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# Exempting Renewable Demonstration from Notification to Simplify State Aid

General Block Exemption Regulation (GBER) Revision

## The EU must scale up innovative renewables to be competitive

The EU is the global leader in several innovative renewable energy technologies. Many are at the demonstration stage – the crucial step between early R&I and commercial rollout. The European Commission rightly identifies that “unlocking the full potential...requires removing investment barriers and achieving targeted public intervention”.<sup>1</sup>

State aid notification is one such barrier to both public intervention and private investment. Removing it for relatively small renewable demonstration projects would contribute to the EU’s simplification and competitiveness objectives. Exempting renewable energy demonstration in the GBER can substantially speed up the development of new technologies and help Member States meet the EU’s 5% innovative renewables target by 2030.<sup>2</sup>

## Innovative renewable technologies face market failures requiring direct policy intervention

Innovative renewables are pre-commercial, meaning that costs will reduce rapidly once more devices are built and deployed. The market price of electricity does not yet cover project costs or returns for investors. Revenue support (operating aid), such as through Contracts for Difference (CfDs) makes projects bankable and enables developers to secure finance from private investors. Such support is essential to deploy demonstration projects.

To leverage private investment and get to the industrial rollout stage, targeted public investment is essential. This tailored approach successfully scaled up wind and solar in Europe.

## State Aid rules stifle innovation and private investment

### State aid notification process deters Member States from backing innovation

In most cases, the state aid notification process is too administratively complex for comparatively small renewable energy demonstration projects.

Member States are afraid of notification – industry contacts with national ministries have repeatedly confirmed that the prospect of state aid notification is a strong deterrent against offering operating aid for innovative demonstration projects.

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<sup>1</sup> European Commission, [Progress on competitiveness of clean energy technologies](#), 2025, p. 21

<sup>2</sup> Directive (EU) 2023/2413 Renewable Energy Directive (REDIII), Article 3

Member States are rarely equipped with the resources and personnel to manage the process, especially regarding aid for first-of-a-kind projects. Often, regional governments with even fewer capacities need to support their national ministries.

The result is a lack of supportive national policies and missed opportunities to scale up new European industries.

### **GBER limits are too low, triggering notification for almost all demonstration projects**

The €30m limits on both investment and operating aid in the current GBER Article 4(1)(s) and 4(1)(v), when applicable to aid granted under Articles 41-43, are well below what is needed to finance most RES demonstration projects. This is proven by the scale of the support under the EU's Innovation Fund: 70% of the budget awarded for RES demonstration is in grants above €30m.<sup>3</sup>

Demonstration projects supported at national level are virtually impossible without state aid notification. The existing rules subject relatively small demonstration projects to the same notification process as multi-GW schemes and deter Member States from backing innovation.

### **Lengthy notification processes stifle innovation and delay projects**

When state aid is awarded, the entire notification process including preparation and pre-notification can take 2 years or longer. This long wait results in deep uncertainty for a company that already underwent a due diligence process at national level. SMEs and startups are particularly vulnerable to cash flow issues. Without timely approval, projects risk failure.

### **The EU's innovative sectors have a policy disadvantage versus other countries**

Countries like the US, UK, and China do not require state aid notification. As a result, they can bring innovations to commercial stage faster while luring EU companies to their markets.

For example, UK CfD schemes for both ocean energy and geothermal have already generated a pipeline of projects larger than the EU's (140MW and 12MW, respectively).

### **Simplification: Exempt renewable energy demonstration from notification**

An exemption would give Member States the flexibility to launch aid schemes tailored to their needs while contributing to EU energy, competitiveness, and simplification goals.

### **Aid for renewable demonstration creates only minimal distortion in energy markets**

By definition, demonstration projects are first of a kind, not full-scale commercial projects.<sup>4</sup> This minimizes any market distortion by aid granted to these projects. For example, a 50 MW demonstration project would be less than 0.005% of Europe's installed electricity capacity.

### **Simplification would free up Commission and Member State resources**

Exempting renewable energy demonstration projects from state aid notification would align with the Commission's simplification objectives. This would free up Commission resources to focus on large cases where significant market distortion is a real possibility. At national level, it would remove the administrative burden associated with notification.

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<sup>3</sup> EU Innovation Fund Projects Dashboard

<sup>4</sup> Regulation (EU) 2019/943 (Electricity Regulation), Article 2