

On January 18, the EC Secretariat reportedly sent a letter to the competent authorities of the member states in which it “encouraged them to further study the compatibility of these measures with the acquis on state aid.”

“Under the Energy Community Treaty, the parties must ensure that any state aid that threatens to distort competition is prohibited by favoring certain undertakings or certain energy sources. Since state aid may distort competition and affect cross-border energy trade, aid control which is provided from state sources is crucial for the establishment of a regional energy market, “the EC said.

The new published study of the Energy Community (EnC) Secretariat from December 2020 is built on a previous analysis covering 2015-2017 on coal subsidies in Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and Ukraine during 2018-2019 and it pinpoints the direct and hidden subsidies channelled to the coal sector in these contracting parties.

Now, the Secretariat has sent letters to all national state aid authorities encouraging the further assessment of the measures as to their compatibility with the state aid acquis.

The state aid enforcement system in the Energy Community is decentralized and not as effective as the European Union’s. Yet the contracting parties committed repeatedly to fully implement and enforce the State aid acquis with regard to coal-fired power plants, as expressed for instance in the conclusions of the Ministerial Council of 17 December 2020.

Under the Energy Community Treaty, the contracting parties must ensure that any public aid which distorts or threatens to distort competition by favoring certain undertakings or certain energy resources is prohibited. As state aid may distort competition and affect cross-border trade in energy, the control of aid granted from state resources is of key importance for the establishment of a regional energy market.

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