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Subject: State Aid SA.115179 (2024/N) – Italy
FER X TCTF Italian transitional support for electricity production from RES plants close to market parity

Excellency,

1. PROCEDURE

(1) By electronic notification of 29 November 2024, Italy notified aid for accelerating the rollout of renewable energy relevant for REPowerEU (*Schema di decreto per la definizione di un meccanismo transitorio di supporto per impianti a fonti rinnovabili con costi di generazione vicini alla competitività di mercato con validità massima al 31 dicembre 2025 (c.d. FER X-TCTF)*, Transitional support mechanism for RES technologies with generation costs close to market parity until 31 December 2025 (FER X-TCTF), the 'measure') under the Temporary Crisis and Transition Framework for State aid measures to support the economy following the aggression against Ukraine by Russia (the 'Temporary Crisis and Transition Framework') ([1]).

(2) Italy exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union ('TFEU'), in conjunction with

([1]) Communication from the Commission on the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (OJ C 101, 17.3.2023, p. 3), as amended by Commission Communications C(2023)8045 (OJ C1188, 21.11.2023, ELI: http://data.europa.eu/eli/C/2023/1188/oj) ('First Amendment to the Temporary Crisis and Transition Framework') and C(2024)3123 (OJ C3113, 2.5.2024, ELI: http://data.europa.eu/eli/C/2024/3113/oj) ('Second Amendment to the Temporary Crisis and Transition Framework'). This Temporary Crisis and Transition Framework replaces the Temporary Crisis Framework adopted on 28 October 2022 (OJ C 426, 9.11.2022, p. 1), ('Temporary Crisis Framework'), which had already replaced the previous Temporary Crisis Framework adopted on 23 March 2022 (OJ C 131I, 24.3.2022, p. 1), as amended on 20 July 2022 (OJ C 280, 21.7.2022, p. 1). The Temporary Crisis Framework was withdrawn with effect from 9 March 2023.

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Article 3 of Regulation 1/1958 ([2]) and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

(3) Italy considers that the Russian aggression against Ukraine and its direct and indirect effects, including the sanctions imposed and the counter-measures taken, for example by Russia, have economic repercussions on the entire internal market ('the current crisis'). The current crisis created significant economic uncertainties, disrupted trade flows and supply chains and led to exceptionally large and unexpected price increases, especially in natural gas and electricity, but also in numerous other input and raw materials and primary goods.

(4) The increase in the prices of energy caused by the current crisis proved the urgency to quickly reduce dependency on fossil fuels imports and accelerate the energy transition, by expanding the availability of renewable energy in a cost-effective way in line with the Fit for 55 package ([3]) and REPowerEU Plan ([4]). The measure also intends to deploy renewable energy generation projects that are needed for the transition towards a net-zero economy in line with the Green Deal Industrial Plan ([5]).

(5) The measure aims to accelerate the deployment of mature renewable energy technologies, presenting generation costs close to market parity. Specifically, the measure will support the following renewable sources: onshore wind, solar photovoltaic, hydro, and sewage gases. A previous measure to support electricity from mature renewable technologies was in place in Italy from 2019 to 2021 ([6]).

(6) Italy considers that the measure is crucial to reduce the Union's dependency on energy imports, as well as to reduce the negative environmental impacts linked to electricity production in terms of greenhouse gas emissions. The EU has set an ambitious climate protection target of reducing greenhouse gas emissions by at least 55 % by 2030, with a view to becoming climate neutral by 2050 ([7]). Italy has a national target set in its National Energy and Climate Plan, submitted to the European Commission on 3 July 2024 (*Piano Nazionale Integrato per l'Energia e*

([2]) Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

([3]) Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions 'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality (COM/2021/550 final).

([4]) Communication from the Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions, REPowerEU Plan (COM/2022/230 final).

([5]) COM(2023) 62 final, Communication from the Commission to the European Parliament, the European Council, the Council, the Economic and Social Committee and the Committee of the Regions, A Green Deal Industrial Plan for the Net-Zero Age, 1.2.2023.

([6]) Commission Decision of 14 June 2019 in SA.53347 (2019/N) – Italy – Support to electricity from renewable sources 2019-2021 (FER I) (OJ C 303, 6.9.2019, p.4).

([7]) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law'), OJ L 243, 9.7.2021, p. 1.

il Clima, or 'NECP'), of 39,4 % of gross final energy consumption from renewable energy sources ("RES") by 2030. Italy submits that the measure will be an important tool to reach its renewable energy targets for 2030, as well as the EU climate targets for 2030 and 2050.

(7) Italy submits that the new measure will partly innovate the previous renewable support mechanism (see recital (5)), to guarantee higher and more efficient level of RES integration. In addition, a measure to support electricity from renewable technologies that are innovative or not yet fully mature has been approved by the Commission on 4 June 2024 ([8]).

(8) Italy confirmed that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the European Economic Area ('EEA') to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.

(9) The compatibility assessment of the measure is based on Article 107(3), point (c), TFEU, in light of sections 1 and 2.5 of the Temporary Crisis and Transition Framework.

2.1. The nature and form of aid

(10) The measure provides aid on the basis of a scheme in the form of two-way contracts for difference ('CfDs'). Small-scale installations with an installed capacity below 200 kW can opt for feed-in tariffs.

(11) The measure aims to support a total of 17,65 GW of new renewable capacity in Italy. Of this capacity, 14,65 GW will be allocated through technology-based competitive procedures for installations with nominal power higher than 1 MW. The remaining 3 GW will be directly accessible by smaller installations with an installed capacity equal or lower than 1 MW. The operating aid will be paid for a period corresponding to the useful lifetime of the installations covered by the measure (more detail on the selection procedures is provided under section 2.7) for a maximum of 20 years.

2.2. Legal basis

(12) The legal basis for the measure is Legislative Decree 8 November 2021, n.199 ([9]) transposing Directive (EU) 2018/2001 ([10]). Italy submitted a copy of the draft Ministerial Decree containing the implementing regulation for the scheme that will be adopted following State aid approval (the 'Implementing Decree'). The measure will be applied only after the adoption of a no-objection decision by the Commission.

([8]) Commission Decision of 4 June 2024 on State Aid SA.105880 (2023/N) – Italy – Renewable Energy Scheme 2024 (FER II).

([9]) Gazzetta Ufficiale n .285 of 30-11-2021 – Suppl. Ordinario n.42.

([10]) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p.82).

2.3. Administration of the measure

(13) The granting authority is the Ministry of the Environment and Energy Security (the 'Ministry') ([11]), and the delegated implementing authority is the Gestore dei Servizi Energetici ('GSE') ([12]).

2.4. Budget and duration of the measure

(14) The total estimated budget of the measure is EUR 9.7 billion ([13]). The annual estimated budget of the measure is EUR 490 million.

(15) The scheme will be financed by a levy included in the electricity tariffs paid by final consumers, i.e. the general system charges, and more specifically the general system charges for the support of renewable energy and cogeneration (the 'ASOS component'). The ASOS component is used to finance several measures that support renewable energy and cogeneration ([14]). The Italian authorities explained that the Energy and Environmental Services Fund ('CSEA' ([15])) handles the general system charges and transfers the collected funds to the GSE. The use of these funds is regulated by the national regulatory authority (the *Autorità di regolazione per energia reti e ambiente*, 'ARERA'). The charges are paid by end consumers to their respective electricity suppliers, which in turn transfer the amounts to the electricity distributors ([16]). The latter transfers the money collected to CSEA which according to specific rules set by ARERA, transfers the sum to the GSE, which earmarks it for the support scheme.

(16) Aid will only be granted after the Commission has notified a decision authorising the measure and no later than 31 December 2025.

([11]) www.mase.gov.it

([12]) The GSE is a joint-stock company, 100 % owned by the Ministry of Economic Affairs and Finance and controlled by the Ministry for Environment and Energy Security. The GSE is the Italian public body responsible for the promotion of renewable energy and energy efficiency in Italy. It is also responsible for the monitoring of the development of renewable energies, from a statistical, technical, economic, and environmental point of view (www.gse.it/en).

([13]) The indicated budget is an estimate and the actual budget could vary also based on ex-post realisation of the actual electricity prices. The estimate is based on several assumptions: realisation of all the installations selected through the auctions; application of the reference tariff equal to the central strike price; energy prices equal to 70 EUR/MWh.

([14]) The ASOS component also covers other measures such as Ministerial Decree of 4 July 2019, Ministerial Decree on agrivoltaic power installations, self-consumption mechanism, net metering mechanism, etc., as approved by the Commission decisions SA.107161, SA.53347, SA.106777.

([15]) CSEA is a public economic entity operating in the electricity, gas and environmental sectors (www.csea.it). Its main task is to collect certain tariff components and system charges from operators; the revenue from these components is collected in dedicated management accounts and distributed to companies according to rules issued by ARERA.

([16]) With judgment of 24 May 2016, the Council of State (*Consiglio di Stato*) has clarified that the obligation to pay is on the final consumers.

2.5. Beneficiaries

(17) The beneficiaries of the measure are companies of all sizes producing electricity from the following RES sources: onshore wind, PV, hydroelectric and sewage gases.

(18) Project promoters will have to apply for aid under the notified scheme by means of an application form. Installations with nominal power higher than 1 MW must meet the following additional requirements to access the auctions launched under the scheme:

(a) Possession of the permit to construct and operate the installation or the positive outcome of the environmental impact assessment, where applicable;

(b) Definitive acceptance by the potential beneficiaries of the quotation made by the Transmission System Operator ('TSO') or Distribution System Operator ('DSO') to connect the installations to the electricity grid, and validated registration of the installation on TSO's Gestione Anagrafica Unica degli Impianti ("GAUDI") system;

(c) Compliance with European and national environmental protection requirements;

(d) Acceptance of the obligation to submit a bid in the dispatching services market in certain circumstances ([17]) for installations larger than 1 MW;

(e) Possession of requirements to prove financial viability ([18]).

(19) Installations with nominal power below 1 MW are entitled to access the mechanism by submitting a notice of start of works and ensuring that at least requirements (18)(a),(18)(b), and (18)(c) are met.

(20) For those installations which are qualified to provide ancillary services, maintenance is planned and agreed by the firm operating the installation with the TSO. When approving maintenance schedules, the TSO will aim to ensure that maintenance is not carried out in critical periods for the System ([19]).

([17]) Dispatching services are energy balancing services offered in the Ancillary Service Market (ASM) by generators and suppliers to balance demand and supply. The ASM is composed by the ASM ex-ante, where the TSO procures the necessary reserve margins and solve potential intra-zonal congestions and the Balancing Market (BM), where operators may resubmit offers and bids that the TSO will activate in real time to guarantee balance between demand and supply.

([18]) It can either be a declaration from a banking institution or a minimum threshold of capitalisation that needs to be met, as specified in Article 3(2) of the Implementing Decree.

([19]) To enable each dispatching user to formulate programmed maintenance stops of the specific unit of production, ensuring the safety of the Electricity System, each year the TSO identifies the proportion of the production capacity that each operator may make unavailable for maintenance in each week of the following year. These quotas are identified considering the possible production limitations related to the main development and maintenance interventions on the transmission network, as well as updates of the need of ensuring the security and adequacy of the Electricity System.

(21) Italy confirms that the aid under the measure is not granted to undertakings under sanctions adopted by the Union, including but not limited to: (i) persons, entities or bodies specifically named in the legal acts imposing those sanctions; (ii) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the Union; or (iii) undertakings active in industries targeted by sanctions adopted by the Union, insofar as the aid would undermine the objectives of the relevant sanctions.

(22) Italy confirms that the measure may not in any way be used to undermine the intended effects of sanctions imposed by the Union or its international partners and will be in full compliance with the anti-circumvention rules of the applicable regulations. In particular, natural persons or entities subject to the sanctions will not benefit directly or indirectly from the measure.

2.6. Sectoral and regional scope of the measure

(23) The measure is open to all enterprises that are active in the production of electricity (NACE class D.35.11).

(24) The measure applies to the whole territory of Italy.

(25) Installations located in the territory of other Member States of the European Union (or in a nearby third Country with which a free trade agreement is in force) will be allowed to participate in the auction procedures, subject to the following conditions:

(a) the existence of a cooperation agreement with the Member State or the third Country where the installation is located, which establishes a reciprocity system and the precise modalities necessary to prove the physical import of renewable electricity;

(b) the installations comply with the same requirements applied to those in the Italian territory.

(26) Installations outside the Italian territory can place bids only up to a certain percentage of the assigned capacity. The percentage is calculated based on a function according to which the Italian overall imports of green energy from neighbouring countries are divided by the total electricity consumption in Italy, based on the following formula:

$$P_{EU} = P_{TOT} \cdot \frac{E_{imp\ MS1} \cdot RES_{\%\ MS1} + E_{imp\ MS2} \cdot RES_{\%\ MS2} + \ldots + E_{imp\ MSn} \cdot RES_{\%\ MSn}}{E_{tot\ consummed\ IT}}$$

where P_{EU} is the available capacity for the projects in other States; P_{TOT} is the total capacity awarded in the auction procedure; $E_{imp\ MSn}$ is the total imported electricity by the State n; $RES_{\%\ MSn}$ represents the portion of renewable energies in the energy mix of the particular State n and $E_{tot\ consummed\ IT}$ is the total electricity consumption in Italy ([20]).

([20]) Article 13 of the Implementing Decree.

2.7. Basic elements of the measure

2.7.1. Eligible projects

(27) The measure provides operating aid for the promotion of energy from renewable sources. In particular, the measure supports mature renewable technologies, which present generation costs close to market parity (see recital (5)). The supported renewable sources are onshore wind, solar photovoltaic, hydroelectric and sewage gases.

(28) Italy explained that the recent increase in energy prices due to the geopolitical events of the last few years is now gradually reducing but investors continue to expect high volatility in the market in the coming years. The uncertainty on future electricity prices undermines the profitability of the required investments. Consequently, Italy explained that, without the aid, these projects would not be carried out or they would be carried out in a restricted or different manner. Indeed, the business plans submitted by the Italian authorities show that, without support, the Net Present Value ("NPV") of the reference projects would be negative. Therefore, the measure is necessary to ensure that the renewable projects are carried out by guaranteeing a stable remuneration.

(29) Italy explained that the measure does not include any artificial limitation in the scope of technologies supported. The Italian authorities have justified the choice of renewables technologies eligible to participate in the scheme based on the need to achieve diversification in accordance with its NECP, which sets technology-based targets considering the expected developments of grid infrastructure and storage. The Italian authorities have explained that those technologies not included in the scheme, which are innovative and not yet fully mature, are characterised by higher costs as compared to the ones included. For this reason, technology-neutral tenders would lead to suboptimal results. Italy also explained that these innovative renewable technologies are already receiving support under the scheme authorised by the Commission on 4 June 2024 for the period 2024-2028 ([21]).

(30) In addition, Italy specified that installations are not eligible for aid if they started works ([22]) prior to the submission of their application. Smaller installations with installed capacity equal or lower than 1 MW will not be considered admissible if they started works before the entry into force of the Implementing Decree.

(31) All installations must meet performance and environmental protection requirements necessary to comply with the "do no significant harm" principle.

(32) The measure applies to newly built installations and, at given conditions, entirely or partially rebuilt, or repowered installations ([23]).

([21]) Commission Decision of 4 June 2024 on State Aid SA.105880 (2023/N) – Italy – Renewable Energy Scheme 2024 (FER II).

([22]) As defined in Article 2.4, point 82, of Commission Communication No C/2022/481 of 18 February 2022 – Guidelines on State aid for climate, environmental protection and energy 2022 (OJ C 80, 18.2.2022, p. 1) (hereinafter, the 'CEEAG').

([23]) Eligible categories of intervention are defined in Annex 4 to the Implementing Decree.

2.7.2. *Selection procedure*

(33) Beneficiaries with an installed capacity above 1 MW will be selected through competitive bidding procedures launched by the GSE at national level and separated by technology, in which power quotas will be made available periodically.

(34) The scheme foresees several selection procedures. The estimated total power quota available per technology in the auctions until 31 December 2025 is provided in Table 1.

Table 1 - Maximum power quota available that could overall be made available through the scheme until 31 December 2025 per technology

Technology	**Maximum Total Quotas [GW]**
Solar Photovoltaic	10
Onshore wind	4
Hydroelectric	0.63
Sewage gases	0.02
Total	**14.65**

Source: Article 5(6) of the Implementing Decree.

(35) Italy submitted that the volumes of capacity tendered in each procedure will be set to ensure that the bidding process is effectively competitive *ex-ante*, meaning that not all bidders will receive aid. In particular, when determining the target power quota as well as the minimum and maximum power quotas ahead of each auction, the Ministry will take into consideration i) the expected development of generation capacity from renewable sources compared to the climate targets ([24]), ii) the status of authorization procedures and iii) the expression of interest submitted by the producers who intend to participate in the auction ([25]). Moreover, the Italian authorities confirm that the volume auctioned in each procedure will be at least 10 % lower than the total volume that has received permits and for which an expression of interest has been received.

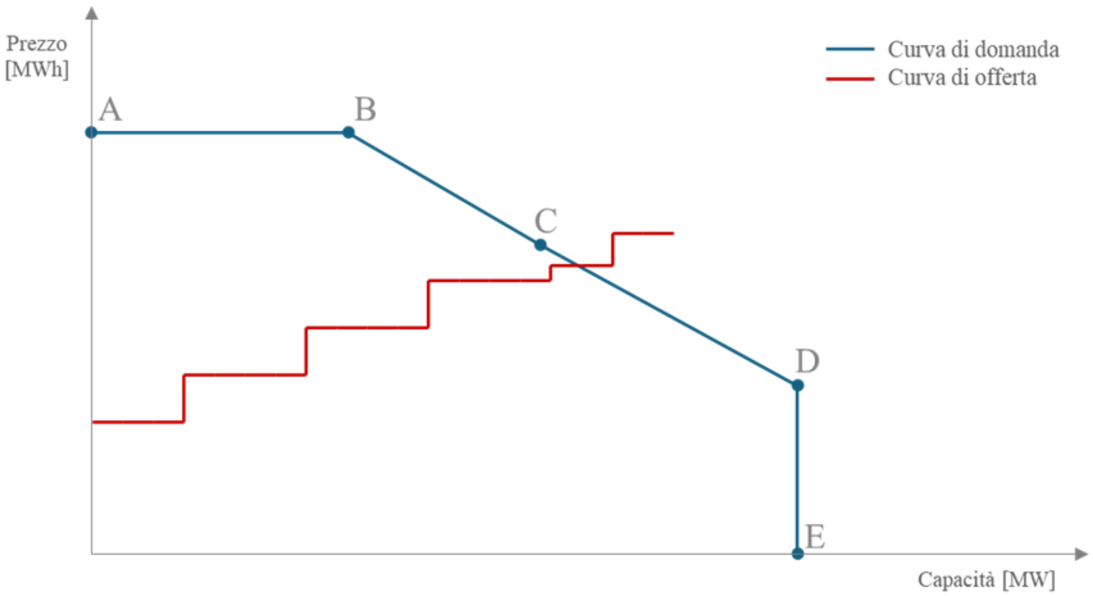
(36) The target power quota that the Ministry aims to allocate will be associated with the strike price (see Table 2), the minimum power quota (point B of the curve) with the maximum strike price and the maximum power quota (point D of the curve) with the minimum strike price. The maximum and minimum strike price have been determined to reflect potential variations with respect to the reference case for which a quantification was developed based on a business plan (central strike price), which can result in generation costs conditions that are considerably higher or lower.

([24]) Both as a result of already concluded auctions and with respect to the implementation of market-based initiatives

([25]) Producers need to submit an expression of interest ahead of the auctions to be admitted to the auction. Producers can at most submit expressions of interests in 3 auctions. If their bid in an auction is not accepted despite being below the central strike price, the auction does not count towards the 3 maximum expressions of interest.

(37) These points form a demand curve reported in Figure 1 below. The power quota allocated depends on the offer placed by the bidders on the maximum strike price. The higher are the reductions offered the higher the allocated quota is and vice-versa.

Figure 1: Demand curve (blue) and expected supply curve (red) for the competitive bidding procedures



Source: Implementing decree. *Notes:* The figure shows prices on the y axis and capacity on the x axis. Point B is the minimum quota and maximum strike price, point C is the target quota and central strike price and point D is the maximum quota and minimum strike price.

Table 2: Strike price for 2024, maximum and minimum strike price per technology

Technology	Installed capacity	Central strike price	Maximum strike price (bid cap)	Minimum strike price
	MW	€/MWh	€/MWh	€/MWh
Solar Photovoltaic	> 1	80	95	65
Onshore wind	> 1	85	95	70
Hydroelectric	> 1	90	105	80
Sewage gases	> 1	85	100	75

Source: Annex 1 to the Implementing Decree. Notes: The GSE will update prices before each auction to correct for inflation. The inflation correction index used will be the national producer price index for industry.

(38) The three power/price points forming the demand curve are used to ensure the competitiveness of the auctions, the minimization of the cost of the scheme and the achievement of the 2030 climate targets, as follows:

1. Applicants must indicate in their application the offered reduction in percentage terms from the maximum strike price applicable to the project they intend to develop. The rankings are based solely on the percentage reduction proposed.

2. If the offers received at a price below the strike price are less than 105 % of the target power quota, 5 % of the overall capacity offered by the bidders is excluded from the ranking. The excluded offers belong to the bidders that offered the highest prices (thus the smallest reduction from the maximum strike price), unless these prices are below the minimum strike price. In the latter case these low bids are not excluded from the ranking. This provides an additional safeguard to ensure the competitiveness of the auctions.

3. The supply curve is built by ranking bids from the lowest to the highest price offered. Successful bids are all those below or at the intersection of the demand and supply curve.

(39) According to the Italian authorities, this system aims, on the one hand, at guaranteeing the allocation of a minimum power quota necessary to achieve the 2030 climate objectives in case of particularly high bids, and, on the other, to adjust upwards the capacity quotas to be allocated when the bids offered by the operators are low.

(40) The Italian authorities confirmed that they will take corrective measures in case of repeated undersubscribed bidding processes, through the adjustments of the tendered production capacities. In case of repeated undersubscription, Italy committed to introduce remedies for any future scheme that it notifies to the Commission for the same technology.

(41) The strike prices will be adjusted to account for inflation occurring between the date of entry into force of the Implementing Decree and the publication of the tender procedures.

(42) Installations with an installed capacity lower than 1 MW can directly access the measure. Installations must present a notice of start of works to access the mechanism by 31st December 2025 or sixty days after the date when a power quota of 3 GW ([26]) is reached (if this date is before 31st December 2025). In this case, the strike price will be set administratively by ARERA. To set the prices, ARERA will rely on the investment and operating costs of the installations based on data obtained from monitoring exercises and elaborated by the GSE, the size of the installation and its technology. The strike prices are corrected as described in recitals (51) and (52) below.

(43) Italy submits that procedures will be carried out electronically in accordance with the principles of transparency, protection of competition and in a non-discriminatory manner.

([26]) The 3 GW limit is applied to the start of works notification.

2.7.3. Form of aid

(44) The selected beneficiaries will receive aid in the form of a two-way CdF for each kWh of electricity produced and injected into the network. If reference market prices are below the awarded strike price, the beneficiary will be compensated the difference, while if reference market prices are above the awarded strike price, the beneficiary will transfer the difference to the State. The awarded strike price will be determined in the competitive bidding procedures ("pay as bid") for installations with capacity higher than 1 MW. The strike price of the two-way CfD of installations with installed capacity lower than 1 MW will be administratively determined by ARERA within 90 days from the date of entry into force of the Implementing Decree and will be set to cover expected net costs, including the estimated WACC, and taking into account all main revenues and any aid already received.

(45) In order to preserve market incentives, for installations with capacity above 1 MW, only 95 % of the electricity produced by each beneficiary will be supported under the two-way CfD, leaving the remaining 5 % exposed to market risk. The producer will be able to sell all the produced electricity, including the part of the electricity production which will not be supported by the CfD, directly on the market. The producer is also free to conclude longer-term power purchase agreements covering these quantities.

(46) Installations with an installed capacity lower than 200 kW can decide to receive support in the form of a feed-in-tariff ("FIT") rather than a two-way CfD. In that case, the GSE collects directly the electricity produced by these installations and resells the electricity on the market. The FIT corresponds to the strike price, and it will be determined by ARERA within 90 days from the date of entry into force of the Implementing Decree. The strike price will be proportional to the entity of the investment to be undertaken and can be differentiated by technology.

(47) For installations smaller than 1 MW, Italy confirmed that the overall aid amount does not exceed EUR 30 million per undertaking per project.

(48) The awarded strike price for installations with a capacity higher than 1 MW, corresponds to the applicable maximum strike price adjusted for the rebate offered in the auction by the selected beneficiary, subject to inflation and other corrections as explained below.

(49) Awarded strike prices will be indexed according to the Consumer Price Index to account for inflation variation between the time of publication of the call for tenders (or of the price administratively set by ARERA for the installations excluded from the auctions) and the expected date of entry into operation of the installation. Awarded strike prices can also be partially adjusted to inflationary changes from the date of effective operation of the installation over the duration of the CfD ([27]). Italy considers that covering the risk of inflationary dynamics, so that the incentives can better reflect the evolution of the cost structure of the

([27]) The adjustments will be applied on the base of the national consumer price index and will be limited to the percentage of the strike price necessary to cover the operation and maintenance costs of the specific technology.

installations, will give operators the possibility to offer a higher reduction in the bidding process.

(50) After the competitive procedures will take place, the awarded strike prices for photovoltaic installations will be corrected to account for the different levels of insolation across regions, using the correction factors shown in Table 4 below. The Italian authorities have explained that the correction factors will be added to the strike price awarded depending on the location of the installation.

(51) The Italian authorities explained that, according to productivity data (measured as the amount of full load hours) recorded in the individual regions from 2015 to 2021 ([28]), the average productivity of photovoltaics in the central regions and northern regions are respectively 6 % and 15 % lower than in the south of the peninsula. The correction is therefore aimed at compensating for the different level of productivity of the installations with respect to their location, and it is aimed at ensuring a level playing field among the beneficiaries. To determine which correction factor to apply to installations located outside of Italy, the Italian authorities will rely on the observed average level of insolation in the country where the installation is located and assign the correction factor of one of the Italian Regions (see Table 4), namely the one with the closest level of insolation compared to the country at issue.

Table 4 – Correction factor of the awarded strike price for solar photovoltaic based on different levels of insolation across regions

Geographic area	Correction
Central regions (Lazio, Marche, Toscana, Umbria, Abruzzo)	+ 4 €/MWh
Northern regions (Emilia-Romagna, Friuli-Venezia Giulia, Liguria, Lombardia, Piemonte, Trentino-Alto Adige, Valle d'Aosta, Veneto)	+ 10 €/MWh

Source: Annex 1 to the Implementing Decree.

(52) In addition, to reflect the different costs levels, a correction factor of 27 EUR/MWh is applied to the awarded strike price of photovoltaic installations substituting eternit or asbestos, and a correction factor of 5 EUR/MWh to the awarded strike price of photovoltaic installations realised on water.

(53) The two-way contracts for difference will take the following form. Beneficiaries will either receive a premium on top of the reference market price, defined as the price in the reference market during the reference period, or repay the difference between the reference market price and the awarded strike price, if it is positive for the amount of electricity produced and injected on the market. The reference market will be the day-ahead market in each bidding zone and the reference

([28]) PV Statistical Report 2021 issued by GSE (https://www.gse.it/documenti_site/Documenti%20GSE/Rapporti%20statistici/Solare%20Fotovoltaico%20-%20Rapporto%20Statistico%202021.pdf).

period will be the market time unit. The remuneration will be paid for a period equal to 20 years from the start of operations of the installation.

(54) Under specific circumstances described below, the awarded strike price is paid on the installation's estimated production potential (production capability) rather than its actual electricity production. The production capability of the installations will be calculated installation by installation on the basis of a methodology approved by the Regulatory Authority that takes into account, among other factors: the measurement of the primary source (for example, for wind: anemometric measurements), specific data on the production units (such as location and dimensions), power curves calculated by the GSE using historical meteorological data, production and unavailability data reported by the operators, and installation-based data sent by TSO and DSO.

(55) The remuneration of the beneficiaries is based on the capability based two-way CfD in the following limited instances:

(a) In cases where the installation has to cut production according to dispatching orders from the DSO or TSO to solve local constraints and/or to avoid security problems.

(b) If the installation has to cut production according to dispatching orders from the TSO (Terna) in the Italian Balancing Market and/or in the EU balancing platforms. In this case Terna accepts downward offers that those installations must place at a price equal or greater than zero in the relevant periods characterised by the probable need to proceed to cut production to ensure the safety of the System ([29]). In such cases, the amount of the payments shall include, in addition to the awarded strike price, the average monthly trading price of the guarantees of origin, within the limits of what is not already covered by the fees paid for the selection of such downward offers in the Balancing Market.

(c) In the event of zero or negative zonal prices on the Day-Ahead Market, the volume for the payment is calculated on the basis of the minimum between the production capability of the installation and the sum of the energy scheduled entering the Balancing Market and the upward offers offered at zero or negative price on the Balancing Market. In such cases, the amount of the payments shall include, in addition to the awarded strike price, the average trading price of the guarantees of origin, within the limits of the difference if positive between the production capability and the program as a result of the Balancing Market.

(56) This applies to i) installations without obligation to participate in the dispatching services markets and that decide not to participate only in circumstances described in point a) above, ii) installations larger than 1 MW and iii) installations larger with a capacity below 1 MW that decide to participate in dispatching services markets. For installation up to 200 kW and smaller than 1 MW that decide not to participate in the dispatching services markets, payments are suspended in the event of zero or negative zonal prices on the day-ahead market.

([29]) Terna is required to notify the producers sufficiently in advance of these periods.

(57) The Italian authorities submit that they will further assess for future measures how to take into account the expectation of increasing liquidity on the intraday market.

(58) Italy submitted that installations must be completed and be in operation at most within 36 months after the date of granting. In addition, the measure includes an effective system of penalties, prescribing that in case this deadline is not met the strike price will be reduced by 0.2 % for each month of delay for the first nine months and by 0.5 % for the following six months, up to a maximum of fifteen months. After these 15 months, the GSE will exclude the installation from the scheme and redeem the final guarantee, equal to 10 % of the project's costs. If the installation is subsequently readmitted to the support mechanism, the GSE will apply a 5 % reduction to the awarded strike price. The measure also includes penalty clauses applicable in case of unilateral termination of the contract. In addition, if, within six months from the date of publication of the rankings, the beneficiary notifies the GSE of its intention to waive the incentive, the GSE will keep 30 % of the final guarantee. If this intention is communicated between six and twelve months from the date of publication of the rankings, the GSE will keep 50 % of the final guarantee.

2.8. Compliance with relevant provisions of Union law

(59) The Italian authorities confirm that the proposed measures do not by themselves, or by the conditions attached to them or by their financing method constitute a non-severable violation of Union law, including Article 19d of Regulation (EU) 2024/1747 ([30]).

(60) Any proceeds from the CfDs will flow into the ASOS tariff component that is collected and managed by CSEA mainly to support production from renewable energy sources, including two-way CfD.

2.9. Cumulation

(61) Italy confirmed that aid under the measure can be cumulated with the following aid mechanisms:

(a) Only for newly built installations, capital grants not exceeding 40 % of the investment costs.

(b) Financial facilitations to access bank credit either in the form of guarantees or through loans subject to repayment.

(c) Tax relief mechanisms connected to investment activities ([31]).

(62) In the case of cumulation with a capital grant (recital (61)(a)), a price reduction will be applied for the installations which have been granted both aid under the scheme and a capital grant to avoid overcompensation: the price resulting from the competitive bidding procedures is linearly reduced using a multiplicative

([30]) OJ L, 2024/1747, 26.6.2024.

([31]) Article 14 of the Implementing Decree.

factor (1-F), in which F varies linearly between 0 in the absence of contribution, and 35 % in case of a 40 % contribution.

(63) The other two types of support (recitals (61)(b) and (61)(c)) will be assessed by the GSE, which will calculate the aid equivalent amount and apply the price reduction on the basis of this equivalence.

(64) The reduction mechanism described above, used to reduce the awarded strike price in case of cumulation, is explicitly provided for in the decree for capital grants and will be provided in the implementing operational rule of the decree[32]for the other two types of support. Hence, auction participants will be aware of the amount of reduction in advance. The Italian authorities confirm that auction participants are therefore expected to take into account cumulation with other support mechanisms when formulating bids.

(65) The Italian authorities confirmed that this mechanism will ensure that such cumulation does not result in exceeding 100 % of the expected net costs as defined in point 78(f)(ii) of the TCTF.

(66) The Italian authorities confirm that aid under the measure may not be cumulated with aid under measures that were approved by the Commission under the COVID-19 Temporary Framework ([33]).

(67) The Italian authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Crisis and Transition Framework provided the provisions in those specific sections are respected.

2.10. Monitoring and reporting

(68) The Italian authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 3 of the Temporary Crisis and Transition Framework, including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure on the comprehensive national State aid website ([34]) or Commission's IT tool within 12 months from the moment of granting ([35]).

([32]) Annex 1, paragraph 4 and Article 12 letter s) of the Implementing Decree.

([33]) Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1), C(2021) 564 (OJ C 34, 1.2.2021, p. 6), and C(2021) 8442 (OJ C 473, 24.11.2021, p. 1).

([34]) https://www.rna.gov.it/sites/PortaleRNA/it_IT/home; https://www.gse.it/trasparenza/sovvenzioni-contributi-sussidi-vantaggi-economici.

([35]) Referring to information required in Annex III to Commission Regulation (EU) No 651/2014 and Annex III to Commission Regulation (EU) 2022/2472 and Annex III to Commission Regulation (EU) 2022/2473.

3. ASSESSMENT

3.1. Lawfulness of the measure

(69) By notifying the measure before putting it into effect (recital (12)), the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

(70) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

(71) The measure is imputable to the State as it is granted by the Ministry of Environment and Energy Security and implemented by the GSE (see recital (13)). In addition, the measure will be financed through a levy on electricity consumption imposed by law and it will be transferred in accounts managed by GSE, a State-controlled public entity specifically appointed by the State to collect the financing and to pay out the aid amount (see recital (15)). On the basis of those elements, the Commission concludes that the notified measure is financed through State resources.

(72) The measure confers an advantage on its beneficiaries in the form of two-ways contracts for difference or feed-in tariffs (recitals (44) and (46)). The measure thus confers an advantage on those beneficiaries which they would not have had under normal market conditions.

(73) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, namely undertakings producing renewable energy from mature technologies (recital (5)),while other undertakings in a comparable legal and factual situation within that sector or other sectors are not eligible for aid and thus will not receive the same advantage, considering that all economic operators should in principle cover their own costs.

(74) The measure is liable to distort competition since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States since those beneficiaries are active in a sector in which intra-Union trade exists.

(75) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Italian authorities do not contest that conclusion.

3.3. Compatibility

(76) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.

(77) By adopting the Temporary Crisis and Transition Framework, the Commission acknowledged (in section 1) that the current crisis has created significant

economic uncertainties, disrupted trade flows and supply chains and led to exceptionally large and unexpected price increases, especially in natural gas and electricity, but also in numerous other input and raw materials and primary goods.

(78) Pursuant to Article 107(3), point (c), TFEU, the Commission may declare compatible with the internal market 'aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest'.

(79) The current crisis has demonstrated the urgent need to reduce dependency on imports of fossil fuels and to accelerate the energy transition. In that context, the Commission considers that Member States may need to take additional measures in line with the REPowerEU Plan ([36]), to accelerate the decarbonisation of European industry in order to achieve the Union's energy and climate targets. The adoption of the Temporary Crisis and Transition Framework demonstrates the Commission's view that State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3), point (c), TFEU for a limited period of time if it contributes to speeding up the rollout of renewable energy, storage and renewable heat in line with the REPower EU Plan.

(80) The Commission considers that the measure is necessary, appropriate and proportionate in the current context and can be declared compatible with the internal market on the basis of Article 107(3), point (c) TFEU. In particular:

(a) The measure provides operating aid for the promotion of energy from renewable sources. In particular, the measure supports mature renewable technologies, which present generation costs close to market parity (recital (5)), which fall within the scope of point 78(a)(i) of the Temporary Crisis and Transition Framework. Therefore, the measure facilitates the development of economic activities that can contribute to reducing the Union's dependency on imports of fossil fuels and to achieving its climate and energy targets. The measure also complies with point 78(a) of the Temporary Crisis and Transition Framework.

(b) Italy has demonstrated that the limitation of the measure to certain technologies does not include an artificial limitation and that discrimination on this basis is excluded (see recital (29)). Therefore, the Commission considers that the limitation to specific technologies is justified in line with point 78(c) of the Temporary Crisis and Transition Framework.

(c) The aid contract falls within the definition of a 'two-way contract for difference' under the meaning of footnote 117 of the TCTF (see recital (44)) for the following reasons. First, the contract will be signed between the beneficiaries that will build and operate the power facilities and the GSE, a public entity. Second, the contract provides a minimum remuneration protection, as the beneficiaries will receive a payment when market prices are below the strike price. Third, the contract provides a

([36]) Communication from the Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions, REPowerEU Plan (COM/2022/230 final).

limit to excess remuneration, as the revenues when market prices exceed the strike price will be transferred by the beneficiary to the Italian authorities. Fourth, the aid contract is designed in a way as to preserve incentives for the beneficiary to operate and participate efficiently in the energy markets. The beneficiaries will also sell all electricity on the market, being free to select the market timeframe (power purchase agreements, forward market, day-ahead market or intraday market). In particular, the Commission positively notes that only 95 % of electricity output will be covered by the two-way CfD, leaving the remaining 5 % exposed to market signals (see recital (45)). This contributes to maintaining market incentives for the efficient operation of the generation assets, including by rewarding installations which are installed in a manner more productive in high-price periods and incentivizing maintenance to occur in low-price periods. In the circumstances described in recital (55) above, aid will be granted based on the potential electricity output of the installation, calculated for each installation by ARERA to mirror the energy output under normal functioning conditions (see recital (54)). Consequently, the two-way CfD is set in relation with installation's energy output. In addition, the two-way CfD has a duration of 20 years after the start of operation of the aided installation (see recital (44)). Therefore, the measure complies with point 78(e) of the Temporary Crisis and Transition Framework.

(d) The Commission considers that, given the exceptional economic difficulties faced by undertakings as a result of the current crisis, it is generally true that in the absence of the aid, the beneficiaries would continue their activities without change, provide that continuing their activities without change does not entail a breach of Union law. As described in recital (5) in the absence of aid, the beneficiary would not carry out the project or would carry it out in a restricted or different manner. Consequently, the economic activity supported by the measure would not be undertaken. This counterfactual scenario is considered realistic and does not lead to a breach of Union law. Since in the absence of aid, the economic activity supported by the measure would not be undertaken, the Commission concludes that there is a need for the aid and an incentive effect. The measure therefore complies with point 78(o) of the Temporary Crisis and Transition Framework.

(e) Aid is granted under the measure on the basis of a scheme with an estimated capacity volume and budget (see recital (14)). The measure therefore complies with point 78(b) of the Temporary Crisis and Transition Framework.

(f) Aid will be granted by 31 December 2025 at the latest (see recital (16)) and the installations must be completed and be in operation within 36 months after the date of granting (see recital (56)). In addition, the measure includes an effective system of penalties in case this deadline is not met (see recital (56)). The measure therefore complies with point 78(d) of the Temporary Crisis and Transition Framework.

(g) The Italian authorities have submitted elements that confirm that the competitive bidding process allocating the aid will be open, clear, transparent, non-discriminatory and effectively competitive, based on objective criteria that are defined ex ante and that minimise the risk of strategic bidding and undersubscription (see Section 2.7.2). In addition, at least 70 % in the total selection criteria used for ranking bids has been defined in terms of aid per unit of energy capacity. Indeed, the ranking is based solely on price criteria, since it is formed based on the percentage reduction proposed by the applicant compared to its applicable reference tariff (see recital (38)). Italy has submitted elements that confirm that the volume tendered will be below the potential offer of projects (see recital (35)). In particular, the Commission notes that the power quotas will be set in such a way that the volume auctioned in each tender will be at least 10 % lower than the total volume that has received permits and for which an expression of interest has been received, thus ensuring the competitiveness of the auctions. In case of repeated undersubscription of competitive bidding processes, Italy commits to introduce remedies for any future scheme that it notifies to the Commission for the same technology (see recital (40)). The measure therefore complies with points 78(f)(i) and 78(g) of the Temporary Crisis and Transition Framework. On that basis, the Commission considers that the aid is limited to the minimum necessary. It can therefore be concluded that the aid is proportionate.

(h) Installations with an installed capacity equal or below 1MW will receive direct access to the aid (recital (42)). In this case, the aid is set administratively by the competent energy regulatory authority (see recital (42)). Italy confirmed that the overall aid amount does not exceed EUR 30 million per undertaking per project (see recital (56)). Therefore, the measure complies with point 78(h)(i) of the Temporary Crisis and Transition Framework.

(i) The aid is designed in such a way as to avoid undue distortions of the efficient functioning of markets and will preserve the effectiveness of incentives and price signals (see recital (44) and (45)). In particular, beneficiaries are not incentivised to offer their output below their marginal costs, and will not receive aid for production in any periods in which the market value of that production is negative, since in these periods the remuneration is based on the production capability of the installation rather than actual output (see recital (54) and (55)). In these periods, the installations above 1MW that wish to be remunerated based on production capability are required to place a bid in the balancing markets, however the bid price is not regulated and installations can decide not to participate in this market instead (see recital (55)), hence the Balancing Market is not unduly distorted. The measure therefore complies with point 78(i) of the Temporary Crisis and Transition Framework.

(j) Italy confirmed that aid under the measure is only granted with respect to newly installed or repowered capacity (see recital (32)). The measure therefore complies with point 78(l) of the Temporary Crisis and Transition Framework.

(k) Italy confirmed that aid under the measure may be cumulated with other State aid or with centrally managed funds for the same eligible costs, partly or fully overlapping (see recital (61)). The Commission notes that, in this case, the incentive tariff will be subject to a reduction to ensure that such cumulation does not result in exceeding 100 % of the expected net costs as defined in point 78(f)(ii) of the TCTF (see recital (65)). The measure therefore complies with point 78(m) of the Temporary Crisis and Transition Framework.

(l) Italy confirmed that it will ensure compliance with the ‘do no significant harm principle’ (see recital (31)), since all installations must be developed in line with all appropriate and applicable environmental and sustainability regulations and guidelines. The measure therefore complies with point 78(p) of the Temporary Crisis and Transition Framework.

(81) State aid measures that entail, by themselves, by the conditions attached to them or by their financing method a non-severable violation of Union law cannot be declared compatible with the internal market ([37]).

(82) Italy has confirmed that the proposed measures do not by themselves, or by the conditions attached to them or by their financing method constitute a non-severable violation of Union law (recital (59)).

(83) If the supported activity or aid measure or the conditions attached to it, including its financing method when it forms an integral part of it, entail a violation of relevant Union law, the aid cannot be declared compatible with the internal market ([38]). For example, in the field of energy, which is relevant in the case at hand, any levy that has the aim of financing a State aid measure and forms an integral part of that measure needs to comply in particular with Articles 30 and 110 TFEU ([39]).

(84) According to settled case law, for a levy to be regarded as forming an integral part of an aid measure, it must be hypothecated to the aid under the relevant national rules, in the sense that the revenue from the charge is necessarily allocated for the financing of the aid and has a direct impact on the amount of aid and, consequently, on the assessment of the compatibility of that aid with the common market ([40]). In particular, the concerned charge must be “*levied specifically and solely for the purpose of financing the aid at issue*” and must be “*necessarily allocated*” or “*wholly and exclusively*” allocated for the purpose of financing the aid at issue ([41]).

([37]) Judgment of 31 January 2023, Commission v Braesch and Others, C-284/21 P, EU:C:2023:58, paras, 96 et seq.

([38]) Judgments of 22 September 2020, *Republic of Austria v Commission*, C-594/18 P, EU:C:2020:742, paragraph 44 and of 30 November 2022, *Republic of Austria v Commission*, T-101/18, EU:T:2022:728, paragraphs 25 *et seq.*

([39]) Judgment of 17 July 2008, *Essent Netwerk Noord and Others*, C-206/06, EU:C:2008:413, paragraphs 40 to 59.

([40]) See judgment of 22 December 2008, *Régie Networks v Rhone Alpes Bourgogne*, C-333/07, EU:C:2008:764, paragraph 99 and case law cited.

([41]) See judgment of 22 December 2008, *Régie Networks v Rhone Alpes Bourgogne*, C-333/07, EU:C:2008:764, paragraphs 99, 100 and 104.

(85) In the present case, the scheme will be financed fully and exclusively by a levy imposed on electricity consumption as part of the electricity tariffs paid by final consumers, i.e. the general system charges, and in particular the ASOS component (see recital (60)). The ASOS component is also used to support other measures supporting renewable energy ([42]).

(86) Against this background, the Commission cannot exclude the existence of hypothecation between the levy and the aid awarded and has examined its compliance with Articles 30 and 110 TFEU.

(87) According to case law ([43]), a charge which is imposed on domestic and imported products according to the same criteria may nevertheless be prohibited by the Treaty if the revenue from such a charge is intended to support activities which specifically benefit the taxed domestic products ([44]). If the advantages which those products enjoy wholly offset the burden imposed on them, the effects of that charge are apparent only with regard to imported products and that charge constitutes a charge having equivalent effect to custom duties, contrary to Article 30 TFEU. If, on the other hand, those advantages only partly offset the burden borne by domestic products, the charge in question constitutes discriminatory taxation for the purposes of Article 110 TFEU and will be contrary to that provision as regards the proportion used to offset the burden borne by the domestic products.

(88) If domestic electricity production is supported by aid that is financed through a charge on all electricity consumption (including consumption of imported electricity), the method of financing, which imposes a burden on imported electricity not benefitting from this financing, risks having a discriminatory effect on imported electricity from RES and thereby may violate Articles 30 or 110 TFEU. However, in line with its decisional practice ([45]), the Commission considers the opening of the competitive bidding process to producers from other Member States and neighbouring countries as described in recitals (25) and (26) to remedy any potential discrimination against RES producers in other Member States, under Articles 30 and 110 TFEU.

([42]) See for example Commission Decision of 10 November 2023 in SA.107161 (2023/N) – Italy – RRF – Support for the promotion of agrivoltaic installations (OJ C, C/2023/1636, 27.12.2023) and Commission Decision of 22 November 2023 in SA.106777 – Italy – RRF – Support for the development of Renewable Energy Communities (OJ C, C/2024/1159, 30.1.2024).

([43]) Joined Cases C-128/03 and C-129/03 *AEM*, EU:C:2005:224; Case C-206/06 *Essent*, EU:C:2008:413, paragraph 42.

([44]) Joined Cases C-128/03 and C-129/03 *AEM*, EU:C:2005:224; Case C-206/06 *Essent*, EU:C:2008:413, paragraph 42.

([45]) See Commission Decision of 20 December 2021 in State Aid SA.58731 (2020/N) – Austria – Operating aid to electricity from RES in Austria, section 3.3.4; Commission Decision of 29 April 2021 in State Aid SA.57779 (2020/N) – Germany - EEG 2021, section 3.3.1.3; Commission Decision of 24 November 2021 in State aid SA.60064 (2021/N) – Greece - Greek RES and CHP scheme 2021-2025, section 3.3.12; Commission decision of 23 April 2019 in State Aid SA.50199 (2019/N) – Lithuania Support to power plants producing electricity from renewable energy sources, section 3.4.1; Commission decision of 29 March 2019, in Aide d'État SA.48601 (2018/N) – Luxembourg Production d'électricité basée sur les sources d'énergie renouvelables, modification du régime de soutien pour les énergies renouvelables au Luxembourg, section 3.3.8; Commission decision of 24 October 2014 in State aid No SA.36204 (2013/N) – Denmark Aid to photovoltaic installations and other renewable energy installations, section 3.4.

(89) Therefore, the Commission considers that the financing mechanism of the notified aid measure does not infringe Article 30 or Article 110 TFEU, and notes that there is no indication that the either the aid measure, or the conditions attached to it entail a non-severable violation of relevant Union law. The Commission therefore concludes that the requirements of point 33 CEEAG are fulfilled.

(90) In addition, the Commission has no indications of any possible breach of Union law that would prevent the notified measure from being declared compatible with the internal market.

(91) The Italian authorities confirm that, as required by point 51 of the Temporary Crisis and Transition Framework, the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (8)).

(92) Italy confirms that the aid granted under section 2.5 of the previous Temporary Crisis Framework cannot be cumulated with aid granted under the same respective sections of the Temporary Crisis and Transition Framework if it covers the same eligible costs (see recital (67)).

(93) The Italian authorities further confirm that aid under the measure may only be cumulated with other aid if the specific provisions in the relevant sections of the Temporary Crisis and Transition Framework, the previous Temporary Crisis Framework and the COVID-19 Temporary Framework and the cumulation rules in the relevant Regulations and applicable Communications are respected (recital (65)).

(94) The Italian authorities confirm that, as required by point 52 of the Temporary Crisis and Transition Framework, the aid under the measure will not be granted to undertakings under sanctions adopted by the Union, including but not limited to (see recital (19)):

(a) persons, entities or bodies specifically named in the legal acts imposing those sanctions;

(b) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the Union; or

(c) undertakings active in industries targeted by sanctions adopted by the Union, insofar as the aid would undermine the objectives of the relevant sanctions.

(95) The Italian authorities confirm that the monitoring and reporting requirements set out in section 3 of the Temporary Crisis and Transition Framework will be respected (recital (68)).

(96) The Commission has taken due consideration of the fact that the measure facilitates the development of certain economic activities and of the positive effects of that measure which contributes to speeding up the rollout of renewable energy in line with the REPowerEU Plan when balancing those effects against the potential negative effects of the measure on the internal market. The Commission

considers that the positive effects of the measure outweigh its potential negative effects on competition and trade and that the aid is compatible with the internal market pursuant to Article 107(3), point (c), TFEU since it meets all the relevant conditions of the Temporary Crisis and Transition Framework.

4. CONCLUSION

The Commission has decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3), point (c) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Teresa RIBERA
Executive Vice-President