, REPowerEU Plan (COM/2022/230 final).

- The aid is granted under the measure on the basis of a scheme with an estimated budget (recital (10)). The measure therefore complies with point 85(b) of the Temporary Crisis and Transition Framework;
- Aid under the measure can be granted until 31 December 2025 at the latest (recital (12)). The measure therefore complies with point 85(c) of the Temporary Crisis and Transition Framework;
- The measure provides that beneficiaries must apply for the aid before the start of works and must provide the information required in Annex II of the Temporary Crisis and Transition Framework (recital (24)). The measure therefore complies with point 85(d) of the Temporary Crisis and Transition Framework;
- aid under the measure will be granted in the form of direct grants (recital (7)). The measure therefore complies with point 85(e) of the Temporary Crisis and Transition Framework;
- the calculation of eligible costs as set out in recital (25) fulfils the requirements of point 85(f) of the Temporary Crisis and Transition Framework;
- the aid intensities and the overall aid amounts under the measure (recital (26)) correspond to the thresholds in point 85(g) of the Temporary Crisis and Transition Framework. In line with point 85(h) of the Temporary Crisis and Transition Framework, for investments made by small enterprises, the aid intensities may be further increased by 20 percentage points and, for investments made by medium-sized enterprises, the aid intensities may be increased by 10 percentage points (recital (26)(c));
- the Italian authorities commit that beneficiaries under the measure will maintain the investments in the area concerned for at least five years, or three years for SMEs, after the completion of the investment, and to respect the additional conditions set in line with point 85(i) of the Temporary Crisis and Transition Framework (recital (27)). The measure therefore complies with point 85(i) of the Temporary Crisis and Transition Framework;
- the Italian authorities commit that before each individual grant of aid under the scheme, the granting authority will verify, on the basis of the information provided by the beneficiary, the concrete risks of the productive investment to be supported under the measure not taking place within the EEA and that there is no risk of relocation within the EEA (recital (28)). The measure therefore complies with point 85(j) of the Temporary Crisis and Transition Framework;
- the Italian authorities commit that beneficiaries under the measure will have to (i) confirm that in the two years preceding the application for aid, they have not carried out a relocation to the establishment in which the aided investment is to take place; and (ii) commit not to carry out such relocation up to a period of two years after completion of the investment (recital (16)). The measure therefore complies with point 85(k) of the Temporary Crisis and Transition Framework;

- aid under the measure will not be granted to undertakings in difficulty (recital (14)(d)). The measure therefore complies with point 85(l) of the Temporary Crisis and Transition Framework;
- the Italian authorities confirmed that aid under the measure may not be cumulated with State aid in relation to the same eligible costs, partly or fully overlapping, only if such cumulation does not result in exceeding the highest aid intensity or aid amount applicable under any of the relevant rules (recital (30)). The measure therefore complies with point 85(m) of the Temporary Crisis and Transition Framework;
- the measure includes a number of non-discriminatory requirements (recital (23)(e)) related to environmental protection in line with point 38 of the Temporary Crisis and Transition Framework (recital (23)(d))). The measure therefore complies with point 85(n) of the Temporary Crisis and Transition Framework;
- Italy committed to inform the Commission, within 60 days from the moment of granting individual aid under the measure, about the granting date, the aid amount, the eligible costs, the beneficiary's identity, the type and location of the investment supported on the basis of the information provided by the beneficiary (recital (32)). The measure therefore complies with point 85(o) of the Temporary Crisis and Transition Framework.

(45) State aid measures that entail, by themselves, by the conditions attached to them or by their financing method a non-severable violation of Union law cannot be declared compatible with the internal market ([27]).

(46) Italy has confirmed that the proposed measure does not by itself, or by the conditions attached to it or by its financing method constitute a non-severable violation of Union law. In addition, the Commission has no indications of any possible breach of Union law that would prevent the notified measure from being declared compatible with the internal market (recital (29)).

(47) Therefore, the Commission considers that the measure does not infringe any relevant provisions of Union law.

(48) The Italian authorities confirm that, as required by point 51 of the Temporary Crisis and Transition Framework, the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (4)).

(49) The Italian authorities confirm that, as required by point 52 of the Temporary Crisis and Transition Framework, the aid under the measure will not be granted to undertakings under sanctions adopted by the Union, including but not limited to:

    (a) persons, entities or bodies specifically named in the legal acts imposing those sanctions;

([27]) Judgment of 31 January 2023, *Commission v Braesch and Others*, C-284/21 P, EU:C:2023:58, paras, 96 *et seq.*

(b) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the Union; or

(c) undertakings active in industries targeted by sanctions adopted by the Union, insofar as the aid would undermine the objectives of the relevant sanctions (recital (17)).

(50) The Italian authorities confirm that the monitoring and reporting requirements set out in section 3 of the Temporary Crisis and Transition Framework will be respected (recital (31)).

(51) The Commission has taken due consideration of the fact that the measure facilitates the development of certain economic activities and of the positive effects of that measure, which contributes to the swift implementation of investments aimed at reducing the level of greenhouse gas emissions of industrial production processes or at increasing the energy efficiency of those processes and which accelerates the economic transition and overcomes the current crisis when balancing those effects against the potential negative effects of the measure on the internal market. The Commission considers that the positive effects of the measure outweigh its potential negative effects on competition and trade and it is compatible with the internal market pursuant to Article 107(3), point (c), TFEU since it meets all the relevant conditions of the Temporary Crisis and Transition Framework.

4. CONCLUSION

The Commission has decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3), point (c), of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: https://competition-cases.ec.europa.eu/search?caseInstrument=SA.

Yours faithfully,

For the Commission

Didier REYNDERS
Member of the Commission