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**Subject: State Aid SA.39515 – Finland
Individual aid to LNG infrastructure (Pori)**

Sir,

1. PROCEDURE

- (1) The Finnish authorities notified State aid for the Pori liquefied natural gas (LNG) infrastructure (the “Project”) on 22 July 2015 following pre-notification contacts.

2. DESCRIPTION OF THE MEASURE

2.1. Description of the Aid and Objective

- (2) The Finnish Ministry of Employment and Economy intends to grant investment aid with a value of EUR 23 441 500 for the development of a small scale LNG terminal near the Port of Pori in Finland with a size of 30 000 m³. The aid is granted from the budget of Finland.
- (3) Pori is situated in Satakunta region on the coast of Western Finland. This is one of the most energy intensive regions in Finland with a LNG potential for industry of approximately 165 000 tonnes annually. This estimation does not include the

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maritime or land transportation, for which the estimations are much more difficult. However, the total use of maritime fuels in ships sailing in the North and Baltic Seas Area and visiting ports in the Gulf of Bothnia is approximately 615 845 tonnes annually. This would mean approximately 408 000 tonnes of LNG. Nevertheless, the ship owners renew their fleet slowly and the necessary investments and conversions will have been carried out only to a fraction of the ships by 2020.

- (4) The Pori Port provides good opportunity to serve the neighbouring harbours for the bunkering vessels of LNG. The following additional harbours could be serviced by bunkering: Hanko, Turku, Naantali, Uusikaupunki, Rauma, Kaskinen, Vaasa and Kokkola.
- (5) The aid has the form of a direct grant and will be paid in tranches against actual costs according to the progress made in the development of the Project.
- (6) Finland confirmed that no aid will be granted until a positive decision is adopted by the Commission.
- (7) The Finnish authorities confirmed that the aid cannot be cumulated with other types of aid for the same eligible costs.
- (8) The Finnish authorities confirmed that they will suspend the payment of the aid if the beneficiary still has at its disposal an earlier unlawful aid that was declared incompatible by a Commission Decision (either concerning an individual aid or an aid scheme), until that beneficiary has reimbursed or paid into a blocked account the total amount of unlawful aid and incompatible aid and the corresponding recovery interest.
- (9) The legal basis for the aid is found in the General Terms of Granting LNG Terminal Support (707/2013) and in the Act on Discretionary Government Transfers (688/2001).
- (10) The main objective of the measure is the creation of alternative fuels infrastructure for maritime use, i.e. LNG fuelling stations for ships. The measure also has as objectives security of supply with of gas in Finland and environmental protection. Finland estimates that ultimately approximately 51 % of the LNG would be sold to the maritime industry; approximately one third to industry and more than 10 % to road transportation. Since there are still uncertainties about the evolution of the market and the division of the use of the terminal, the Finnish authorities will require from the beneficiary that by 2020 at least 20% of the LNG is sold for maritime purposes unless the beneficiary duly justifies that this is not possible.
- (11) The Finnish authorities explained that there are problems of coordination in the development of alternative fuels infrastructure for transport and especially for maritime transport. LNG users need to switch their technology for the use of LNG, but they are reluctant to perform the switch as the infrastructure for LNG fuelling is not in place. The switching investments can be quite substantial, costly and take a long time to be performed (up to two years). At the same time, the infrastructure is not developed because there is no demand to ensure that the investment would be recuperated. State intervention by way of State aid would help to break the problem chain.

- (12) The Finnish authorities also explain that there are uncertainties about the price of LNG in the future which also prevent the development of the market. The uncertainty is increased in the case of off-grid terminals that cannot supply gas to the gas grid. All the LNG customer base needs to be created from zero, while the LNG price needs to be competitive enough to incentivize the required switching investments.
- (13) The Finnish authorities consider that the above mentioned market failures are such that the financing of the Project cannot be ensured solely from tariffs meaning that State aid is necessary and justified.

2.2. Description of the Project

- (14) The Project aims at ensuring LNG supply for transport and enabling gas trading in areas not covered by the Finnish national grid. It is part of the plans of the Finnish authorities to develop an LNG infrastructure network of three to five small scale LNG terminals.
- (15) The LNG will be offloaded from the LNG tankers into the LNG container. From there, part of the LNG is vaporised into gas and supplied to the nearest industrial plant through one pipeline. The customers outside this pipeline will be serviced with LNG trucks. The maritime vessels can be serviced with bunkering vessels.
- (16) The Project will enable the LNG supply for maritime vessels and thus reduce the environmental burden of maritime transportation especially in the Baltic Sea. More than half of the LNG is planned to be sold to transportation sector (maritime and heavy transport) and the rest would be replacing other fossil fuels in industrial processes.
- (17) The investment would allow vessels, road freight and industrial companies to switch to LNG. LNG would be replacing mostly fuel oils and liquefied petroleum gases. According to the estimates submitted by the Finnish authorities approximately 27 % of the LNG will replace liquid petroleum gases and 73 % will replace oil products.

Emission reduction		
CO ₂	141 000	t/a
SO ₂	1 110	t/a
NO ₂ /NO _x	9 450	t/a
Particles	525	t/a

Table: Emission reductions

- (18) Most of the CO₂ emission reductions would be due to cleaner fuel use in maritime transportation (88 700 tn/a). The CO₂ reduction compared to heavy fuel oil is 30 %, for light fuel oil 25 % and for LPG's 15 %. The use of LNG does not emit SO₂ or particles and the reductions in NO₂/NO_x is 85 % compared to fuel oil. LNG has a significant potential as a low emission maritime fuel, provided appropriate measures are taken to prevent CH₄ slips.
- (19) The LNG terminal also paves the way for wider use of biogas in transportation, since the same infrastructure can be used for biogas in the future.

- (20) Although not connected to the gas grid, the Project will be subject to third party access and tariff regulation in accordance with the Directive 2009/73/EC of the European Parliament and of the Council¹. All relevant rules have been transposed into the Finnish legislation.
- (21) Skangas Oy is obligated to unbundle its gas trading arm from the ownership and operation of the terminal so that there is no cross-subsidization between the two, and third party access can be implemented.
- (22) The terminal will provide services for gas traders. The costs of the terminal are the investment costs including reasonable return and the operating costs. The revenues are the revenues/tariffs gathered from the users of the terminal - including Skangas itself - which will cover the operational expenditure ("opex") and the capital expenditure ("capex") plus the accepted rate of return.
- (23) When establishing the tariff, the amount granted as State aid will be deduced from the regulatory asset base, hence Skangas Oy will not benefit from the aid twice.
- (24) The operational lifetime of the terminal is 20 years which coincides with the depreciation period. However, part of the investment will have to be replaced earlier and depreciated faster.
- (25) The Finnish authorities submitted information regarding the estimated rate of return to be obtained by the owner and operator of the terminal, Skangas Oy, following the granting of the State aid: 7.5%. This rate is used as a benchmark in the calculations submitted by the Finnish authorities.
- (26) The tariffs to compensate for the investment costs for the use of the terminal are to be calculated in view of the final rate of return accepted for the Project and the percentage of use of the terminal. Calculations are done so that the net present value of the Project is 0. The Finnish authorities assumed that operating costs are covered fully with the tariffs.

100 % Capacity

Tariff level	€/tn	€/MWh
Without aid	[...]*	[...]
With aid	[...]	[...]

75 % Capacity

Tariff level	€/tn	€/MWh
Without aid	[...]	[...]
With aid	[...]	[...]

- (27) The rate of return is calculated on the basis of the Weighted Average Cost of Capital (WACC) applicable in Finland in the field of natural gas (TSO 6.20-7.50 % and for distribution 6.20-7.50 %) taking also into account the risks entailed by a new off-grid LNG terminal to be built in an undeveloped market.

¹ Directive 2009/73/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211, 13.092009, p. 94)

- (28) The Finnish authorities maintain that the Commission has already accepted similar rates of return for LNG terminals (7.37 % for Świnoujście, Poland and 7.09 % for Klaipeda, Lithuania). However, according to the Finnish authorities the risks entailed by such projects are much lower due to the fact that they are connected to the gas grid.
- (29) The tariff level represents an average level over the lifetime of the Project. In the beginning the tariff level is much higher due to low usage rate of capacity and high capex costs. As the usage rate of capacity increases the tariff level will decrease. The aid will decrease the amount of tariff needed from the users of the terminal and thus the aid will significantly decrease the tariffs. However, if the LNG market does not evolve as expected, the tariffs will be higher as the usage rate of the terminal will remain low.
- (30) The discounting rate used in the funding gap calculation is 1.53 % which is the base rate of Finland at the time when the Project was selected plus 100 basis points.

2.3. Beneficiaries

- (31) The direct beneficiary of the aid is Skangas Oy as the owner and developer of the terminal.
- (32) Skangas Oy is the Finnish subsidiary of the Norwegian Skangass AS. It is ultimately held by Gasum Ltd in a proportion of 51 % and by Lyse Energi AS in a proportion of 49 %.

2.4. Financing

- (33) The Finnish authorities show that the beneficiary had applied for investment costs of EUR 81.02 Million out of which they would consider eligible in accordance with the applicable legislation the amount of EUR 78 138 465.

Buildings	4 319 000	€
Land and excavation works	5 197 000	€
Machinery and equipment	59 629 000	€
Planning and other costs	8 993 465	€
Overall	78 138 465	€

- (34) In addition the company has to invest in distribution in total of EUR 21 100 000. Therefore the total investment costs of the project are EUR 102 119 465.
- (35) The Finnish authorities plan to grant aid in amount of EUR 23 441 500, which represents 30 % of the eligible investment costs. The aid amount is based on several factors and represents, according to the calculations of the Finnish authorities, an aid level which has a sufficient incentive effect to launch the investment, but would not overcompensate the company.
- (36) In order to determine the amount of aid the Finnish authorities conducted a sensitivity analysis on the basis of the estimated used capacity and the LNG price.

- (37) The eligible costs are verified when the payments of the aid are made. The aid is paid only against the realized costs and the competent verifying authority has to check the borne costs of the total eligible investment costs.
- (38) The aid covers less than 1/3 of the Project's investment costs and thus creates for the beneficiary an incentive to drive down the costs. Furthermore, the aid has been limited by the percentage of the eligible costs as well as total sum. Therefore, if the total eligible costs are higher than stated in the aid decision, the aid amount would not increase and the percentage of the aid would drop.

2.5. Competition Aspects

- (39) According to the Finnish authorities, the new port infrastructure will not result in a substantial distortion of competition at European and international level.
- (40) The Project will serve mainly the future demand for LNG for maritime use. However, the current LNG terminals in the North and Baltic Seas Area are mostly meant to provide natural gas to the national gas grids and the existing maritime demand is very low at the moment.
- (41) At the moment, there are some large scale LNG terminals which dominate the markets in terms of capacity and several smaller terminals. The largest two terminals (Zeebrugge and Rotterdam) account together for more than 50 % of the current capacity (including the terminals under construction). However, these terminals may be partly providing the LNG to the Pori terminal and thus do not necessarily compete directly with it or with other future Finnish terminals. They may even benefit from the increased supply of LNG in the North and Baltic Seas Area.
- (42) As part of its plans to develop a network of small LNG terminals, Finland has pre-notified to the Commission its plans to grant aid to another small scale LNG terminal in the same area as Pori and which will compete directly with Pori.
- (43) The Pori terminal would have a market share of 2 % if the calculation includes the operational terminals and the ones that are in construction. With the Pori terminal, Skangas would have less than 5 % market share in the North and Baltic Seas Area. Together with its affiliates and taking into account all planned terminals, its market share would reach 17.1 %. The calculation, however, does not take into account expansion plans of other companies and terminals in the United Kingdom and Norway (other than Fredrikstad), thus, the estimated market share of Skangas and its affiliates would be much lower.
- (44) Finland submitted also a series of information regarding the current market for traditional shipping fuel, for traditional land transport fuels and for oil based fuels used by the off-grid industry in Finland. As the aid will incentivize the use of LNG, this will have an impact of the market for traditional fuels, in particular heavy fuel oil.
- (45) The region where the Project will be developed is one of the most energy intensive regions of Finland due to the development of different industries. The Finnish authorities, however, indicated that most of the possible industrial on-shore LNG users will not be electricity producers and, therefore, the aid does not affect the electricity market.
- (46) According to the Finnish authorities, there is currently no LNG supplied in Finland and therefore there is no LNG market that could be distorted.

3. ASSESSMENT OF THE MEASURE

3.1. Existence of aid

- (47) Article 107(1) TFEU stipulates that "*any aid granted by a Member State or through state resources in any form whatsoever, which distorts or threatens to*

distort competition by favouring certain undertakings or the production of certain goods and affects trade among Member States, is incompatible with the internal market".

(48) It follows that, for a measure to be qualified a State aid within the meaning of Article 107(1) TFEU, the following cumulative criteria must be met. The measure must:

- be granted by the State or through State resources,
- confer an advantage on the recipient undertaking(s),
- favour certain undertaking or the production of certain goods (selectivity),
- distort or threaten to distort competition and affect trade between Member States.

(49) In the present case, the existence of State aid must be examined at the level of Skangas Oy, who is the owner and operator of the infrastructure, and at the level of the terminal users, i.e. gas traders and final LNG users.

3.1.1. Existence of aid at the level of the Skangas Oy

3.1.1.1. State resources and imputability

(50) As indicated above, the entire sum of EUR 23 441 500 for the financing of the Project will be from public resources (direct grant from Finnish Ministry of Employment and Economy) .

3.1.1.2. Economic advantage

(51) The Commission notes that the public financing to be provided for the Project by the Finnish authorities clearly confers an economic advantage on Skangas Oy insofar as the measure partially covers the investment costs that Skangas Oy would otherwise have had to bear to realise the Project.

(52) The Commission also notes that the financial assessment included in the cost benefit analysis shows that if the Project would not receive State aid, the tariffs set would be too high as to ensure a proper utilization rate for the investment to be recuperated. It is, thus, unlikely that Skangas Oy could obtain the financing necessary for this investment on the market without any State support.

(53) It therefore follows that the measure confers an economic advantage on Skangas Oy.

3.1.1.3. Selectivity

(54) As the public financing for the project is granted specifically to Skangas Oy, the measure is selective in nature.

3.1.1.4. Effect on competition and trade between Member States

- (55) According to the case-law², when financial support granted by a Member State strengthens the position of an undertaking compared to other undertakings competing in intra-Union trade, the latter must be regarded as affected by the aid. Therefore, the measure has an effect on trade between Member States and distorts competition.
- (56) As described above, there is likely to be an impact on the competition between LNG terminals and between gas sources. It can be assumed that the measure affects competition for LNG for shipping and land transport and for fuels used in industrial processes. In particular, with the realisation of the Project, the Pori Port will attract ships in the area for refuelling.
- (57) At the level of the industry around the terminal, the Project might lead to a fuel switch from the currently used heavy fuel oil to LNG. LNG could also replace to a certain extent traditional fuel in land transport.
- (58) The State aid will enable Skangas Oy to build the infrastructure, which is likely to strengthen its position vis-à-vis other competing LNG terminal operators in Finland and other North and Baltic Seas Area Member States insofar as due to the aid, the terminal can offer refuelling service to shipping companies in the Pori Port and thus attract traffic. An impact on competition is therefore likely.
- (59) Trade between Member States could also be affected, since the ships can refuel, depending on their size, also in neighbouring countries all around the North and Baltic Seas. An advantage granted to an LNG terminal operator in an EU Member State is likely to enhance its ability to compete with other LNG terminal operators in the EU to attract traffic and reinforce its market position.

3.1.2. Existence of aid at the level of the gas trading companies

- (60) With regard to the gas trading companies, the Commission notes that they shall enjoy equal and non-discriminatory access to the LNG infrastructure where Skangas Oy will charge them on the basis of regulated tariffs. Consequently, all gas traders can use the terminal as allowed by available capacity and each of them at the same tariff that will be regulated. In view of this, the public funding of the construction of the terminal does not confer any selective advantage in favour of the gas traders and, therefore, such users do not benefit from State aid within the meaning of Article 107(1) TFEU.

3.1.3. Existence of aid at the level of on-shore LNG customers

- (61) An important percentage of the LNG will be sold for land transport and on-shore industrial users. As mentioned above in recital (3), the Satakunta region, where the Project is located, as it is located near a harbour, is one of the most energy intensive regions in Finland with a LNG potential for industry of approximately 165 000 tonnes annually. As this region is not connected to the gas grid, industrial

² T-288/97 - Regione autonoma Friuli-Venezia Giulia v Commission, ECLI:EU:T:2001:115, point 41, C-518/13 – Eventech, ECLI:EU:C:2015:9, point 66

users currently use fuel oils such as heavy fuel oil. LNG could be supplied to them by pipes and by trucks.

- (62) These companies will be able to benefit from the LNG due to the Project if they are willing to undertake the technological upgrades enabling them to use LNG. However, all such companies will be able to benefit in a non-discriminatory manner from the LNG. Therefore any indirect benefit deriving from the aid to the Project would not be selective.

3.2. Compatibility assessment

- (63) To the extent that the notified measure amounts to State aid, it must also be assessed if that aid is compatible with the internal market.
- (64) The Commission notes that the financing of alternative fuels infrastructure is covered neither by the current Guidelines on State aid for environmental protection and energy 2014-2020 (hereinafter "the EEAG 2014") nor by the Community Guidelines on State Aid to Maritime Transport 2004.
- (65) The EEAG 2014 might be considered not to apply, since they explicitly exclude aid for maritime transport infrastructure and the Project will serve mainly as maritime transport infrastructure since more than 50 % of the LNG will be ultimately sold for shipping.
- (66) The Community Guidelines on State Aid to Maritime Transport 2004 do not apply since the investment is not for maritime transport activities as defined by Council Regulation 3577/92/EEC³.
- (67) The Commission will therefore assess whether the aid can be considered compatible with the internal market on the basis of Article 107(3) TFEU. Should the EEAG be considered to apply due to the fact that the Project is not considered to constitute a maritime transport infrastructure, the Commission has, alternatively, also assessed the Project in accordance with the principles provided therein.

3.2.1. Assessment under the Treaty

- (68) According to established practice, the appropriate legal basis for assessing compatibility of the State aid to port infrastructure is Article 107(3)(c) of the Treaty. In keeping with that practice, it should therefore be examined if the aid in question:
- meets a clearly-defined objective of common interest,
 - is necessary, appropriate and proportionate for achieving this objective,
 - does not affect competition and trade between Member States to an extent contrary to the common interest.

³ Council Regulation (EEC) No 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage) (OJ L 364, 12.12.1992, p. 7)

3.2.1.1. Objective of common interest

- (69) The above elements indicate that the Project contributes to an objective of common EU interest.
- (70) The measure can be seen in context with the Directive 2014/94/EU of the European Parliament and of the Council⁴. The Directive aims at ensuring the build-up of alternative fuels infrastructure as part of a sustainable fuels strategy and the implementation of common technical specifications for this infrastructure in the Union. The preamble of the Directive recognizes the importance of LNG, in particular, for maritime use as an alternative to low sulphur fuels for decreasing the air pollution from sulphur oxides (SO_x) in the EU Emission Control Areas as required by Directive 2012/33/EU of the European Parliament and of the Council⁵ which affects half of the ships sailing in European short sea shipping. Directive 2014/94/EU further calls for the development of a network of refuelling points for LNG for maritime use and for land transport.
- (71) Although the Pori Port is not part of the TEN-T Core Network, the terminal still serves the purposes described above even in lack of any obligations for Finland to ensure the development of such terminal.
- (72) The measure, therefore, contributes to the development of alternative fuels infrastructure.
- (73) Finland is currently dependant on only one source of natural gas which is used in the areas where a gas network exists. Due to the geographical specificities of Finland an extension of the gas network is not feasible. There are no LNG terminals currently in Finland. Therefore, the envisaged network of three to five small scale LNG terminals would add new sources of gas and would ensure a gas infrastructure on the coast of Finland contributing to the security of gas supply.
- (74) Furthermore, the significant reduction of emissions clearly goes towards the environmental objectives of the EU on the improvement of the air quality through the reduction of air pollutants from shipping.

3.2.1.2. Necessity, appropriateness and incentive effect

- (75) The Commission notes the existence of market failures as regards the development of LNG terminals, in particular as regards the development of small scale LNG terminals that are not connected to the gas grid as explained by the Finnish authorities (recitals (11) to (13)). The development of such infrastructure is clearly affected by problems of coordination and by the uncertainty of the evolution of LNG prices.
- (76) The market failures prevent the full financing of the Project on the basis of tariffs which would simply be too high so as to incentivize the use of LNG. There would be no customers that would switch from heavy fuel oil to the use of LNG.

⁴ Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure (O.J. L 307, 28.10.2014, p. 1).

⁵ Directive 2012/33/EU of the European Parliament and of the Council of 21 November 2012 amending Council Directive 1999/32/EC as regards the sulphur content of marine fuels (OJ L 327, 27.11.2012, p. 1).

Therefore, State aid is necessary so that the LNG terminal is constructed and used in order to ensure the accomplishment of the objective of common interest described above.

- (77) The fact that there is currently no LNG terminal in Finland shows how significant the market failures described above are in preventing any fully private investment from coming forward.
- (78) Bearing in mind the above, the Commission notes that Skangas Oy would also not carry out the Project without the State aid.
- (79) The planned aid has an incentive effect because it changes the behaviour of the beneficiary, i.e. it ensures that the LNG terminal is being constructed.
- (80) The Commission concludes that the aid is necessary and appropriate and it has an incentive effect.

3.2.1.3. Proportionality

- (81) A State aid measure is proportional if the measure is designed in a way that the aid as such is kept to the minimum.
- (82) The Commission notes that according to the calculations submitted by the Finnish authorities the aid intensity concerning the Pori LNG terminal is planned to be 30% of the eligible investment costs. This means that the owner will have to finance the remaining 70%, being in its interest to keep investment costs as low as possible. The aid is also capped in terms of amount, meaning that the Finnish authorities will not pay more than the established amount. In addition, the aid is paid according to the works already conducted only on the basis of a verification of costs.
- (83) The Commission notes that the appropriate aid intensity was determined by the Finnish authorities on the basis of sensitivity analysis taking into account the possibilities for the use of the terminal capacity and available estimations regarding the LNG prices and market. The analysis yielded the minimum amount of aid that would incentivize the investment meaning that the tariffs would be set at such a level as to ensure a sufficient estimated utilization rate so as to allow Skangas Oy to take the investment decision.
- (84) For the purposes of State aid assessment, bearing in mind the arguments put forward by Finland and the abovementioned case practice, the Commission considers that all investment costs, as defined by the Finnish legislation, might be deemed to be eligible as in the absence of mandatory national or EU environmental and technological standards and in the light of the specific nature of the planned infrastructure, no comparable investment would credibly be realised without aid by any undertaking.
- (85) In conclusion, the Commission considers that the aid is proportional and necessary to make the project feasible.

3.2.1.4. No distortion of competition contrary to the common interest

- (86) As already mentioned in Section 3.1.1.4 above, the State aid at stake is liable to distort competition and trade between Member States. However, the Commission considers that the distortion is minimised and is not contrary to the common interest pursued by the measure.
- (87) In this respect the Commission observes that the Project will distort the market for traditional fuels both for shipping, and for land transport and industry to the extent these are replaced by the LNG. However, this effect ensures the contribution of the aid to the objective of common interest, i.e. it ensures that more alternative fuel is available.
- (88) It must be taken into account that the Project can serve as a best practice example for other small scale LNG terminals in Finland ensuring that there is competition between terminals and that, at the same time, they eventually create a network for LNG.
- (89) Taking all the above into account, the Commission concludes that the aid for this project does not affect competition and intra-EU trade to an extent that would be contrary to the common interest.

3.2.2. *Alternative assessment under the EEAG 2014*

- (90) In addition to the development of alternative fuels infrastructure, the Project represents an energy infrastructure that will bring a new source of gas into Finland. Together with the rest of the small scale LNG terminals Finland intends to incentivize, the Project will form a network of LNG terminals capable of both receiving LNG and transporting LNG between them. In accordance with Section 3.8.1. of the EEAG 2014, the Commission considers that energy infrastructure is beneficial to the internal market and, thus, contributes to an objective of common interest.
- (91) As described above in recitals (75) to (77), there are problems of coordination as regards the emergence of LNG terminals and, especially, of off-grid LNG terminals. To this effect, there is currently no LNG terminal in Finland which is dependent on only one source of gas.
- (92) The Project is subject to tariff regulation and third party access rules.
- (93) The Project contributes to the Union's security of supply as it ensures a different source of gas in Finland. The Project also strengthens the LNG terminals network in the North and Baltic Sea Area.
- (94) The Commission therefore concludes that the Project is necessary as it meets the requirements described in Section 3.8.2. of the EEAG 2014.
- (95) The aid takes the form of investment aid and ensures that the Project is built. Without the aid, the tariff level of the Project would be so high that they would deter potential customers from investing into their installations so that they can use the LNG. The aid is therefore appropriate and has an incentive effect in accordance with Sections 3.8.3. and 3.8.4. of the EEAG 2014.

- (96) As described above in recitals (81) to (85), the Commission considers that the aid is proportional.
- (97) The Project is subject to internal market regulation and therefore, in accordance with Section 3.8.6. of the EEAG 2014 it does not lead to undue negative effects on competition and trade.
- (98) The Project, therefore, meets all the requirements for aid to energy infrastructure as provided by the EEAG 2014.

3.3. Conclusion

- (99) On the basis of the foregoing findings, the Commission concludes that the notified State aid is compatible with the internal market pursuant to Article 107(3)(c) TFEU.

4. CONCLUSION

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

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Stateaidgreffe@ec.europa.eu

Yours faithfully
For the Commission

Margrethe VESTAGER
Member of the Commission