# How Energy-Intensive Businesses Can Benefit from the Updated EU Electricity Levy Aid

STRIVE
by STX

# Table of Contents



## Introduction

The founding treaties of the European Union established a clear principle: aid granted by Member States must not distort competition or trade within the internal market by favoring specific companies or industries. EU law generally prohibits state aid in order to uphold this. However, recognizing the necessity of government intervention to address market failures, EU law allows certain exceptions. These exceptions enable Member States to support policy objectives aligned with EU priorities, provided they comply with State Aid Guidelines set by the European Commission.

These State Aid Guidelines allow Member States to develop their own national initiatives to support their economic objectives. To be compliant, they first must notify the European Commission of the details of the support, its objectives and its expected impact, and wait for the Commission's approval before implementation.

Among these guidelines, the Guidelines on State Aid for Climate, Environmental Protection and Energy (CEEAG) play a critical role in advancing the EU's climate and environmental goals. Updated in 2022, CEEAG introduces measures to support investments, technologies and sectors contributing to the European Green Deal. One of its key features is a state aid scheme reducing electricity levies for energy-intensive businesses. An electricity levy is a financial charge (a tax) imposed on electricity consumption, through the bill, typically designed to support government initiatives, often linked to energy policies, funding the development of infrastructure or renewable energy projects.

Electricity levies can place a significant financial burden on electro-intensive companies. This updated scheme aims to alleviate that burden while safeguarding against "carbon leakage," when businesses relocate to regions with weaker environmental regulations. By easing electricity costs, while limiting the emissions linked to energy use, the scheme supports the dual objectives of maintaining industrial competitiveness and accelerating the EU's transition to climate neutrality.

If your company operates in an energy-intensive sector, understanding this European scheme and its national applications offers a strategic opportunity to reduce costs and align with sustainability goals. This white paper explores the framework, eligibility criteria, practical steps to accessing this aid where it exists and how STRIVE by STX can guide you through the process.

1: International Energy Agency. (2021). Net Zero by 2050: A Roadmap for the Global Energy Sector. Retrieved from: https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf
2: International Energy Agency. (2021). Net Zero by 2050: A Roadmap for the Global Energy Sector. Retrieved from: https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf
3: Sotos, M., Bhatia, P., Cummis, C., Didden, M., Kovac, A., Ryor, J., & Stevens, A. (n.d.). Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard. World Resources Institute and World Business Council for Sustainable Development. Retrieved fro: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://ghgprotocol.org/sites/default/files/2023-03/Scope%202%20Guidance.pdf

## The EU State Aid Framework: A Balancing Act

The EU's State aid framework balances prohibiting anti-competitive subsidies and enabling strategic interventions to support broader policy goals. CEEAG is part of this framework, providing Member States with tools to design aid measures that address the financial challenges of ambitious climate policies. Its provisions include support for renewable energy, energy efficiency and decarbonization projects—critical components of achieving the EU's climate neutrality goals by 2050.

Among its most impactful measures is the scheme for electricity levy reductions, targeting industries at risk of carbon leakage due to their reliance on electricity and exposure to international competition.

## Key Features of the Scheme

### Targeted Sectors

The scheme focuses on 114 sectors deemed at risk or at significant risk of carbon leakage. These include industries with high energy consumption and significant exposure to global markets, including:

- Metals (e.g., steel and aluminium production)
- Chemicals and fertilizers
- Paper and pulp production
- Glass and ceramics
- Cement and concrete manufacturing
- Electronics and pharmaceutical products manufacturing

The scheme helps ensure their competitiveness while meeting EU climate objectives by addressing the unique challenges faced by these industries.

### Levy Reductions

Eligible businesses can receive reductions ranging from 75% to 85% of the electricity levy costs on their bill, depending on their risk category. However, reductions cannot lower levies below €0.5/MWh, maintaining contributions to environmental initiatives.

## Eligibility Criteria

Businesses seeking to benefit from the scheme must meet specific conditions, which vary by country based on rules developed by national governments, but must align with the EU's overarching guidelines:

### Significant Electricity Consumption

Companies may need to demonstrate substantial electricity use when submitting the aid application. The criteria for electricity consumed annually differ per Member State but can range from 500 MWh per year to 1 GWh.

### Energy Audits, Renewable Energy Usage and Strategic Investments

Corporates must conduct an energy audit and undertake one of the following:

- Implement the audit's recommendations to improve energy efficiency.
- Cover at least **30% of electricity consumption with carbon-free sources**, through on-site renewable generation or certified renewable electricity procurement. Member States may wish to impose **more ambitious renewable electricity consumption criteria**.
- Invest at least **50% of the aid amount in greenhouse gas (GHG) reduction projects**.

## National Implementation

Member States are responsible for implementing the CEEAG framework and criteria into their domestic rules on a voluntary basis. The proposed national regulation will need to be approved by the EU Commission, to ensure it doesn't contravene the State Aid guidelines. Countries like **Spain** and **Italy** have already adopted national electricity levy reduction schemes, tailoring eligibility criteria and obligations to their contexts. Most recently in November 2024, the EU Commission approved a **Romanian national scheme** to lower electricity levy rates for energy-intensive companies, aligning the domestic rules with the updated CEEAG criteria.

1: Sectors that are 'at risk' or 'at 'significant risk' of carbon leakage are listed in Annex I of the CEEAG Guide. You can access the guide here: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022XC0218(03), page 84.

## Country-Specific Implementations

Member States implement the scheme at their discretion, according to national priorities while adhering to CEEAG guidelines. These tailored approaches ensure flexibility while maintaining alignment with EU objectives, enabling businesses to adapt compliance strategies effectively.

### Spain

Corporates need to become certified as 'electro-intensive users' by the Spanish authorities. To acquire certification, it must be proven that during at least two of the three previous years, the business had an annual electricity consumption of more than 1 GWh and consumed at least 46% of the energy in the hours corresponding to the off-peak tariff period. In addition to either implementing energy audit recommendations, consuming 30% of electricity from renewable sources or investing 50% into GHG reduction projects, large undertakings must contract 10% of electricity consumption through long-term instruments (e.g., PPAs or long-term contracts) with durations of at least five years. Electricity must come from renewable sources and undertakings must demonstrate compliance with this requirement within three years of obtaining the aid.

### Italy

Corporates must meet specific criteria to qualify as 'energivori' (high energy consumption companies) to access reductions on their electricity levies also known as ASOS costs. The Italian scheme requires a minimum renewable electricity consumption of 30%. However, companies eligible for 75% aid due to their risk category can increase this to 85% if they meet additional criteria, including covering 50% of their electricity consumption from renewable sources and either sourcing 10% of consumption through a Renewable Energy Source (RES) Power Purchasing Agreement or 5% through on-site RES generation. The scheme emphasizes renewable energy adoption and GHG reduction projects, offering tiered levy reductions based on compliance levels.

### Croatia

The maximum aid corporates based in Croatia can receive is 75% of the aid. The specific amount will depend on the electro-intensity of the business. Corporates need to consume at least 500 MWh of electricity per year, conduct an energy audit and fulfill one of the three eligibility criteria listed above. Croatia has set more ambitious targets for renewable energy consumption compared to Spain and Italy, setting the minimum at 60%.

### Romania

A green certificate scheme for promoting electricity from renewable sources has been in place in Romania since 2011. Under this scheme, eligible producers of electricity from renewable sources receive green certificates for each MWh produced and delivered to the grid. Electricity suppliers are obliged to purchase a mandatory quota of green certificates and the costs of these certificates are passed on to consumers through a levy. The Romanian levy reduction scheme aims to mitigate the risk that, due to this levy, energy-intensive end consumer corporates would relocate their activities to locations outside the EU. The renewable electricity consumption criteria have been set at 30%. At the time of writing, the Romanian scheme is still going through legislation before being implemented.

5: RE100 2023 Annual Disclosure Report | RE100 (there100.org), page 8.

## Why This Matters for Businesses

Electricity levies imposed on electricity bills in the EU represent a significant cost for energy-intensive industries, particularly those exposed to international competition. This aid program opens an opportunity to:

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| **Reduce Operational Costs:** | Levy reductions directly lower electricity expenses, improving profitability. |
| **Enhance Sustainability:** | Meeting renewable energy requirements or improving energy efficiency of industrial processes aligns with growing stakeholder expectations for corporate environmental responsibility. |
| **Drive Innovation:** | Investments in GHG reduction projects foster long-term operational efficiencies and innovation. |

However, understanding and meeting the scheme's requirements can be complex, necessitating expert guidance.

## How STRIVE by STX Can Help

STRIVE by STX simplifies the process for energy-intensive industries to benefit from electricity levy reductions under the EU's State Aid Guidelines (CEEAG). By combining regulatory expertise with tailored solutions, STRIVE helps businesses lower costs, enhance sustainability, and ensure compliance.

### Renewable Energy Solutions

Access to Renewable Energy Certificates and/or Power Purchase Agreements (PPAs), to meet sustainability targets.

### White Certificates Expertise

STRIVE by STX provides support in managing White Certificates (Energy Efficiency Certificates), assisting businesses in monetizing efficiency projects, and navigating national programs like Spain's CAEs. This ensures compliance and maximizes financial benefits from energy efficiency initiatives.

### Tailored Strategies

Industry-specific solutions for sectors at risk of carbon leakage, such as steel, chemicals, and pharmaceuticals.

### Global Expertise

Proven success in navigating EU and national frameworks to secure maximum financial and environmental benefits.

**Partnering with STRIVE by STX ensures your business aligns with the European Green Deal, reduces operational costs, and advances sustainability goals seamlessly.**

## Conclusion

The revised EU State aid scheme for electricity levy reductions represents an excellent opportunity for energy-intensive industries. Cutting operational costs and advancing sustainability initiatives will help businesses align with the EU's bold climate ambitions while staying competitive.

However, benefiting from this scheme requires in-depth understanding and strategic guidance. STRIVE by STX can assist your business with tailored solutions to navigate the complexities of the program, ensuring you seize this opportunity to drive growth and sustainability in an ever-evolving market.

Contact [STRIVE by STX] today to explore how we can help your business leverage this initiative.

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