



Aid for the transition towards a net-zero economy

Webinar

Ministry of the Economy

17/03/2025



- Draft specifications for the future call for proposals
- Survey



Draft specifications for the future call for proposals



➤ Legal framework

- Projet de loi 8462 instituant un régime d'aides en faveur de la transition vers une économie à zéro émission nette
- Scheme was notified to the Commission (SA.107987) based on section 2.6 of the Temporary Crisis and Transition Framework

➤ Objectives?

- Net zero in 2050
- Decarbonize Luxembourg's **manufacturing** industry through **electrification**

➤ When will the call start?

- Depending on law enactment
- After summer, only open during a short period of time
 - ➔ **preparation required in advance, companies should be ready by October**



➤ Targeted companies

- All manufacturing companies under **section C** of the NACE codes (C10-C33)

➤ General conditions to be respected

- Investment in Luxembourg
- Undertaking not in difficulty
- Aid not used to enable conformity with applicable Union environmental standards
- No capacity increase allowed (tolerance of 2%)



➤ Reduction of greenhouse gas emissions

- At least **40%** of direct CO_{2eq} emissions compared to current situation
- Current situation: **5-year** reference period
- Annual verification over **10 years** → yearly aid only disbursed if reduction target met
- For activities covered by the EU ETS: the aided project must lead to a reduction in the industrial installation's GHG emissions going below the relevant benchmarks for free allocation of allowances



➤ Granting procedure

- Competitive bidding → not all participants will receive a State Aid
- Undertakings will ask for a **total amount of aid** over the **granting period** (limited to **200 M€** per undertaking)
- Granting period: implementation time + 10 years operation
- Ranking criteria:
$$\frac{\text{Total amount of aid over granting period in €}}{\text{Total GHG reduction over 10 years in } tCO_{2eq}}$$
- Undertakings asking the lowest aid for a given environmental impact will be favored
- Granting done before end of 2025

➤ Total amount of aid

- Based on a **funding gap** calculation over the granting period
- **CAPEX** and **OPEX** costs are eligible
- The calculation method is presented in the survey



➤ Implementation

- Operational within **36 months** after the date of granting the aid
- Penalties applied if implementation time not respected

➤ Aid disbursement

- **45%** of eligible CAPEX costs will be disbursed during implementation
- Remaining part of the total amount of aid will be disbursed in **10 equal instalments** over a 10-year period, if yearly GHG reduction targets are met



Survey



- Survey open from 01/03/2025 to 30/04/2025

- Target
 - Encourage companies to prepare their application
 - Better understanding of potential projects
 - Some boundary conditions of the call still TBD

- Companies must complete the Excel file and send it back to:
fae@eco.etat.lu



Thank you