

Oil company turns to EU Commision against the Estonian state for allowing illegal state aid and damaging EU-s environmental goals

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Oil company Terminal accuses the Estonian state for allowing the largest oil market participant in the region to breach environmental requirements, damaging the goal of the European Union to move towards more environmentally friendly transport as well as distorting competition in the market.

Tallinn, Estonia, 18 November 2024

Head of AS Terminal, Rauno Raudsepp, submitted a complaint to the EU Commission, asking the EU Commission to assess and recover alleged illegal state aid given to domestic automotive fuels market competitor, AS Olerex, that resulted in an unfair competitive advantage and significant cost savings.

The complaint claims that the Estonian state has provided illegal state aid to Olerex, allowing it to escape from the obligation to use renewable energy in transport. This is both damaging to the goal of the European Union to move towards more environmentally friendly transport as well as distorting competition in the market.

The Estonian state has enabled Olerex to gain a roughly estimated benefit of up to €35 million per year in savings resulting from not having to comply with environmental requirements on the use of biofuels, as estimated by the Estonian Transport Fuels Union, with up to an additional €20 million per year in fines that the Estonian state has not yet applied. Supervising the performance of the biofuel obligations and fulfilling renewable energy requirements is the role of of the Estonian Environmental Board, Tax and Customs Board and central government.

As a result of these savings Olerex has been able to increase market share and profits at the cost of competition. This means lower competition between market participants and higher fuel prices for certain consumer segments.

The Estonian government has publicly cited procedural complexities as a reason for not fining Olerex or fining insufficiently for several breaches of the biofuel obligation from 2021 to 2023, which the claimant states is both unfair and unlawful. „Making sure that the applicable regulation works effectively is a core function of the state and certainly the Estonian government cannot use its own failure as an excuse for illegal state aid,” says **Raudsepp**.

“The beneficiary has managed to avoid fines, despite the Estonian state confirming the failure of Olerex to comply with biofuel obligation in the transport sector. Rather than ensuring that the regulation applies to Olerex and Estonia contributes to the renewable energy goals as any other EU Member State, Estonia has taken a favorable stance regarding Olerex, confirming that ordering Olerex to comply with the legal obligations is not possible,” states **Raudsepp**.

AS Terminal (formerly AS Tartu Terminal) is an Estonian fuel sales company founded in 1994. The company considers the beginning of its activity in 1968. It operates 45 service stations, developing national wide fast charging network for electric vehicles and has 330 employees.

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