State aid: Commission approves most of the electricity contribution reductions granted to electricity-intensive companies in France in 2003-15 and asks France to recover part of the reductions

The Commission has, however, asked France to recover the part of these reductions (estimated at less than €50 million) exceeding the levels permitted under EU State aid rules.

In France, all electricity consumers must pay a surcharge on electricity consumption, known as the 'contribution to the public electricity service' (CSPE). The CSPE goes chiefly towards funding four distinct measures:

(i) support measures for renewable energy;

(ii) high-efficiency co-generation;

(iii) tariff equalisation (compensation for electricity generators in non-interconnected geographical areas), and

(iv) implementation of the social tariff for electricity.

In order to maintain their international competitiveness, France has put in place a CSPE reduction scheme for large electricity consumers.

The Commission's investigation

In March 2014, the Commission launched an in-depth enquiry to assess whether or not these CSPE reductions for large electricity consumers and electricity-intensive companies in 2003-15 were compatible with EU state aid rules.

Renewables support (i)

The Guidelines on State aid for environmental protection and energy 2014-2020 authorise reductions – up to a certain level – in contributions levied on electricity-intensive companies exposed to international trade and used to fund renewable energy support schemes (this corresponds to CSPE measure (i)). These provisions enable Member States to fund support for renewable energies while safeguarding the international competitiveness of their electricity-intensive companies. The Guidelines also provide for the possibility of gradually lowering surcharge reductions under adjustment plans.

The Commission has concluded that CSPE reductions linked to support measures for renewable energy are compatible with EU State aid rules and, in particular, with the Guidelines on State aid for environmental protection and energy for 2014-2020;

Support for (ii) high-efficiency co-generation, (iii) tariff equalisation and (iv) social tariffs.

The Guidelines do not apply directly to CSPE reductions for the other three support measures that the CSPE funds. In spite of this, the Commission considered that there were many similarities between the different objectives pursued by the CSPE, and accordingly it analysed the four measures in the same context.

CSPE reductions provide a sustainable funding base for these measures. They enable France to continue financing these support measures and to pursue its climate and energy objectives without placing an excessive burden on electricity-intensive companies which are particularly affected by the CSPE.

The Commission has therefore concluded that the CSPE reductions necessary to provide a sustainable funding base for the other three measures are compatible with EU State aid rules, in particular Article 107(3)(c) TFEU.

Recovery

However, France has granted certain reductions which go beyond what is necessary to ensure sustainable funding for the four support measures concerned. Any surcharge reductions exceeding the levels set by these adjustment plans must be recovered.

Under the Guidelines, parties benefiting from reductions must contribute at least 15% of the burden and must be particularly affected by this cost – i.e. electricity-intensive companies operating in sectors exposed to international trade. Part of the reductions granted by France does not comply with these two conditions.

The Guidelines also indicate that, for any reduction in the charge granted prior to 2019 which does not yet comply with all the compatibility criteria, Member States may submit an adjustment plan which provides for the reductions to be gradually brought into line with the compatibility criteria laid down in the Guidelines .

France has submitted an adjustment plan of that type to the Commission. It will have to recover from the beneficiaries any reductions exceeding the levels authorised by the adjustment plan. To date, on the basis of the information at its disposal, the Commission estimates the recoverable amount at less than €50 million.

Background

The CSPE was brought in by Law 2003-8 of 3 January 2003 on the gas and electricity markets and on the public electricity service. It is intended to offset the extra costs of public electricity service charges resulting from producing energy from renewable energy sources, from funding high-efficiency co-generation, and from compensation of electricity generators in non-interconnected areas, and the extra costs of implementing the social tariff. The scheme also provides for CSPE reductions for certain companies which uses a large amount of electricity.

More information on today's decision will be available under case number SA.36511 in the State aid register on the DG Competition website, once any potential confidentiality issues have been resolved. The State Aid Weekly e-News lists new publications of state aid decisions on the internet and in the EU Official Journal.

Ukraine: EU adds six entities involved in the construction of the Kerch Bridge connecting the illegally annexed Crimea to Russia to sanctions list

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The Council added six entities to the list of those subject to restrictive measures over actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. They are listed because of **their involvement in the construction of the Kerch Bridge**, connecting Russia to the illegally annexed Crimean peninsula. Through their actions **they supported the consolidation of Russia's control over the illegally annexed Crimean peninsula**, which in turn further undermines the territorial integrity, sovereignty and independence of Ukraine.

The measures consist of an asset freeze, meaning that all of the assets in the EU belonging to these entities are frozen and EU persons and entities cannot make any funds available to them.

The decision brings **the total number of entities listed by the EU to 44.** In addition, the EU imposed a travel ban and an asset freeze on 155 individuals under this sanctions regime.

The legal acts, including the names of the persons concerned, are available in the EU Official Journal of 31 July 2018. They were adopted by the Council by written procedure.

Other EU measures in place in response to the Ukraine crisis include:

- economic sanctions targeting specific sectors of the Russian economy, currently in place until 31 January 2019;
- restrictive measures in response to the illegal annexation of Crimea and Sevastopol, limited to the territory of Crimea and Sevastopol, currently in place until 23 June 2019.

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ESMA updates the Questions and Answers on ESMA's temporary product intervention measures

The Q&A provides clarification on the scope of the temporary product intervention measures in relation to turbo certificates and structured finance products. The purpose of this Q&A is to promote common supervisory approaches and practices in the application of ESMA's temporary product intervention measures in relation to the marketing, distribution or sale of CFDs and Binary options to retail clients. It aims at market participants.

Next steps

ESMA will continue to monitor this Q&A on ESMA's temporary product intervention measures on the marketing, distribution or sale of CFDs and Binary options to retail clients in the coming months and will review and update them where required.

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[EIOPA publishes Discussion Paper on national insurance guarantee schemes]

Today, the European Insurance and Occupational Pensions Authority (EIOPA) published its Discussion paper on resolution funding and national insurance guarantee schemes as a follow-up to the EIOPA Opinion on the harmonisation of recovery and resolution frameworks for (re)insurers across the Member States published in 2017.

In the European Union, there are different sources of resolution funding available for failing insurers. The landscape of insurance guarantees schemes is also significantly fragmented, with the existing schemes differing quite substantially in terms of financing, functions, mandate and coverage. In its discussion paper, EIOPA has analysed the need for potential harmonisation of insurance guarantee schemes.

More information in the [press release].