European Commission - Press release

Commission approves €570 million Italian State aid scheme to reduce emissions in ports

Brussels, 17 June 2024

The European Commission has approved, under EU State aid rules, a €570 million Italian scheme to incentivise ships to use shore-side electricity when they are at berth in maritime ports. The measure contributes to reducing greenhouse gas emissions, air pollution and noise in line with the objectives of the European Green Deal.

The Italian measure

Italy notified the Commission of its plans to adopt a €570 million scheme to incentivise ships operators to connect to shore-side electricity infrastructure when at berth in maritime ports in order to power onboard services, systems and equipment. The scheme will run until 31 December 2033.

Under the scheme, the aid takes the form of a reduction of up to 100% of the so-called 'general system charges'. Those charges are included in the electricity price and aimed at financing certain public policy objectives, including renewable energy. The reduction will result in a lower electricity price for ship operators when purchasing shore-side electricity and will bring the cost of electricity at a competitive level with the cost of producing electricity on-board through fossil-fuelled engines. By lowering the cost of shore-side electricity for ships, the measure will incentivise ship operators to opt for the more environmentally friendly electricity supply, thereby avoiding significant greenhouse gas emissions, air pollutants and noise emissions.

Initially, the reduction will cover 100% of the general system charges. Italy committed to set up an annual monitoring mechanism to verify the difference between the actual costs of purchasing shore-side electricity and the actual costs of self-generating electricity using fossil fuels onboard and will adjust the level of the aid accordingly.

The Commission's assessment

The Commission assessed the scheme under EU State aid rules, in particular Article 107(3)(c) of the Treaty on the Functioning of the European Union, which enables Member States to support the development of certain economic activities subject to certain conditions, and the Guidelines on State aid for climate, environmental protection and energy ('CEEAG'), which allow Member States to support measures reducing or removing CO_2 emissions.

The Commission found that:

- The scheme is **necessary** and **appropriate** to incentivise the use of shore-side electricity, thereby reducing greenhouse gas emissions and increasing the level of environmental protection.
- The scheme has an "**incentive effect**", as the beneficiaries would not use shore-side electricity without public support.
- The scheme has a **limited impact on competition and trade** within the EU. In particular, the aid is **proportionate** and any negative effect on competition and trade in the EU will be limited in view of the design of the measure, which applies to all interested companies. Moreover, Italy committed to set up an annual **monitoring mechanism** which will ensure that the aid remains necessary and proportionate throughout its duration, taking into account price and market developments.

On this basis, the Commission approved the Italian measure under EU State aid rules.

Background

The Commission's 2022 CEEAG provide guidance on how the Commission assesses the compatibility of environmental protection, including climate protection, and energy aid measures which are subject to the notification requirement under Article 107(3)(c) TFEU.

The Guidelines create a flexible, fit-for-purpose enabling framework to help Member States provide the necessary support to reach the Green Deal objectives in a targeted and cost-effective manner. The rules involve an alignment with the important EU's objectives and targets set out in the European Green Deal and with other recent regulatory changes in the energy and environmental areas and will cater for the increased importance of climate protection.

With the European Green Deal Communication in 2019, the Commission set an objective of net zero emissions of greenhouse gases in 2050 that is enshrined in the European Climate Law. In force since July 2021, the law also introduced the intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030. Through the adoption of the 'Fit for 55' legislative proposals, the EU has in place legally binding climate targets covering all key sectors in the economy.

On 13 September 2023, the European Parliament and the Council adopted the FuelEU Maritime Regulation setting up a common EU regulatory framework to increase the share of renewable and low-carbon fuels in the fuel mix of international maritime transport, as well as the Alternative Fuel Infrastructure Regulation, aiming at ensuring the availability of a dense and widespread network of alternative fuels infrastructure across the Union, including onshore power supply infrastructure at EU ports.

More information will be made available under the case number SA.105117 in the State Aid Register on the DG 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 Competition Weekly e-News.

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Quotes:

"This €570 million Italian scheme will incentivise ship operators to use shore-side electricity rather than electricity produced on-board from fossil fuels. With this measure, Italy will contribute to the ambitious EU target of reducing transport emissions by at least 90% by 2050 while ensuring competition is not distorted."
Margrethe Vestager, Executive Vice-President in charge of competition policy - 17/06/2024

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