

**Answers to the questions regarding SA.112221 (2024/N) – Estonia TCTF: Support for connection to the transmission and distribution networks of renewable electricity generating installations in industrial sites**

**1. You indicate in your electronic notification at par. 3.3 that the measure is open to all sectors while Annex 1 states on page 2 that the measure is targeted to the manufacturing sector. Could you please clarify if the measure is open to all sectors or limited to the manufacturing sector?**

**Answer:** The notified measure (support under TCTF) will be open for manufacturing sector (NACE rev 2, C Manufacturing) only to ensure that the companies which were affected the most by the war would be the ones applying for the support. In detail:

- Aid based on the Regulation of the Minister of Climate (Annex I) is already open to all companies located in or near industrial areas in line with GBER and de minimis aid regulations:
  - 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, article 48;
  - COMMISSION REGULATION (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.
- Aid in line with TCTF is planned to be granted only for manufacturing sector (NACE rev 2, C Manufacturing). Manufacturing sector was focused on as it is the sector that was the most affected by the war.

**2. You submitted in Annex I p. 5 that 'the objective to help a wider group of enterprises influenced by the crisis is unattainable'. Could you please provide more information on why the measure is limited to the manufacturing sector, rather than open to all undertakings?**

**Answer:** The measure is limited to manufacturing sector because it has been hit the hardest by the effects of the war. Details about the effects can be seen in Annex I of the notification (please see pages 2-3). To underline the main aspects:

- Overall decrease of GDP;
- Decreasing national consumption and low demand from main trading partners (especially Nordics). Export decreased 12,1% in November 2023;
- Industrial confidence indicator in Estonia was -20,6 in December 2023 while EU average was -9,0;
- In November 2023 Estonian manufacturing production decreased by -5.8% YoY and industrial production exports decreased 7.6% YoY. Production was 23% lower than in same month 2021. Since end of 2022 ca 6000 jobs (5% of total sector workforce) has been lost in manufacturing sector;
- Electricity and gas prices have surged from 2020 as yearly average spot market prices increased from 33,68 €/MWh in 2020 to 192,82 €/MWh in 2022 and decreased to 90,79 €/MWh, peaking again in 2024 January (average price in first 10 days is 188 €/MWh due to low temperatures).



**3. You specify in Annex 1 at p. 8 that the estimated number of beneficiaries is up to 10 entrepreneurs. Could you clarify whether beneficiaries have already been selected? If this is not the case, could you clarify how will the beneficiaries be selected? In particular, please provide additional information as to the assessment methodology that will be used to evaluate the project applications under the scheme.**

**Answer:** The beneficiaries have not been selected. This number has been drawn up taking into account the budget of the measure (9,1 million euros) and the possible size of the subsidy (up to 2,25 million euros per entrepreneur). When all the projects applying for aid would get maximum amount of subsidy then only 4 projects can get it. According to our knowledge so far, the average project will be around 2 to 3 MW in which case it is probable that around 10 companies can get the aid. In case around 10 companies would be applying for the subsidy then the amount per project would be around 800 to 900 thousand euros.

Assessment methodology: There will be an open call for support. If the applicant and the application fulfill the requirements set in sections 10 and 11 of Annex II, then aid will be granted. The aid will be granted in order of the applications submitted until the budget is full.

**4. You submit that beneficiaries are 'undertakings in difficulty' as defined in the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (OJ C 249, 31.7.2014, p. 1). We understand the aid does not qualify as 'solvency support' under point 36 of the TCTF. Please confirm. Please explain how you have determined that the aid is granted to undertakings in difficulty, or if this is simply a possibility based on as of yet unknown beneficiaries.**

**Answer:** We confirm that the aid does not qualify as „solvency support“ under point 36 of TCTF. The criterium that company eligible for aid can be in difficulty is simply a possibility based on as of yet unknown beneficiaries.

**5. Regarding your confirmation in Annex 1 section II point 1, please refer to the maximum aid limit stated in Point 61 a TCTF, which requires that the overall aid does not exceed EUR 2.25 million per undertaking per MS at any given point in time. We understand this leads to a maximum capacity of the supported connection to be approx. 7.4 MW assuming the maximum amount of aid granted per MW. Please confirm or correct.**

**Answer:** We confirm that the overall maximum aid amount per undertaking does not exceed EUR 2.25 million at any given point of time (as referred to in point 61 a of TCTF). Please see § 10(4)(5<sup>1</sup>) of Annex II. Another threshold foreseen in the measure is the maximum aid ceiling of 305 thousand euro per MW – please see § 9(1) of Annex II. This criterium ensures that recovery and resilience plan target to achieve 28 MW of capacity will be met. When company has a project of 10 MW then maximum aid will be 2,25 million euros. When the project is 5 MW then the maximum aid will be 5 MW x 305 000 € = 1,525 million euros.

**6. Please confirm that the undertakings eligible for aid under this measure did not benefit from any other aid under point 61 d) TCTF.**

**Answer:** We confirm that the undertakings eligible for aid under this measure did not benefit from any other aid under point 61 d) TCTF.

**7. We understand you intend to determine that the undertakings selected under the scheme are "affected by the crisis" as required under section 2.1 TCTF by using the criteria stated on page 7 of annex 1.**

*"In order to define an entrepreneur who is affected by the crisis in Ukraine:*

- the prices of applicant's two main raw material prices must have increased at least 50 percent on average in 2022 compared to the average price of 2021,*
- or the unit price of the energy he uses has increased 2022 average at least 50 percent compared to 2021 average unit price. If the entrepreneur meets this condition, it is eligible to apply. The mentioned criteria must be proved by the applicants with documentary evidence.*

*The two main raw materials used are considered as two basic raw materials. Together they must make up at least 20 percent of the sales revenue of the year preceding the submission of the application, including one basic raw material can also make up more than 20 percent."*

**Answers:** Yes, these are the criteria.

**8. Please explain how you intend to handle potential applications where the above-mentioned criterion on the raw material prices are fulfilled, but the sales prices and revenues of the undertaking have increased much stronger?**

**Answers:** The overall condition of the manufacturing sector and additional criteria (50 percent increase of raw materials price or 50 percent increase of energy price) ensures that revenues of the companies have been negatively affected for majority of the cases.

**9. Please explain whether the investment into the renewable generation assets themselves will be subject to any form of state support.**

**Answer:** Under this subsidy scheme renewable generation assets can not receive state support. Renewable generation assets can receive state support from other subsidy schemes. The eligible costs under the current measure are different than the eligible costs under other subsidy schemes where renewable generation assets can receive aid. In any case cumulation rules stipulated in point 59 of TCTF will be followed.