

State aid: Commission approves €385 million support for production of electricity from renewable sources in Lithuania

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“The scheme will contribute to Lithuania’s transition to low carbon and environmentally sustainable energy supply, in line with the EU environmental objectives and our state aid rules.”*

On 1 May 2019, Lithuania will introduce a new aid scheme to support installations generating electricity from renewable sources such as wind, solar or hydropower. The scheme will help Lithuania reach its national target share of renewable energy sources in gross final energy consumption, which has been set at 38% by 2025. The renewable energy scheme will be applicable until 1 July 2025 or, alternatively, until the 38% target is reached.

The scheme, with an overall budget of €385 million, will be open to all renewable installations.

The installations benefitting from the scheme will receive support in the form of a premium, which will be set through a competitive bidding process for all types of installations, irrespective of the size of the installation and the renewable technology used.

However, the final premium will not be set at a level greater than the difference between:

- the electricity market price in Lithuania (“reference price”); and
- the average production costs of the most cost-efficient renewable energy technology in Lithuania (“maximum price”). This has been defined by the Lithuanian authorities as onshore wind power generation.

Both the reference price and the maximum price will be set by the Lithuanian national energy regulator for each auction.

The Commission assessed the scheme under EU State aid rules, in particular under the [2014 Guidelines on State aid for environmental protection and energy](#).

The Commission found that the aid has an incentive effect, as the market price does not fully cover the costs of generating electricity from renewable energy sources and the beneficiaries will have to apply for the aid before the generating installations start operating. The aid is also proportionate and limited to the minimum necessary, as it only covers the difference between the production costs and the market price of electricity.

Therefore, the Commission concluded that the Lithuanian measure is in line

with EU State aid rules, as it promotes the generation of electricity from renewable sources, in line with the [environmental objectives of the EU](#), without unduly distorting competition.

Background

The Commission's 2014 Guidelines on State Aid for Environmental Protection and Energy allow Member States to support the production of electricity from renewable energy sources, subject to certain conditions. These rules aim to help Member States meet the EU's ambitious energy and climate targets at the least possible cost for taxpayers and without undue distortions of competition in the Single Market. The [Renewable Energy Directive](#) established targets for all Member States' shares of renewable energy sources in gross final energy consumption by 2030. For Lithuania, the target is 32% by 2030.

The non-confidential version of the decisions will be made available under the case numbers SA.50199 in the [State aid register](#) on the Commission's [Competition](#) website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).