

European Geothermal Energy Council (EGEC)

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**EGEC response to Commission's consultation on the
revision of the General Block Exemption Regulation (GBER)**

EGEC, the European Geothermal Energy Council, was founded in 1998 as an international non-profit association in Brussels, with the aim of promoting the use of geothermal energy. EGEC has 135 members from 28 European countries: private companies, national associations, consultants, research centres, geological surveys and other public authorities.

General Remarks

- The European Geothermal Energy Council (EGEC) welcomes the revision process of the General Block Exemption Regulation (GBER) as part of the process for the modernization of State aid control in the European Union (EU). Experience gained with the implementation of the Directive 2009/28/EC (RES Directive) shows that national support schemes implemented for renewable technologies have allowed the EU to develop new technologies and to substantially increase the share of renewable energy sources.
- It should be highlighted here that support schemes were very much focused on some technologies, notably PV and wind. Substantial support, often over compensating their real cost and bringing about windfall profits, has led to a cost reduction of these technologies. For this reason there is a call¹ to move to operating aid mechanisms such as feed-in premium schemes that expose renewable electricity producers to market signals, i.e. the price of electricity.
- Only a very limited amount of support was granted to geothermal technologies, some of them being at their very early stage of development.
- In this context it is important to consider that some geothermal technologies (High temperature hydrothermal) have been running without support for decades. However, innovative but currently more costly geothermal technologies (Binary, EGS) make

¹ For instance in the “Guidance for the design of renewables support schemes” published by the Commission in November 2013.

possible to produce electricity nearly everywhere. A handful of these innovative geothermal projects have received operational aid over the last five years. However, it seems premature to talk about the need for more market-based mechanisms or even phase-out financial support for geothermal energy. In this regard the draft GBER allows for aid in the form of feed-in tariff for renewable electricity small scale installations below 1MW. An exemption is given to wind energy, to which a threshold of 5 MW applies. However, and in order to treat all generators and RES technologies on an equal footing, **EGEC suggests this exemption to be applied to all technologies, including geothermal.**

- The aim of the State Aid rules should be to minimise distortions to the internal market which may be caused by public intervention, while at the same time providing a clear and stable framework for investors. With this in mind, **the Commission should clarify the interaction between the Environmental and Energy Aid Guidelines and the General Block Exemption Regulation, and clearly indicate the conditions under which a given scheme should or should not be notified.**

Comments to specific provisions

Investment aid

- EGEC welcomes the provisions on energy efficiency projects relating to buildings (Para37) and efficient district heating and cooling (Para 42). In particular we fully agree with the need to **increase the threshold for new generation units and for new and the refurbishment/upgrading of existing networks from EUR 7.5 to EUR 20 million.**
- Furthermore, we welcome the conditions under which investment aid for renewable energy would be considered compatible with the internal market (Para 39a).

Operating aid

- The current GBER, in force since 2008, only considered investment aid and not operational aid. For this reason they have been of little use for support schemes for renewable energy. From an early analysis, it seems that none of support schemes currently in force would be applicable under the conditions* as laid down in Paragraph 39 b) of the revised GBER. For this reason, it would be considered to be a missed opportunity to promote and simplify the development of geothermal and other renewables.
- **In addition, this paragraph should also include operating aid for renewable heating and cooling on the basis of some schemes already in force, e.g. the Renewable Heat Incentive in the UK.**

- **As far as operating aid for small scale renewable energy installations (Para 39c) is concerned**, the draft GBER allows for aid in the form of feed-in tariff for renewable electricity small scale installations below 1MW. An exemption is given to wind energy, to which a threshold of 5 MW applies. However, and in order to treat all generators and RES technologies on an equal footing, **EGEC suggests the threshold of 10 MW to be applied to all technologies, including geothermal energy.**
