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<p>In the published version of this decision, some information has been omitted, pursuant to articles 30 and 31 of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus [...]</p>		<p>PUBLIC VERSION</p> <p>This document is made available for information purposes only.</p>
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**Subject: State Aid SA.109055 (2023/N) – Czechia**  
**TCTF: Modernisation Fund – Programme ENERG ETS**

Excellency,

## 1. PROCEDURE

- (1) By electronic notification of 29 September 2023, Czechia notified aid for the decarbonisation of industrial production processes through electrification and/or the use of renewable and electricity-based hydrogen fulfilling certain conditions and for energy efficiency measures (Programme ENERG ETS, 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’)<sup>1</sup>. On 29 September, 2 October

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<sup>(1)</sup> 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 The Temporary Crisis Framework was withdrawn with effect from 9 March 2023.

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and 4 October 2023, the Commission requested additional information, which Czechia submitted on 29 September, 2 October and 4 October 2023, respectively.

- (2) Czechia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union ('TFEU'), in conjunction with Article 3 of Regulation 1/1958<sup>2</sup> and to have this Decision adopted and notified in English.

## 2. DESCRIPTION OF THE MEASURE

- (3) Czechia 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'). Czechia also considers that the current crisis had a significant impact on its economy. The Czech authorities explain that Czechia, along with other economies, has experienced significantly lower growth rates, which further weigh on other macroeconomic indicators, reflecting high inflation, rising unemployment and, in particular, high uncertainty in necessary investments, which are being postponed indefinitely or even abandoned<sup>(3)</sup>. The most burdensome effect comes from the increase in energy prices<sup>(4)</sup>, which started to rise before 24 February 2022, but since then have seen an even stronger upward shift, which is of fundamental concern for energy intensive industries. The current crisis therefore requires accelerating the shift away from the dependency in the use of fossil fuels and the reduction of energy consumption in industrial production processes.
- (4) Against this background, the measure aims to accelerate investments for the reduction of greenhouse gas emissions from industrial activities currently relying on fossil fuels as energy source or feedstock, and for the reduction of energy consumption in industrial processes.
- (5) Czechia 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 European Economic Area ('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 and on sections 1 and 2.6 of the Temporary Crisis and Transition Framework.

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<sup>(2)</sup> Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

<sup>(3)</sup> According to the Spring 2023 Economic Forecast for Czechia, real GDP growth in Czechia is forecast to decelerate to 0.2% in 2023 from 2.5% in 2022, due to elevated price pressures amid tight domestic financial conditions. The inflation rate is set to remain close to 12% in 2023 and the unemployment rate has increased from 2.2% in 2022 to 2.8% in 2023. See [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/czechia/economic-forecast-czechia\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/czechia/economic-forecast-czechia_en).

<sup>(4)</sup> According to the Czech Statistical Office (CZSO), energy prices increased by 40.4% between 2022 and 2023. See <https://www.czso.cz/csu/czso/ari/producer-price-indices-december-2022>.

## **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 basis**

- (8) The legal basis for the measure is the Modernisation fund general programme approved by the Czech Government on 25 January 2021 (Decision nr. 64) and the relevant ENER G ETS implementation programme, as modified on 21 September 2023 <sup>(5)</sup>. Chapter 4 of the Modernisation fund general programme sets out a condition whereby aid subject to the notification obligation will not be granted before it is approved by the Commission.
- (9) Aid will be granted to the beneficiaries on the basis of a Decision of the Minister of Environment and a contract concluded between each beneficiary and the Czech State Environmental Fund ('State Environmental Fund').

## **2.3. Administration of the measure**

- (10) The State Environmental Fund is responsible for administering the measure. The State Environmental Fund is an agency of the Ministry of the Environment involved in the financing of projects for the protection and improvement of the environment in Czechia.

## **2.4. Budget and duration of the measure**

- (11) The estimated budget of the measure is CZK 60 000 000 000 <sup>(6)</sup>. The measure will be fully financed with the resources allocated to Czechia under the EU's Modernisation Fund.
- (12) Aid may be granted under the measure as from the notification of the Commission's decision approving the measure until 31 December 2025.

## **2.5. Beneficiaries**

- (13) The beneficiaries of the measure are enterprises of all sizes active in Czechia in specific sectors (recital (16)). Credit institutions or other financial institutions are excluded as eligible beneficiaries.
- (14) Czechia confirms that 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.

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<sup>(5)</sup> <https://www.sfzp.cz/dokumenty/detail/?id=2345>.

<sup>(6)</sup> Corresponding to approximately EUR 2 453 520 000 based on an exchange rate of CZK 1 = EUR 0.040892, applicable on 29 September 2023.

- (15) Czechia 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 and will be in full compliance with the anti-circumvention rules of the applicable regulations<sup>7</sup>. 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**

- (16) The measure is open to undertakings of all sizes, which are active in the industrial sectors listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC<sup>(8)</sup>.
- (17) The measure applies to the whole territory of Czechia.

## **2.7. Basic elements of the measure**

### *2.7.1. Eligible projects*

- (18) The Czech authorities explain that to be eligible for aid, the aid must allow beneficiaries currently relying on the use of fossil fuels (for instance, coal, oil or natural gas) as energy source or feedstock for their production processes to substantially reduce greenhouse gas emissions or energy consumption, as explained in recital (19). Czechia confirms that to be eligible for aid, the beneficiaries have to be subject to the European Emission Trading System ('EU ETS')<sup>(9)</sup>, established by Directive 2003/87/EC, and the projects have to fall within the list of industrial activities in Annex I to Directive 2003/87/EC. According to the Czech authorities, by enabling the reduction in greenhouse gas emission and energy consumption in installations subject to the EU ETS, the measure makes it possible to target the production processes of companies with highest greenhouse gas emissions and energy consumption and therefore highest greenhouse gas emission reduction and energy savings potential. Second, as they are all subject to the EU ETS, the greenhouse gas emissions of the potential beneficiaries are known and monitored based on an established methodology, which facilitates the monitoring of emission reductions.
- (19) Under the measure, the Czech authorities will grant aid for projects enabling the beneficiaries to achieve either one or both of the following objectives:
- (a) Reduce by at least 40% compared to the situation before the aid, direct greenhouse gas emissions from the industrial installations; and/or

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<sup>(7)</sup> 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).

<sup>(8)</sup> OJ L 275, 25.10.2003, p. 32.

<sup>(9)</sup> The list of installations subject to the EU ETS in Czechia is available on the website of the Czech Ministry of the Environment: [https://www.mzp.cz/cz/seznam\\_zarizeni\\_euets](https://www.mzp.cz/cz/seznam_zarizeni_euets).

- (b) Reduce by at least 20% compared to the situation before the aid, energy consumption in industrial installations in relation to the aided activities.
- (20) The reduction in direct greenhouse gas emissions and/or the reduction of energy consumption enabled by the aid under the measure will be measured by comparing the level of greenhouse gas emissions expected to be generated or energy expected to be consumed by a project supported with aid, to average direct greenhouse gas emissions or energy consumption occurred over the five years preceding the aid application (average emission or consumption on an annual basis)<sup>(10)</sup>. The Czech authorities confirmed that such comparison will be based on the same type and quantity of output. For the purposes of verifying the reduction of greenhouse gas emissions, actual emissions from the combustion of biomass are also taken into account.
- (21) To this end, the applicants are required to submit an assessment prepared in accordance with Decree No. 141/2021 Coll. on energy audit, which transposes Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC<sup>(11)</sup>. Such assessment includes an energy assessment, which verifies historical energy consumption, and an ecological assessment, which verifies greenhouse gas emissions of the reference state (i.e., the situation before each project's implementation) and greenhouse gas emissions after the implementation of the project<sup>(12)</sup>. The environmental benefits expected to be generated by the proposed investment (i.e., reduction in energy consumption or reduction in direct greenhouse gas emissions) are determined on the basis of an independent expert opinion. This methodology is applied uniformly across the scheme.
- (22) The Czech authorities also confirm that, to be eligible for aid under the measure, projects aiming to reduce greenhouse gas emissions as described in recital (19)(a) have to be based exclusively on the following technological pathways: the electrification of the production processes, the use of renewable hydrogen, or the use of renewable hydrogen-derived fuels.
- (23) In particular, with regard to decarbonisation projects using hydrogen, the Czech authorities explain that all the hydrogen used in the projects will be produced from renewable energy sources in accordance with the methodologies set out for renewable liquid and gaseous transport fuels of non-biological origin in Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources<sup>(13)</sup> and its

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<sup>(10)</sup> Czechia confirms that for the calculation of the energy efficiency of a project, all energy sources are taken into account both in the situation before and after the project, irrespective of whether fuels are used as energy or as feedstock.

<sup>(11)</sup> OJ L 315, 14.11.2012, p. 1.

<sup>(12)</sup> For the purposes of aid under the measure, the Czech authorities explain that an addendum to the assessment under the abovementioned Decree shall be submitted which is extended to the five years preceding the aid application and contains an average reduction in direct greenhouse gas emissions or energy consumption measured on annual basis.

<sup>(13)</sup> OJ L 328, 21.12.2018, p. 82.

implementing or delegated acts<sup>(14)</sup>. The Czech authorities will include a condition to that effect in the relevant calls for proposals and in the individual aid granting decisions. Additionally, the Czech authorities will verify compliance with this requirement based on the information submitted by each beneficiary for the purpose of the claw-back mechanism (recitals (36) to (38)).

- (24) With regard to decarbonisation projects using hydrogen-derived fuels, the Czech authorities explain that renewable hydrogen-derived fuels must comply with the following cumulative requirements:
- (a) They are liquid and gaseous fuels that derive from renewable hydrogen, the energy content of which is derived from renewable sources other than biomass;
  - (b) they achieve lifecycle greenhouse gas emissions savings of at least 70 % relative to a fossil fuel comparator of 94 g CO<sub>2</sub>eq/MJ; and
  - (c) they have been produced in accordance with the methodologies set out for renewable liquid and gaseous transport fuels of non-biological origin in Directive (EU) 2018/2001 of the European Parliament and of the Council and its implementing or delegated acts<sup>(15)</sup>.

The Czech authorities will include a condition to that effect in the relevant calls for proposals and in the individual aid granting decision. Additionally, the Czech authorities will verify compliance with this requirement based on the information submitted by each beneficiary for the purpose of the claw-back mechanism (recitals (36) to (38)).

- (25) Aid under the measure cannot be granted for merely complying with applicable Union standards<sup>(16)</sup>. To ensure compliance with this requirement, the Czech authorities will verify that industrial installations applying for aid already comply with applicable Union standards. Applicants will have to provide evidence to that

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<sup>(14)</sup> Commission Delegated Regulation (EU) 2023/1185 of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a minimum threshold for greenhouse gas emissions savings of recycled carbon fuels and by specifying a methodology for assessing greenhouse gas emissions savings from renewable liquid and gaseous transport fuels of non-biological origin and from recycled carbon fuels (OJ L 157, 20.6.2023, p. 20); and Commission Delegated Regulation (EU) 2023/1184 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 (OJ L 157, 20.6.2023, p. 11).

<sup>(15)</sup> Commission Delegated Regulation (EU) 2023/1185 and Commission Delegated Regulation (EU) 2023/1184.

<sup>(16)</sup> ‘Union standard’ means (a) a mandatory Union standard setting the levels to be attained in environmental terms by individual undertakings, excluding standards or targets set at Union level which are binding for Member States but not for individual undertakings; (b) the obligation to use the best available techniques (BAT), as defined in Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control), and to ensure that emission levels do not exceed those that would be achieved when applying BAT; where emission levels associated with the BAT have been defined in implementing acts adopted under Directive 2010/75/EU or under other applicable directives, those levels will be applicable for the purpose of these guidelines; where those levels are expressed as a range, the limit for which the BAT is first achieved for the undertaking concerned will be applicable.

effect as part of their application for aid. Applications that do not fulfil such requirement will be rejected.

- (26) Additionally, in case of investments relating to activities covered by the EU ETS, the aid granted under the scheme must lead to a reduction in the beneficiary's installation's greenhouse gas emissions going below the relevant benchmarks for free allocation of allowances set out in Commission Implementing Regulation (EU) 2021/447 <sup>(17)</sup>.
- (27) The Czech authorities explained that in the absence of the aid, beneficiaries of projects enabling the reduction in direct greenhouse gas emissions and/or the reduction of energy consumption would continue their activities without changes for a period corresponding to the lifetime of the investment that would take place with the aid. First, without aid, decarbonisation or energy efficiency projects achieving minimum savings referred to in recital (19) are unprofitable. This is due to the high investment costs and, especially for industrial decarbonisation projects, high operating costs necessary for their implementation, and the comparatively limited avoided costs <sup>(18)</sup> and uncertain additional revenues. Therefore, beneficiaries are not expected to have sufficient financial incentives to invest in decarbonisation or energy efficiency technologies without the aid. The lack of economic incentives is aggravated by the current crisis, in which undertakings are facing an even lower availability of financial resources to engage in such new projects. Second, aid under the measure will only be granted to undertakings that already comply with Union standards in relation to the installation for which they apply for aid (recital (25)). Additionally, the Czech authorities will verify as part of the application process that continuing the beneficiaries' activities without changes does not entail a breach of Union law. Therefore, beneficiaries would not have regulatory incentives to reduce the energy consumption or greenhouse gas emissions linked to their industrial activities. Third, the existing regulatory framework is not sufficient to achieve national climate objectives. While the EU ETS partially addresses the negative externalities of carbon-intensive activities, these externalities are not fully reflected in the cost of greenhouse gas emissions.
- (28) The Czech authorities explain that the aid aims at decarbonising the beneficiaries' production processes or reducing their energy consumption, and not at financing an increase of the beneficiaries' overall production capacity. Only limited capacity increases resulting from technical necessity are allowed, provided that they do not exceed 2% compared to the situation before the aid. The Czech authorities will verify compliance with this requirement based on the information submitted as part of the aid application.
- (29) Aid can be granted under the measure only for investments for which works started as of 9 March 2023. The Czech authorities explain that they will allocate the aid based on calls for proposals, in the order of arrival of complete

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<sup>(17)</sup> Commission Implementing Regulation (EU) 2021/447 of 12 March 2021 determining revised benchmark values for free allocation of emission allowances for the period from 2021 to 2025 pursuant to Article 10a(2) of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 87, 15.3.2021, p. 29).

<sup>(18)</sup> Notably thanks to reduction in energy consumption and avoided costs of EU ETS allowances.

applications. Each call for proposal will set out the eligibility criteria for applicants and projects as described in this decision. The granting authority will check compliance with all conditions as part of the applications' evaluation process.

#### 2.7.2. *Calculation of the aid amount*

- (30) Aid granted under the measure will be quantified based on the methodology described in recitals (31) and (32).
- (31) The maximum aid intensity is 40% of the eligible costs, as defined in recital (32). The aid intensity may be increased by up to 10 percentage points for aid granted to medium-sized undertakings and by up to 20 percentage points for aid granted to small undertakings <sup>(19)</sup>. It can also be increased by up to 15 percentage points for investments delivering a reduction of direct greenhouse gas emissions of at least 55% or a reduction of energy consumption of at least 25% compared to the situation prior to the investment <sup>(20)</sup>.
- (32) The eligible costs under the measure are the difference between the costs of the project and the cost savings or additional revenues, compared to the situation in the absence of the aid, over the lifetime of the investment <sup>(21)</sup>.
- (33) The calculation of the aid amount based on the methodology referred to in points (31) and (32) will be performed on the basis of information submitted by the applicants. To this end, the Czech authorities have developed a template to be submitted by all aid applicants as part of their aid application, encompassing all relevant data to calculate the eligible costs. Notably, the template includes, for the factual scenario, projections for investment costs (such as costs of industrial machinery and equipment), operating costs (namely energy and fuel costs, such as costs of electricity, hydrogen, natural gas or other sources, costs of EU ETS allowances, as well as other operating costs such as repair and maintenance costs) and the additional revenues of the project, including those linked to the charging of a so-called 'green premium' <sup>(22)</sup>. For the counterfactual scenario, the template includes projections of the operating costs (namely energy and fuel costs, such as costs of electricity, natural gas, coal, lignite or other sources, costs of EU ETS allowances and other operating costs such as maintenance costs). By deducting from the operating costs of the counterfactual scenario, the operating costs of the factual scenario, the template allows to calculate the cost savings achieved thanks to the aided project. Based on this information, the template allows the Czech

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<sup>(19)</sup> 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 (OJ L 187, 26.6.2014, p. 1).

<sup>(20)</sup> For the purpose of the application of the bonus of up to 15 percentage point, the reduction in direct greenhouse gas emissions or in energy consumption is measured based on the methodology described in recital 20.

<sup>(21)</sup> The period taken into account to calculate the eligible costs depends on the supported investments. The Czech authorities explain that in the majority of cases, they expect that the supported projects will have a lifetime of up to 15 years.

<sup>(22)</sup> 'Green premium' refers to an additional price component that the beneficiaries may be able to charge on their customers depending on the market's willingness to pay a higher price for products manufactured in a more environmentally friendly manner.



authorities to calculate the eligible costs and aid amount for each project, as it identifies the project's costs as well as its cost savings<sup>(23)</sup> and additional revenues compared to the situation in the absence of the aid, over the lifetime of the investment. The Czech authorities have provided to the Commission an example of an industrial decarbonisation project (through electrification) and an example of energy efficiency project<sup>(24)</sup>, demonstrating how to apply in practice the methodology described in recitals (31) and (32).

- (34) With regard to certain energy and fuel prices (electricity, natural gas, biomass, lignite and coal) and costs of EU ETS allowances, to ensure equal treatment of the applicants, the State Environmental Fund has published price ranges. Such ranges were established based on a methodology developed by an independent expert. According to such methodology, reference values are calculated based on (i) the market prices of the commodities concerned, (ii) the necessary costs of regulated services (e.g., distribution), (iii) transport costs, where relevant (e.g., for coal or biomass) and (iv) taxes. The ranges allow for a 10% variation upwards and downwards from the reference value. When assessing the applications for aid, the Czech authorities will verify that the price level projections submitted by the applicants is in line with the price range published for the relevant fuel or energy sources. Where prices fall outside the ranges, applicants will have to provide additional evidence, such as long-term contracts for energy or fuel supply. The Czech authorities confirm that they will publish updated ranges based on the same methodology to ensure alignment of the ranges with contemporaneous market prices, at least before each call for proposals under the measure.
- (35) For cost categories for which price ranges have not been established, notably investment costs and operating costs other than those listed in recital (34), and for revenues, applicants will be required to submit evidence supporting their projections as part of the application process. In particular, the Czech authorities explain that:
- (a) Projections of investment costs must be based on an estimate of investment costs signed by an independent expert; however, the beneficiaries will submit an updated calculation after the conclusion of contracts with technology providers, based on the actual investment costs<sup>(25)</sup>. If the newly calculated eligible costs are lower, that value will be applied for the calculation of the aid amount. In no case the Czech

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<sup>(23)</sup> The Czech authorities expect that cost savings would stem from the reduction of EU ETS costs, for all categories of projects, and from the reduction of energy costs enabled by lower energy consumption, for energy efficiency projects. By allowing to compare EU ETS costs and operating costs (including energy costs) in the factual and counterfactual scenario, the template submitted by the Czech authorities supports the calculation of the aid amount.

<sup>(24)</sup> The examples provided by Czechia include a description of the investments, the methodology and calculation of the energy savings and greenhouse gas emission reductions, as well as the financial assumptions used for the calculation of the eligible costs including the projects' lifetime, price assumptions, operating and investment costs as well as description of the counterfactual scenario and its main financial parameters. The examples are accompanied by the calculations applied in the template.

<sup>(25)</sup> At that stage, beneficiaries will be asked to substantiate the updated figures by submitting the signed contract.

authorities will increase the aid amount compared to the calculation made based on the estimate; and

- (b) Projections of operating costs for cost categories for which price ranges have not been established must be substantiated based on contractual commitments or pre-contractual agreements with suppliers.
- (36) To reduce the risk of overcompensation and windfall profits in case of unexpected positive developments compared to the beneficiaries' projections, the Czech authorities will put in place a claw-back mechanism.
- (37) The claw back-mechanism will cover the entire lifetime of each project. It will entail a comparison of the eligible costs as projected *ex ante*, on the one hand, and the difference between the actual costs of the project and the actual cost savings or additional revenues over the lifetime of the investment, on the other hand. Should this comparison lead to a positive value, the excess aid will be calculated by applying to that value the aid intensity applicable to each project (recital (34)). The basis for such verification will be *ex post* figures that have been subject to annual approval by an independent auditor. For this purpose, each beneficiary will be required to submit separate analytical accounting. The Czech authorities will carry out such verifications regularly during the implementation of the projects and at the end of the projects' lifetime.
- (38) The claw-back mechanism only applies in case the verification explained in recital (37) leads to a positive value. To ensure that beneficiaries have an incentive to deliver their projects in an efficient manner, a share of 30% of any potential excess aid will remain with the beneficiary, while the remaining 70% will be paid back to the Czech authorities.
- (39) As a general rule, the maximum individual aid amount that may be granted per undertaking will not exceed 10% of the total budget available for the measure.
- (40) However, the measure provides for the possibility to grant higher aid amounts for industrial decarbonisation or energy efficiency projects in industrial installations operating in eligible sectors within the manufacture of refined petroleum products sector and the manufacture of basic metals sector.
- (41) In the exceptional cases referred to in recital (40), the individual aid amount will not exceed 20% of the budget available for the measure. All other requirements under the measure, including the methodology to calculate the aid amount as explained in recitals (31) and (32), will apply.
- (42) According to the Czech authorities, the need to allow for a higher aid amount is justified by the specific characteristics of decarbonisation and energy efficiency projects in the manufacture of refined petroleum products sector and the manufacture of basic metals sector, provided that it is supported by the calculation methodology as explained in recitals (31) and (32). First, the Czech authorities' gathered information on the level of aid necessary to carry out industrial decarbonisation and energy efficiency investments in the EU ETS sectors through preliminary projects' proposals. In that context, they received project proposals regarding among others, investments in the manufacture of refined petroleum products sector and the manufacture of basic metals sector. The Czech authorities analysed those preliminary projects' proposals and consider

them representative of similar projects in those sectors, including as concerns their projected costs and revenues. Those proposals show that projects in those capital-intensive sectors require substantially higher investment costs compared to average projects in other eligible sectors under the measure <sup>(26)</sup>. At the same time, there is uncertainty whether those projects will generate additional revenues and if yes, at what level, or important cost savings. In any event, projected cost savings and additional revenues will be taken into account as part of the verification of the aid amount calculation. Second, projects in the manufacture of refined petroleum products sector and the manufacture of basic metals sector have a high potential to significantly contribute to decarbonisation as these sectors are very large emitters of greenhouse gases and currently highly reliant on the use of fossil fuels. Based on the information in preliminary projects' proposals at the Czech authorities' disposal, projects in the manufacture of refined petroleum products sector and the manufacture of basic metals sector have the potential to represent significant greenhouse gas emissions savings and energy savings, thereby contributing to an important extent to reducing greenhouse gas emissions and energy consumption in the Member State. Based on the information gathered from preliminary projects' proposals, the Czech authorities expect no more than two applications for aid amounts exceeding 10% of the total budget available for the measure. The same information also suggests that up to 20% of the total budget of the measure would be necessary for each of those projects to be implemented.

- (43) Therefore, the Czech authorities consider that, if the measure does not allow for the granting of higher aid amounts in these sectors, decarbonisation and energy efficiency projects will not be realised and, as a consequence, significant decarbonisation and energy savings potential would remain untapped. The Czech authorities consider that allowing individual aid amounts up to 20% of the total budget available for the measure's, coupled with the expectation that no more than two projects would need to benefit from higher aid amounts, would leave sufficient scope for industrial decarbonisation and energy efficiency projects in other eligible sectors to also receive aid.

*2.7.3. Deadline for the completion and entry in operation of the supported investments*

- (44) Aid under the measure is granted subject to the condition that the installation or equipment to be financed by the investment is completed and in operation within 36 months after the date of granting of the aid, which corresponds to the date of the decision of the Minister of Environment (recital (9)).
- (45) When the 36-month deadline is not met, per month of delay, the Czech authorities will impose a penalty corresponding to 2.5% of the aid amount granted.
- (46) The Czech authorities may waive the imposition of penalties in case the completion of the investment and entry into operation is delayed by up to 12

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<sup>(26)</sup> Based on the information in preliminary projects' proposals at the Czech authorities' disposal, investments costs of eligible projects in the manufacture of refined petroleum products sector and in the manufacture of basic metals sector exceed investment costs of other sectors by a factor of five. Notably, the average investment size of projects from different industrial sectors is EUR [100-200] million, while the average investment in these two sectors is EUR [500-1 000] million.

months (i.e., if the project is completed and in operation within 48 months from date of granting of the aid), if the beneficiary demonstrates that failure to comply with the condition explained in recital (44) is caused by factors beyond the control of the beneficiary of the aid that could not reasonably have been foreseen.

- (47) According to the Czech authorities, the proposed system of penalties, as explained in recitals (45) and (46) is effective, in that it incentivises beneficiaries to implement the investment within the 36-month deadline and in any event within 48 months of the granting of the aid, after which it will no longer be possible to waive the penalty even in case of delays caused by factors beyond the control of the beneficiary of the aid that could not reasonably have been foreseen.

## **2.8. Compliance with relevant provisions of Union law**

- (48) The Czech authorities confirm that the 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**

- (49) The Czech authorities confirm that aid granted under the measure cannot be cumulated with other State aid or de minimis aid<sup>(27)</sup> or with centrally managed funds.

## **2.10. Monitoring and reporting**

- (50) The Czech 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 12 months from the moment of granting<sup>(28)</sup>.

# **3. ASSESSMENT**

## **3.1. Lawfulness of the measure**

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

## **3.2. Existence of State aid**

- (52) 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.

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<sup>(27)</sup> Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1)

<sup>(28)</sup> 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.

- (53) The measure is imputable to the State, since it is administered by the State Environmental Fund, which is an agency of the Ministry of the Environment involved in the financing of projects for the protection and improvement of the environment in Czechia, and it is based on the Modernisation fund general programme approved by the Czech Government on 25 January 2021 (Decision nr. 64), and the relevant ENER G ETS implementation programme as modified on 21 September 2023 (recitals (8) and (9)). It is financed through State resources, since it is financed by public funds allocated to Czechia from the Modernisation Fund (Section 2.4), which are also considered as State resources since Member States have wide discretion to decide on their use. The measure is therefore financed from State resources.
- (54) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (7)). The measure thus confers an advantage on those beneficiaries which they would not have had under normal market conditions.
- (55) The advantage granted by the measure is selective, since it is awarded only to certain undertakings i.e., undertakings active in the industrial sectors listed in Annex I to Directive 2003/87/EC referred to in recital (16).
- (56) 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.
- (57) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Czech authorities do not contest that conclusion.

### **3.3. Compatibility**

- (58) 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.
- (59) 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’.
- (60) 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<sup>(29)</sup>, to accelerate the decarbonisation of European industry 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 the swift implementation of investments aimed

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<sup>(29)</sup> 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).

at reducing the level of greenhouse gas emissions of industrial production processes or at increasing the energy efficiency of those processes.

- (61) 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 for the reasons set out in recitals (62) to (86).
- (62) Aid is granted for investments leading to (i) a substantial reduction of greenhouse gas emissions from industrial activities currently relying on fossil fuels as energy source or feedstock, or (ii) a substantial reduction of energy consumption in industrial activities and processes (recital (19)). The measure therefore complies with point 81 of the Temporary Crisis and Transition Framework.
- (63) Aid under the measure is granted on the basis of a scheme with an estimated budget (recital (7) and (11)). The measure therefore complies with point 81(a) of the Temporary Crisis and Transition Framework.
- (64) For most sectors, the maximum individual aid amount that may be granted per undertaking will not exceed 10 % of the total budget available for the measure (recital (39)).
- (65) The Czech authorities provided appropriate justification for granting individual aid amounts exceeding 10 % of the total budget available for the measure (recitals (42) and (43)). First, based on information obtained by the Czech authorities from preliminary projects' proposals, it appears that eligible projects in the manufacture of refined petroleum products sector and the manufacture of basic metals sector would require investment costs that are five times higher than investment costs of average projects in other sectors that are eligible for support under the measure while there is uncertainty whether those projects will generate additional revenues and if yes, at what level, or important cost savings. In this respect, the Commission notes that the Czech authorities analysed those preliminary project proposals and consider them representative of similar projects in those sectors, including as concerns their projected costs and revenues. Second, projects in the manufacture of refined petroleum products sector and the manufacture of basic metals sector have a potential to significantly contribute to decarbonisation as these sectors are high emitters of greenhouse gas emissions and highly reliant on the use of fossil fuels. Third, based on the information gathered from preliminary projects' proposals, the Czech authorities expect no more than two applications for aid amounts exceeding 10% of the total budget available for the measure, and that up to 20% of the total budget available for the measure may be necessary for each project to be implemented. This leaves sufficient scope for other projects to also receive aid. Based on these elements, the Czech authorities have demonstrated that, with aid amounts of up to 10% of the measure's budget, it is very likely that projects in the manufacture of refined petroleum products sector and the manufacture of basic metals sector would not materialise. This would risk de facto excluding undertakings active in those sectors and leaving significant potential for decarbonisation and energy savings untapped. The measure therefore complies with point 81(b) of the Temporary Crisis and Transition Framework.
- (66) The aid is granted in the form of direct grants (recital (7)). The measure therefore complies with point 81(c) of the Temporary Crisis and Transition Framework.

- (67) The aided investments will enable the beneficiaries to:
- (a) reduce by at least 40 % compared to the situation before the aid, direct greenhouse gas emissions from its industrial installation currently relying on fossil fuels as energy source or feedstock (recitals (18) and (19)(a)), by means of the electrification of the production processes, or the use of renewable and electricity-based hydrogen or renewable hydrogen-derived fuels to substitute fossil fuels (recital (22)). The reduction in direct greenhouse gas emissions will be measured by reference to average direct greenhouse gas emissions occurred over the five years preceding the aid application, also taking into account actual emissions from the combustion of biomass (recital (20));
  - (b) reduce by at least 20 % compared to the situation before the aid, energy consumption in industrial installations in relation to the aided activities (recital (19)(b)). The reduction of energy consumption will be measured by reference to energy consumption occurred over the five years preceding the aid application (recital (20)).

For both categories of eligible investments, the Czech authorities confirmed that the comparison between greenhouse gas emissions or energy consumption before and after the projects' implementation will be based on the same type and quantity of output (recital (20)), thereby ensuring that those improvements in the level greenhouse gas emissions and energy efficiency can be attributed to the supported investment. The measure therefore complies with point 81(d) of the Temporary Crisis and Transition Framework.

- (68) For investments relating to activities covered by the EU ETS, the aid will lead to a reduction in the beneficiary installation's greenhouse gas emissions going below the relevant benchmarks for free allocation set out in Commission Implementing Regulation (EU) 2021/447 (recital (26)). The measure therefore complies with point 81(e) of the Temporary Crisis and Transition Framework.
- (69) The aid will not be used to finance an increase of the overall production capacity of the beneficiary (recital (28)). As described in recital (28), the measure may only lead to limited capacity increases not exceeding 2% compared to the situation before the aid. The Czech authorities will verify compliance with this requirement based on the information submitted as part of the aid application. According to point 81(f) of the Temporary Crisis and Transition Framework, such limited capacity increases can be presumed to result from technical necessity. The measure therefore complies with point 81(f) of the Temporary Crisis and Transition Framework.
- (70) The Czech authorities will ensure that all hydrogen used is produced from renewable energy sources in accordance with the methodologies set out for renewable liquid and gaseous transport fuels of non-biological origin in Directive (EU) 2018/2001 and its implementing or delegated acts (recital (23)). In particular, the Czech authorities will include a condition to that effect in the relevant calls for proposals and in the individual aid granting decisions. Additionally, the Czech authorities will verify compliance with this requirement based on the information submitted by each beneficiary for the purpose of the claw-back mechanism (recital (23)). The measure therefore complies with point 81(g) of the Temporary Crisis and Transition Framework.

- (71) The Czech authorities will ensure that the hydrogen-derived fuels used (i) are liquid and gaseous fuels that derive from renewable hydrogen, the energy content of which is derived from renewable sources other than biomass, (ii) achieve lifecycle greenhouse gas emissions savings of at least 70 % relative to a fossil fuel comparator of 94 g CO<sub>2</sub>eq/MJ; and (iii) have been produced in accordance with the methodologies set out for renewable liquid and gaseous transport fuels of non-biological origin in Directive (EU) 2018/2001 and its implementing or delegated acts (recital (24)). In particular, the Czech authorities will include a condition to that effect in the relevant calls for proposals and in the individual aid granting decisions. Additionally, the Czech authorities will verify compliance with this requirement based on the information submitted by each beneficiary for the purpose of the claw-back mechanism (recital (24)). The measure therefore complies with point 81(h) of the Temporary Crisis and Transition Framework.
- (72) The aid will be granted by 31 December 2025 (recital (12)) and it will be subject to the condition that the installation or equipment to be financed by the investment must be completed and in operation within 36 months after the date of granting the aid (recital (44)). Where the deadline for completion and entry into operation is not met, the measure provides a system of penalties in case this deadline is not met. In particular, when the 36-month deadline is not met, per month of delay, the Czech authorities will impose a penalty corresponding to 2.5% of the aid amount granted. The Czech authorities may only waive penalties in the first 12 months of delay (i.e., until 48 months of the aid granting) if the beneficiary demonstrates that failure to comply with the 36-month deadline is caused by factors beyond the control of the beneficiary of the aid that could not reasonably have been foreseen (recitals (45) and (46)). The Commission considers the system of penalties proposed by the Czech authorities effective, in that it incentivises beneficiaries to implement the investment within the 36-month deadline and in any event not beyond 48 months after the granting of the aid. The measure therefore complies with point 81(j) of the Temporary Crisis and Transition Framework.
- (73) Aid will only be granted under the measure for investments for which works started as of 9 March 2023 (recital (29)). The measure therefore complies with point 81(k) of the Temporary Crisis and Transition Framework.
- (74) The aid will not be granted for merely complying with applicable Union standards (recital (25)). The measure therefore complies with point 81(l) of the Temporary Crisis and Transition Framework.
- (75) The aid will induce the beneficiary to undertake an investment that it would not undertake or would undertake in a restricted or different manner without the aid (recital (27)). For projects referred to in point 81(d)(i) of the Temporary Crisis and Transition Framework, it is deemed that beneficiaries would continue their activities without changes, in line with point 81(m) of the Temporary Crisis and Transition Framework. In addition, the Czech authorities explained as regards projects referred to in point 81(d)(i) and in point 81(d)(ii) of the Temporary Crisis and Transition Framework, that in the counterfactual scenario without the aid, beneficiaries would continue their activities without changes for a period corresponding to the lifetime of the aided investment. This is due to (i) insufficient financial incentives, aggravated by the current crisis, (ii) the absence of regulatory requirements imposing beneficiaries to decarbonise industrial



processes or to reduce energy consumption, and (iii) the fact that while the EU ETS partially addresses the negative externalities of carbon-intensive activities, these externalities are not fully reflected in the cost of greenhouse gas emissions (recital (27)). Additionally, the Czech authorities confirmed that they will verify that continuing the beneficiaries' activities without changes does not entail a breach of Union law (recital (27)). The Commission therefore considers the explanations provided by Czechia credible. The measure therefore complies with point 81(m) of the Temporary Crisis and Transition Framework.

- (76) The eligible costs under the measure are the difference between the costs of the aided project and the cost savings or additional revenues, compared to the situation in the absence of the aid, over the lifetime of the investment (recital (32)). The Czech authorities illustrated the methodology by submitting the template they would use to collect all relevant data from applicants. This includes, for the factual scenario, projections for investment costs (such as costs of industrial machinery and equipment), operating costs (namely energy and fuel costs, such as costs of electricity, hydrogen, natural gas or other sources, costs of EU ETS allowances, as well as other operating costs such as repair and maintenance costs) and the additional revenues of the project, including those linked to the charging of a so-called 'green premium'. For the counterfactual scenario, the template includes projections of the operating costs (namely energy and fuel costs, such as costs of electricity, natural gas, coal, lignite or other sources, costs of EU ETS allowances and other operating costs such as maintenance costs). By deducting from the operating costs of the counterfactual scenario, the operating costs of the factual scenario, the template allows to calculate the cost savings achieved thanks to the aided project. Based on this information, the template allows the Czech authorities to calculate the eligible costs and aid amount for each project, as it identifies the project's costs as well as its cost savings and additional revenues compared to the situation in the absence of the aid, over the lifetime of the investment (recital (33)). The Czech authorities also illustrated the methodology with an example of an industrial decarbonisation project (through electrification) and an example of energy efficiency project. These include a description of the investments, the methodology and calculation of the energy savings and greenhouse gas emission reductions, as well as the financial assumptions used for the calculation of the aid including the projects' lifetime, price assumptions, operating and investment costs as well as description of the counterfactual scenario and its main financial parameters. The examples are accompanied by the calculations applied in the template.
- (77) Additionally, the Czech authorities have published price ranges for certain energy and fuel prices (electricity, natural gas, biomass, lignite and coal) and costs of EU ETS allowances (recital (34)) and explained the methodology for their setting. Such methodology, developed by an independent expert, provides for the calculation of reference values based on the following cost components: (i) the market prices of the commodities concerned, (ii) the necessary costs of regulated services (e.g., distribution), (iii) transport costs, where relevant (e.g., for coal or biomass) and (iv) taxes. The ranges allow for a 10% variation upwards and downwards from the reference value. The Commission notes that the methodology put forward by the Czech authorities is based on an objective and market-based approach. The width of ranges (i.e. 10% upwards and downwards from the reference value) ensures that significant variations from the reference value must be substantiated by the applicants with additional evidence, such as

long-term contracts for energy or fuel supply (recital (34)). In addition, Czechia will revise the price ranges before each call for proposals. The existence of pre-established ranges that will be regularly revised based on the most recent data and the need to submit additional evidence supporting real costs of the applicant provide further safeguards against excessively high operating cost projections.

- (78) For cost categories for which price ranges have not been established, notably investment costs and operating costs other than those for which ranges are established, and for revenues, applicants will be required to submit evidence supporting their projections as part of the application process. In particular, the Czech authorities explain with regard to investment costs, that projections must be based on an estimate of investment costs signed by an independent expert and that the beneficiaries will be required to submit updated calculations after the conclusion of contracts with technology providers, based on the actual investment costs<sup>(30)</sup>. If the newly calculated eligible costs are lower, this value will be applied for the calculation of the aid amount. In no case the Czech authorities will increase the aid amount compared to the calculation made based on the estimate. As regards operating costs other than those for which price ranges have been established, projections must be substantiated based on contractual commitments or pre-contractual agreements with suppliers. The Commission considers that this approach is evidence-based and can be retained.
- (79) The aid intensity will not exceed the maximum aid intensities set out in point 81(n) of the Temporary Crisis and Transition Framework. The basic aid intensity under the measure is 40% of the eligible costs. It may be increased by up to 10 percentage points for aid granted to medium-sized undertakings, by up to 20 percentage points for aid granted to small undertakings and by up to 15 percentage points for investments delivering a reduction of direct greenhouse gas emissions of at least 55% or a reduction of energy consumption of at least 25% compared to the situation prior to the investment. For the purpose of applying the bonus of up to 15 percentage points, the reduction in direct greenhouse gas emissions or energy consumption is measured by reference to average direct greenhouse gas emissions or energy consumption, respectively, occurred over the five years preceding the aid application (average emission or consumption on an annual basis) (recital (20)). The measure therefore complies with point 81(n) of the Temporary Crisis and Transition Framework.
- (80) As a safeguard against the risk of overcompensation in case of unexpected positive developments compared to the beneficiaries' projections, the measure includes a claw-back mechanism. First, the Czech authorities have defined the claw-back mechanism and its functioning *ex ante*, as explained in recitals (36) to (38). Second, the claw-back mechanism allows to address windfall profits, including in times of extremely high electricity or natural gas prices, given that (i) it covers the entire lifetime of the project; (ii) it entails a comparison of the eligible costs as projected *ex ante* with the actual costs of the project and the actual cost savings or additional revenues over the lifetime of the investment; for instance, this allows to consider *ex post* higher 'green premiums' or higher cost savings generated by the project, which were not expected at the time of the projections;

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<sup>(30)</sup> At that stage, beneficiaries will be asked to substantiate the updated figures by submitting the signed contract.

(iii) it provides for the repayment by the beneficiary of a share of 70% of any potential excess aid, which mitigates the risk of overcompensation while providing sufficient incentives for the beneficiaries to minimise costs and operate efficiently (recitals (37) and (38)). The measure therefore complies with point 81(n) of the Temporary Crisis and Transition Framework.

- (81) The Czech authorities indicate that aid granted under the measure cannot be cumulated with other aid or with centrally managed funds (recital (49)). The measure therefore complies with points 81(q) and (r) of the Temporary Crisis and Transition Framework.
- (82) 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<sup>31</sup>. The Czech 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 (recital (48)). 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. The measure therefore does not infringe any relevant provisions of Union law.
- (83) The Czech 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 Czechia. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (5)).
- (84) The Czech 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;
  - (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 (recitals (14) and (15)).
- (85) The Czech authorities confirm that the monitoring and reporting requirements set out in section 3 of the Temporary Crisis and Transition Framework will be respected (recital (50)).
- (86) 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

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

investments aimed at reducing the level of greenhouse gas emissions of industrial production processes or at increasing the energy efficiency of those processes 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.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to have agreed to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: <https://competition-cases.ec.europa.eu/search?caseInstrument=SA>.

Your request should be sent electronically to the following address:

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Directorate-General Competition  
State Aid Greffe  
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Yours faithfully,

For the Commission

Didier REYNDERS  
Member of the Commission