

Session 1.5 State Aid for Energy Storage Deployment



Julia Majewska

European
Commission



**Emma
Menegatti**

Florence School of
Regulation



David Post

ENEL

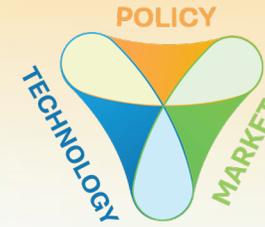


Moderator:

Patrick Clerens

Secretary General, Energy Storage Europe

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ENERGY STORAGE
Global Conference
Brussels, 14-16 October 2025

Julia Majewska

Case Handler at DG for Competition
European Commission



DG Competition and State aid control

- Enforcement of the competition rules in the Treaty on the Functioning of the EU.
- State aid is generally prohibited. Many exceptions to that rule in the energy sector:
 - Block exemptions e.g. under GBER (no notification needed). A member state must ensure compliance with State aid rules.
 - Notified aid e.g. under CEEAG, CISAF (the EC decision is necessary). It's important that the member state informs the EC before the official notification.
- DG Competition assess whether a measure is necessary, appropriate and proportionate, and its impact on competition and trade in the internal market.

Clean Industrial Deal State Aid Framework (CISAF)

from 25 June 2025

The Clean Industrial Deal State Aid Framework *simplifies the approval* of measures that contribute to accelerating the clean transition without undue distortions in the internal market



Legal basis: Article 107(3)(c) TFEU

Content: Replacing the temporary crisis framework (TCTF) and **complementing existing State aid rules** (incl. CEEAG, RAG, GBER), which remain available

Duration: Until 31 December 2030

Support for deployment of storage

Section 4.1. CISAF

Roll-out of renewable energy

- Investment aid for electricity storage and thermal storage (no OPEX support)
- Investment aid or direct price support for storage for renewable hydrogen, biofuels, bioliquids, biogas and biomass fuels

Section 4.3. CISAF

Non-fossil flexibility support schemes

- schemes open to non-fossil technologies capable of providing flexibility services (including storage and demand response - DR)
- flexibility Need Assessment report at national level (FNA)

Section 4.4. CISAF

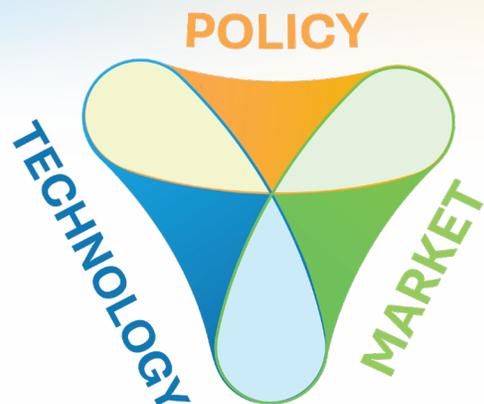
Capacity mechanisms following a target model

- strategic reserve and central buyer market-wide mechanism
- must be open to storage and DR
- a fast track approval
- needs based on ERAA

- ✓ Market reforms first (integration of storage and demand response in the electricity markets)
- ✓ Max 2 years duration for support in case non-fossil flexibilities are not integrated in electricity markets
- ✓ No discrimination between the technologies (importance of de-rating)
- ✓ Coordination of measures (e.g. joint procurement) to avoid overcompensation and over-procurement

Conclusions

- The European Commission recognizes the importance of energy storage in securing affordable and secure supply of clean energy in the EU.
- Deployment of energy storage projects must be supported by regulatory and planning certainty. State aid support schemes can help facilitating and de-risking investments but cannot replace the necessary legislative and regulatory reforms.
- The new State aid framework delivers simplifications and a fast-track approval for specific State aid measures that must be open to energy storage, while maintaining an efficient State aid control to preserve a level-playing field in the internal market.
- The new framework complements existing State aid tools. For example, CEEAG will remain applicable, so other designs can also be approved following the usual process.



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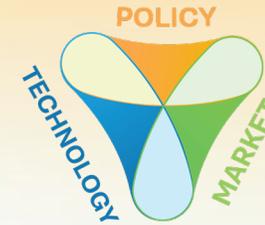


COMP-B2-B3@ec.europa.eu



[EU Competition](#)

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Emma Menegatti

Research Associate

Competition European Commission



Capacity markets

Holy grail for storage?

Capacity market



NEWS

BESS wins big in Poland's capacity market auction for 2029

According to *Energy-Storage.news*' analysis, of that 12GW, some 2.5GW of obligations were given to energy storage projects, most likely to be battery energy storage systems (BESS).

Belgian capacity auctions catalyze 1.1 GW of battery storage

ARCHIVE NEWS

France's low emissions Capacity Market auction gives contracts to 253MW of energy storage

By Andy Colthorpe
March 2, 2020

NEWS

Italy: BESS wins nearly 600MW of contracts in 2027 capacity market

By Cameron Murray
March 3, 2025

Menu FR | EN Rte

- **Auction 2** is the **balancing auction**. Its purpose is to increase demand if necessary (in the event of an anticipated deterioration in security of supply). This auction also offers a dedicated volume for decarbonised flexibility that cannot participate in auction 1, 4 years before the delivery period.

Payback Exemption



In its approval of the Belgian CRM, the European Commission decided that the **Payback Obligation** shall no longer be applicable to **DSM or energy storage capacities**. As a result, CMUs that consist completely of these technologies are no longer subject to the Payback Obligation.

Capacity markets

Are they enough?

For 4/5 CMs



storage facilities winning important shares of the tendered capacity (7). Italy submits that the role of batteries has been so far focused on short duration balancing and ancillary services, as the average duration of batteries awarded in the capacity markets is around four hours. However, longer duration storage capacity is needed to support



Another argument made by multiple respondents is that the CRM is mainly focused on adequacy and was not designed to compensate for flexibility and constraint management. Significant redesign would have to take place for the CRM to properly value the benefits that LDES brings to the system. As mentioned above, changing markets to incentivise something that they were not initially designed to would risk adverse impacts in other areas of the market. Only implementing



connection of new renewable sources. According to data provided by Polish Transmission System Operator at least 8 GWh of new storage capacity is needed at the level of the transmission system alone (4).



de soutien à la sécurité d'approvisionnement – le mécanisme de capacité – lequel s'attache à développer les capacités nécessaires à moyen ou long terme pour approvisionner la consommation d'électricité à la pointe. Cependant, les autorités françaises ont expliqué que dans son architecture actuelle, ce mécanisme ne vise pas le besoin de flexibilités décarbonées auquel la mesure s'attache à répondre, à savoir la variation de consommation intra-journalière (volume moyen d'énergie déplacé, au sein de la journée, des

Capacity market considered insufficient



Introduction of flexibility support scheme(s)



a Storage Support Scheme Auction in
DSO Demand Flexibility
Product Procurement
Decision Paper

Poland finalizes 5 GWh energy storage subsidy scheme

A total of PLN 4 billion (\$1 billion) will be distributed under the subsidy scheme by the end of 2025 in a bid to bring online more than 5 GWh of energy storage projects by 2028.

L'appel d'offres flexibilités décarbonées

Non-fossil flexibility support schemes



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Numerous early cases

Storage support - MWh

Storage support - MW

State Aid SA.64736 – RRF - Greece - Financial support in favour of electricity storage facilities

State Aid SA.102428 (2022/N) – Hungary
TCTF – RRF: Aid for energy storage facilities for the integration of weather variable renewable energy sources

State Aid SA.102761 (2022/N) – Romania
RRF – State aid scheme aimed at developing electricity storage in Romania

State Aid SA.106554 (2023/N) – Slovakia
TCTF - RRF - Slovakia: Investment support for electricity storage

Aide d'État SA.107352 (2023/N) – France : mesure de soutien aux flexibilités décarbonées de court terme en France par appels d'offres.

State Aid SA.114306 (2024/N) – Bulgaria
RRF and TCTF: State aid scheme to support the construction of stand-alone electricity storage facilities

State Aid SA.112460 (2024/N) – Poland
TCTF – RRF: Support for electricity storage and related infrastructure

State Aid SA.103068 – RRF – Spain: Support for innovative electricity storage projects

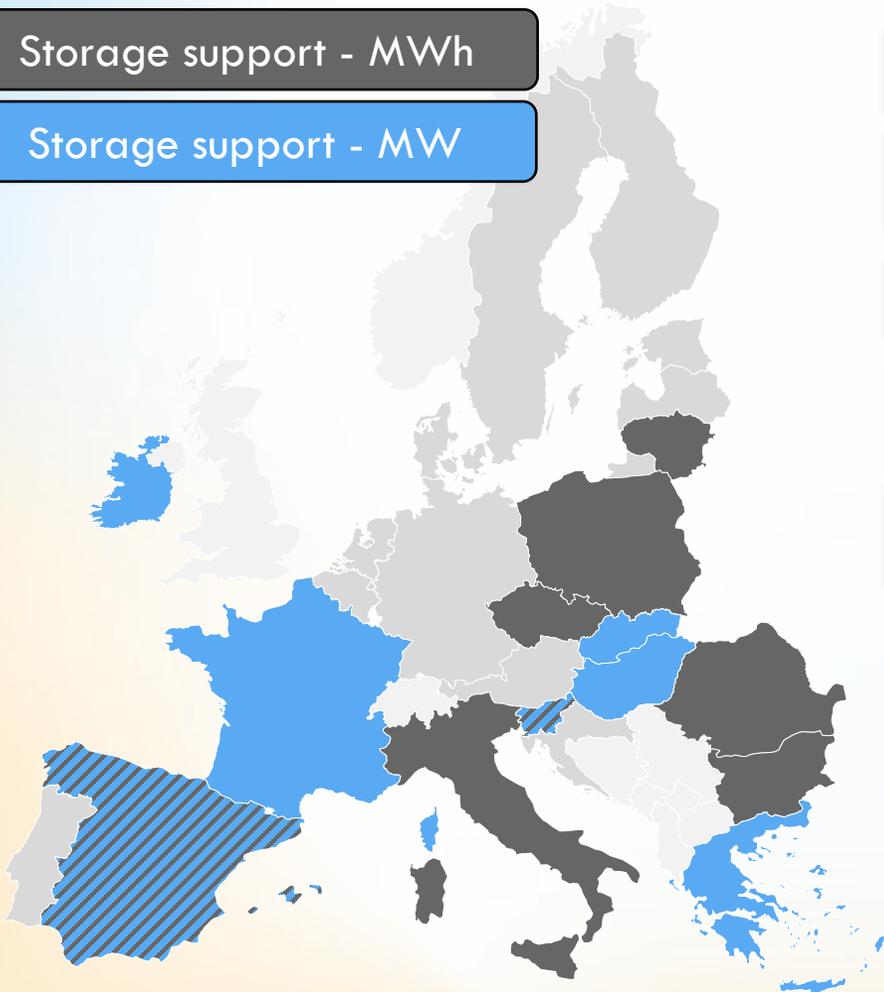
State Aid SA.115362 – Lithuania
TCTF: State aid scheme for investment support for electricity storage

State Aid SA.111647 (2024/N) – Slovenia
TCTF: Investment aid for accelerating the introduction of energy from renewable sources, storage and heat from renewable sources (amendment to SA.106613)

State Aid SA.117215 (2025/N) – Czechia
TCTF: Support for energy storage

State Aid SA.104106 (2023/N) – Italy
Support for the development of a centralised electricity storage system in Italy

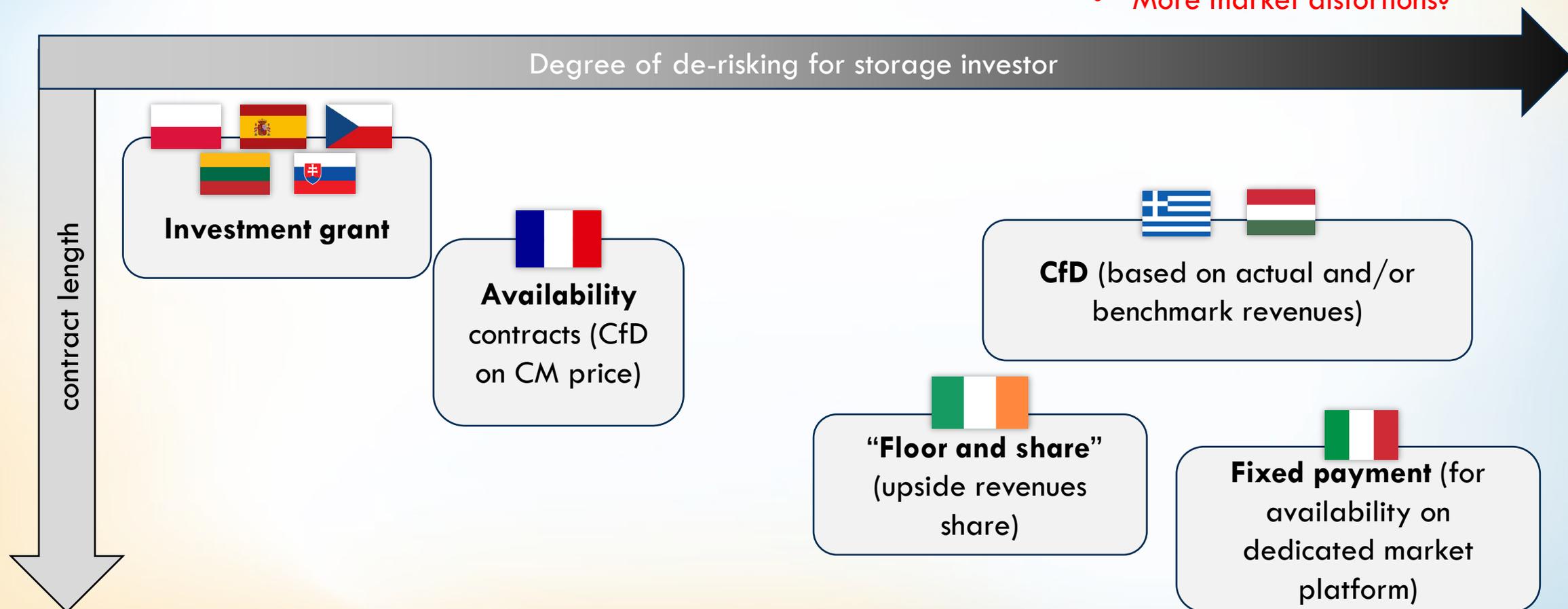
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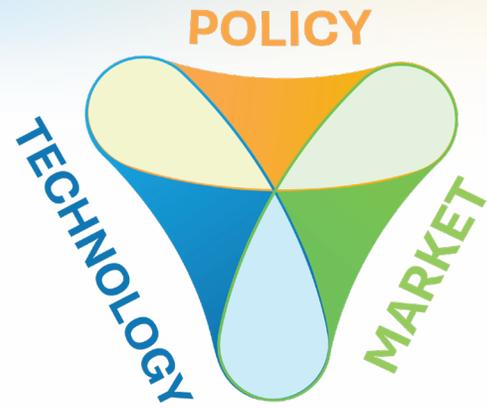
Non-fossil flexibility support schemes

Contract type is a tradeoff

- High de-risking for investor
- More risk borne by the State?
- More market distortions?



*The positioning of the schemes is purely illustrative and can be reevaluated based on specific design choices



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emma.menegatti@eui.eu



Emma Menegatti