IMPACT ASSESSMENT OF THE RECOMMENDATIONS MADE IN THE REPORT ON AID GRANTED UNDER THE MOVES III PLAN (PRO/CNMC/003/21)

EI/03/2023

I. INTRODUCTION

The CNMC, pursuant to its powers under Article 5 of Law 3/2013, of 4 June 2013, issued a report (PRO/CNMC/003/21) in April 2022 to recommend changes to the regulations governing the MOVES III Plan, aimed at promoting the purchase of electric vehicles and the implementation of the necessary charging infrastructure. Royal Decree 266/2021 approving the MOVES III Plan defines the general framework of the programme for its subsequent development by Spain's autonomous communities and cities. The regional programmes, financed by the Next Generation EU funds, are endowed with an initial joint amount of 400 million euros, subject to increase.

The action is related to the green car industry, which is of great importance to Spain. On the one hand, electric and hybrid vehicles are less polluting than those powered by fossil fuels. Therefore, this contributes to the fulfilment of the environmental objectives set out in several commitments at both the national and international levels. On the other hand, the automotive industry has a significant economic impact, with Spain being the second-largest producer of vehicles in Europe and the eighth-largest producer worldwide (Spanish Association of Automobile and Truck Manufacturers -ANFAC-, 2022).

Royal Decree 266/2021 provides for two aid schemes:

- Incentive Scheme 1: aimed at the purchase of electric vehicles. It has been notified to the European Commission as block-exempted aid (SA.62820). It includes the purchase of fully electric, fuel cell or plug-in hybrid passenger cars, motorbikes, vans and quadricycles[1]. This is without prejudice to the fact that, for certain types of recipients, the Royal Decree considers that the de minimis aid rules apply[2].

[1] Throughout this report, reference will be made to the vehicles covered by Incentive Scheme 1 as environmentally friendly vehicles or green vehicles.

[2] The de minimis rule is a principle of EU competition policy applied to State aid, as set out in Regulation 1407/2013. This principle considers that small amounts of State aid have no impact on the internal market. It concerns aid granted to a single undertaking for a certain period of time and is particularly useful for SMEs. De minimis aid may not exceed a fixed amount (from 1 January 2024, it will be EUR 300,000 for 3 years – Regulation (EU) 2023/2831), and does not need to be notified to the Commission for approval. It is important to note that the de minimis rule does not apply to all forms of State aid (e.g., it does not apply to the road haulage sector or to aid conditional on the use of domestic rather than imported products).

- Incentive Scheme 2: aimed at the implementation of electric vehicle charging infrastructure. It has been notified to the European Commission as block-exempted aid (SA.62821). Electric vehicle charging infrastructure may be either public or private. Additionally, in the case of homeowners' associations, the necessary wiring for the electrical pre-installation and communications service for smart electric vehicle charging is also eligible. This is without prejudice to the fact that, for certain types of recipients, the Royal Decree considers that the de minimis aid rules apply.

In the design of these schemes, ten autonomous communities imposed supply requirements. According to these requirements, the purchase of the vehicle must take place at a dealership located within the territory of the autonomous community from which the aid is requested[3]. This requirement fragments the national market and limits competition in the distribution of environmentally friendly vehicles, as buyers lose incentives to purchase vehicles outside the autonomous region where they reside. In report PRO/CNMC/003/21, the CNMC recommends that autonomous communities avoid territorial requirements on intermediaries for the MOVES III Plan aid for the purchase of green vehicles and allow buyers to apply for the aid directly to the relevant administrations, without having to process the application through the dealer.

This impact assessment study analyses the degree of compliance and the impact on the economy of the recommendations from report PRO/CNMC/003/21, using the methodology developed by KPMG and VVA in the ex-post analysis of actions to promote competition and market unity (EI/01/21), funded by the European Union through the Technical Support Instrument.

The CNMC is committed to the ex-post analysis of competition advocacy actions, specifically analysing the degree of compliance with competition advocacy recommendations and the potential impact of previously selected actions, as established in Strategic Line 7 of the 2023 Action Plan.

II. ASSESSMENT OF THE CNMC'S ACTIONS

II.1. RELEVANCE

In order to assess the CNMC's actions, it is important to analyse the **relevance of the automotive industry**, concerned by the aid measures described above.

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[3] These autonomous communities are: Asturias, Cantabria, Castile and León, Catalonia, Valencia, Balearic Islands, Madrid, Murcia, Navarre and the Basque Country.

Within this sector, it is crucial to differentiate between the different activities or sub-sectors that will be the focus of this assessment: the manufacture of motor vehicles (CNAE code 29), and the sale and repair of motor vehicles (CNAE code 45), a sub-sector directly impacted by the measures of the MOVES III Plan. However, if all indirect effects (distribution, insurance, financial institutions, etc.) are considered, the automotive industry is of great importance for the Spanish economy, accounting for around 10% of the GDP (ANFAC, 2022), with Spain being the second-largest producer in Europe, behind Germany (Montoriol, J. and Díaz, S., 2021). Nevertheless, in recent years, certain events have had a negative impact on the sector, such as the Covid-19 pandemic, the war in Ukraine and the increased inflation, which have caused significant bottlenecks in international trade, thus affecting the automotive industry (supply chain disruptions, chip shortages, etc.).

Despite this, and according to data from ANFAC's annual report (2022), the turnover of car manufacturers in 2022 exceeded 70 billion euros (a 16% increase over the previous year), with a net profit of more than 765 million euros[4]. As for distribution, according to DBK's sectoral report, in 2020 (the last year with available data) the total turnover of car distribution companies (dealers) in Spain exceeded 25.8 billion euros. This was during a year marked by the negative effects of the pandemic, which had a major impact on the sector.

With regard to the business structure of the automotive industry, according to data from the National Statistics Institute (INE), in 2022, there were more than 76,400 companies operating in Spain, of which 1,650 were manufacturers, 16,650 were involved in the sale of motor vehicles, 44,600 in maintenance and repair, 9,700 in the trade of spare parts and accessories, and 3,850 in the sale, repair and trade of motorbike accessories.

In terms of employment levels, the manufacturing and motor vehicle sales and repair sub-sectors of the automotive industry collectively account for around 3% of total employment in the Spanish economy, with more than 2 million people employed in 2022. Of these, 60% belong to the motor vehicle distribution and repair sector, with an average gross salary of around 24,400 euros, compared to 29,900 euros in the manufacturing sector. It is a highly fragmented industry, with only 184 of the total number of companies having more than 200 employees, which means 5.8% of the total number of manufacturers and 0.31% of distributors (INE).

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[4] Taking into account car manufacturers and companies associated with ANFAC.

Furthermore, there is a significant geographical dispersion, as five autonomous communities (Andalusia, Madrid, Catalonia, Valencia and Galicia) account for 64% of all manufacturing companies, which also represent 68% of all companies with more than 200 employees. These five regions also lead in the number of car sales companies, although, in this case, Madrid, Catalonia and Andalusia alone account for 71% of the distribution companies with more than 200 employees, according to the INE.

It should be noted that in recent years, **the motor vehicle distribution sector has undergone a major transformation** (García, 2021). Traditionally, the distribution sector operated under dealership contracts between brands and their franchisees or sales outlets. The legislation in force until 31 May 2023 was Regulation (EU) 330/2010, which included restrictions on vertical agreements and prevented brands from selling directly to consumers (PWC, 2022). However, in May 2022, the European Commission adopted new competition rules applicable to distribution agreements, which came into effect on 1 June 2023, allowing brands to sell directly to consumers.

As a result, companies such as BMW or Tesla are entering into agency agreements, which allow brands to sell directly to consumers (Garcia, 2021). Dealers under this contract no longer buy and resell vehicles, but act as agents on behalf of the brands. These agreements increase the brands' control over the sale of their products and may lead to changes in the market structure by reducing the role played by independent dealers.

Not only is the distribution sub-sector undergoing significant changes, but the entire automotive industry is undergoing a major transformation marked by the ecological transition, where green vehicles play a key role. While the average age of the car fleet has followed an increasing trend, from 8 years in 2007 to 13.5 years in 2021, there is a significant increase in the penetration of green vehicles, especially hybrid and electric vehicles (ANFAC, 2022). According to the Business Association for the Development and Promotion of Electric Mobility (AEDIVE, 2022), the number of registered hybrid and electric vehicles has increased eightfold in the last five years, from 9,552 cars in 2018 to 79,185 in 2022, which represents more than 325,000 green vehicles in the car fleet. A key aspect to encourage the penetration of green vehicles is the installation of charging stations. According to ANFAC (2023), in the third quarter of 2023, there were 25,180 publicly accessible charging stations.

In short, the automotive industry has a significant weight in the Spanish economy, where motor vehicle distribution plays a fundamental role. However, the context of the past few years has had a major impact on the industry, which is currently undergoing a profound transformation to achieve the climate targets set at the European and national levels. The environmentally friendly vehicle is a key element in the ecological transition and the future of the sector. Thus, various aid schemes, such as the MOVES III Plan, have been set up for this purpose.

Tabla 1. Summary of indicators of the market structure, economic weight and labour market of the automotive industry in Spain.

Category	Indicators	Sources of information	Results
Economic weight and market structure	Turnover	ANFAC, DBK	Car manufacturers, 70.4 billion euros in 2020 (ANFAC's associates); car distributors, 25.8 billion euros in 2020.
	Net profit	ANFAC	767 million euros in 2022
	Number of companies	INE	76,439 companies in 2022: 1,650 in manufacturing, 16,643 car sales, 44,612 maintenance and repair, 9,686 trade of spare parts and accessories, and 3,848 in the sale, repair and trade of motorbike accessories.
	Geographic concentration	INE	Andalusia, Madrid, Catalonia, Valencia and Galicia: 64% industry companies, and 68% car sale companies.
	Car fleet average age	ANFAC	13.49 years in 2021.
	Number of environmentally friendly cars in Spain	AEDIVE	325,675 in 2022.
Labour market	Number of employees	INE	2,215,800 employees in the automotive industry; 1,343,000 in sale and repair; 872,800 in manufacturing.
	Avarage gross wage	INE	24,400 € in distribution, 29,900 € in manufacturing.

Source: Prepared in-house based on the methodology developed by KPMG and VVA, and the sources listed in the corresponding column.

Following the methodology developed by KPMG and VVA, once the sector's relevance has been analysed, **the relevance of the CNMC's recommendations (PRO/CNMC/003/21) is then examined**. To this end, the market failures addressed by the regulatory proposal are identified, following the OECD's classification in its Competition Assessment Toolkit (2019).

Article 12 of Royal Decree 266/2021 establishes that the autonomous communities and cities shall specify the ultimate recipients of each of the actions of their respective calls for aid. Likewise, "they may establish additional requirements for the final recipients, related to their tax residence or the need to have permanent establishments in the region or cities of Ceuta and Melilla calling for aid". In this regard, the autonomous communities have established additional requirements that may affect both the buyer (especially when the buyer is a natural person with no economic activity) and the point of sale. Furthermore, some calls for aid also require the buyer to manage their aid through the entities that adhere to the programme (usually dealerships).

With regard to **the OECD classification of market failures**, several autonomous communities have introduced a limitation on the number of suppliers (Group A of the OECD classification). This market failure is observed in several regions that established supply requirements, whereby the purchase and sale of the vehicle must take place at a dealership located within the territory of the region from which the aid is requested.

Six autonomous communities (Asturias, Cantabria, Castile and León, Catalonia, Valencian Community and Murcia) require, with certain variations, that the purchase take place at a dealership located within their territory (for more information, see Annex II). Meanwhile, in Navarre, the Basque Country and the Balearic Islands, the eligible action must be "executed" or "carried out" within the territory of the region.

These restrictions entail different problems described in the OECD toolkit, summarised in Annex I, namely: they guarantee exclusive rights to suppliers in a specific territory (problem "A1"); they establish a permit or authorisation process as a requirement for the operation (problem "A2"); they limit the capacity of some suppliers to offer goods or services (problem "A3"); and they create a geographical barrier for companies to supply their goods and services (problem "A5").

Even though the Royal Decree provided for the possibility of including these requirements in the calls for aid under regional programmes, they encourage market fragmentation, which weakens the position of consumers in the purchase of vehicles. Without these eligibility requirements, car buyers would have an incentive to compare offers from sellers anywhere in Spain. However, the supply-side requirements of the aid disincentivise this comparability, since consumers in the regions affected by such requirements can only benefit from the aid if they purchase their vehicle from dealerships in their region.

This market fragmentation could lead to a possible increase in the market power of the suppliers, hindering free competition. This strengthening of market power could be exacerbated by the fact that applications for aid must necessarily be submitted through affiliated entities, with no provision for processing aid applications independently. This hindrance to free competition may translate into a worsening of conditions for consumers, including in terms of price.

On the other hand, it could also affect the State aid scheme. Although the aid analysed in the regulatory proposal complies with current legislation, the requirement to purchase in a specific territory conditions buyers in their choice of place of purchase, distorting their purchasing decision. The decision is thus centred on the set of suppliers that allow them access to the aid, reducing the incentive effect of the aid. This means that some of the recommendations that the CNMC formulated in the State aid decalogues are not being followed, as they do not promote the incentive effect of the aid (CNMC, 2021).

Accordingly, in report PRO/CNMC/003/21, the CNMC makes the following recommendations to the autonomous communities developing the requirements for granting aid for the purchase of vehicles under the MOVES III Plan:

- To avoid establishing territorial conditions on the intermediaries or sellers from whom consumers can purchase their vehicles, so that they can fully take advantage of the plurality of existing suppliers, not only in the face-to-face market but also in the online market.
- To allow the aid to be processed directly by the beneficiaries themselves.

II.2. EFFECTIVENESS

Having analysed the relevance of the CNMC's action, the next step is to **analyse its effectiveness**; i.e., how effective the report and its dissemination are in reaching its target recipients.

Following the methodology proposed by KPMG and VVA, the reach of the report to the general public was analysed through downloads from the CNMC's website[5].

[5] No information is available to analyse dissemination through press publications.

In this sense, the regulatory proposal report was downloaded 152 times, which is a higher reach than other similar reports such as, for example, the methodological document for the assessment of State aid (PRO/CNMC/001/16), which had 65 downloads, or the analysis of public service obligations for maritime passenger and vehicle transport on the Ceuta-Algeciras line (PRO/CNMC/002/18), which registered 47 downloads.

Another relevant factor in terms of dissemination is the academic impact. In this regard, authors Brindusa Anghel, Iván Auciello and Aitor Lacuesta cite the regulatory proposal assessed in this report in their article "Heterogeneity in the Impact of the Incentive Scheme for the Purchase of Electric Vehicles in Spain" (2022). These dissemination data are in line with those of other regulatory proposals if one considers report PRO/CNMC/001/16, which has been cited twice, or report PRO/CNMC/002/18 which has not been cited.

II.3. IMPACT

The final phase of the assessment procedure **analyses the potential impact that the CNMC's action may have on the economy**. The methodology proposed by consultancy firms divides the impact assessment into two distinct parts:

- The compliance assessment, which analyses the degree of compliance with the CNMC's recommendations, thus providing useful information for a better allocation and prioritisation of available resources. It should be noted that the CNMC's recommendations in its regulatory proposal reports are not binding, so it is up to the regulator to comply with them.

- The effects assessment, where the potential benefits associated with the recommendations issued are analysed.

With regard to **the compliance assessment**, there are currently three autonomous communities that have implemented the CNMC's recommendations.

Firstly, the Autonomous Community of Madrid amended, on 30 December 2021, the Resolution of 15 July 2021, issued by the Energy Foundation of the Community of Madrid, calling for the granting of aid for electric mobility under the MOVES III Programme (for 2021, 2022 and 2023). This amendment was made prior to the publication of report PRO/CNMC/003/21, but after the CNMC notified the Regional Ministry of Environment and Territorial Planning of the Community of Madrid, recommending the removal of the territorial requirements from the call for aid. Thus, the Energy Foundation decided to remove the supply restrictions introduced in the previous call, establishing that companies operating in Spain, and not only at the regional level, may act as dealers/sales outlets. In addition, consumers were also allowed to apply directly for the aid, in line with the second recommendation of the regulatory proposal.

On the other hand, following the publication of the regulatory proposal report on 21 April 2022, two autonomous communities modified their calls for aid. In Cantabria, Order IND/47/2022 was issued on 23 June 2022, modifying the call for the electric mobility incentive scheme (MOVES III Programme). Article 1.2 of the aforementioned order stipulated that the companies authorised to trade vehicles through sale or leasing operating in Spain could be dealers, points of sale or leasing companies adhering to the MOVES III Programme. However, this autonomous community did not make any changes to comply with the second recommendation, concerning the application process for aid being carried out independently and not being subject to processing by one of the collaborating entities participating in the programme.

Finally, on 19 July 2022, the Principality of Asturias approved a resolution modifying the call for subsidies under the MOVES III Plan, establishing as eligible the purchase of plug-in electric and fuel cell vehicles by tax residents in the Principality of Asturias, where the purchase is made at a dealership or point of sale located within the national territory. Regarding the recommendation related to the processing of applications, this region had not established any restrictions.

On the other hand, there are seven autonomous communities which, although they have shown a willingness to comply with the CNMC's recommendations, at the time of writing this assessment had not adapted their calls for aid: Castile and León, Catalonia[6], Valencia, the Balearic Islands, Navarre, the Basque Country and the Region of Murcia (for more information, see Annex II).

With regard to **the effects assessment**, it is useful to calculate the potential benefits for the economy if all the autonomous regions were to implement the CNMC's recommendations. The results presented below should be interpreted with caution, due to the inherent limitations of the analysis. This kind of analysis involves constructing two realities to compare what would have happened if the CNMC's recommendations were implemented with what would have happened in the opposite situation. This exercise requires making assumptions about the

[6] In the case of Catalonia, the Catalan Competition Authority (ACCO) reaches similar conclusions to those of report PRO/CNMC/003/21 in consultation CO 260/2022 - Territoriality criteria for subsidies. Specifically, "*The ACCO recommends the removal of the territoriality requirement present in the Government of Catalonia's call for aid, which limits the actions eligible for subsidies to the purchase of electric vehicles from dealerships or points of sale located in Catalonia*".

behaviour of actors and markets and, above all, requires the availability of very granular data. The final figures of the analysis are intended to be reasonable approximations of the order of magnitude of the benefits of good regulation.

The CNMC's recommendations seek to correct the market failures mentioned above. Their impact can be reflected through different variables, related to **market structure, job creation and price levels**.

As regards the **effects on market structure**, the KPMG and VVA methodology predicts an increase in supply, which in turn leads to an improvement in the degree of competition. Thus, in line with the economic literature described in Annex III, the methodology foresees a potential 12% increase in the number of operators. Taking this as a reference, by implementing the CNMC's recommendations, the Community of Madrid could experience an increase of 346 motor vehicle dealers or distributors (with 2,884 dealers in 2022, according to the INE), Cantabria could see an increase of 17 and the Principality of Asturias an increase of 40. The total potential impact on the number of dealers when considering the national market would amount to 1,997[7].

Furthermore, the recommendations would also have an **impact on employment**. The methodology recommends applying a 5% increase for the calculation of the potential impact. Thus, considering the total number of employees in vehicle distribution and repair in Spain (1,343,000 in 2022, according to the INE), the potential increase would be 67,150 employees[8].

Regarding the **impact on sales of green vehicles**, the methodology suggests considering a 5% increase for the calculation of the potential impact. Based on the latest available data from DBK's 2021 sectoral report, the total turnover of distributors reached 25,835 million euros in 2020. That year, the turnover of environmentally friendly vehicles reached approximately 5.34 billion euros, based on the share of green vehicles in total registrations in 2020 (Faconauto, 2021). This would lead to a potential increase of 267 million euros (a minimal increase considering the negative effect that the pandemic had on this sector). Similarly, there would be a potential increase in registered green vehicles by 3,959 units, considering the 79,185 units that were registered in 2022 according to AEDIVE.

Finally, the potential impact of these recommendations on the **selling prices of green vehicles** can also be analysed. The KPMG and VVA methodology suggests a 5% reduction. According to a comparison of several vehicle models

[7] This figure is based on the total number of motor vehicle dealers, as no specific data is available for green vehicle dealers.

[8] Data disaggregated by autonomous community are not available.

with a Zero Emissions environmental label whose price excluding VAT is less than 45,000 euros[9], the average selling price is 38,446 euros. As per vehicles with an ECO environmental label, the average selling price is 31,703 euros (source: El Español price comparison tool). Thus, the potential reduction in the selling price of these vehicles would reach 1,922 euros for zero-emission vehicles and 1,585 euros for eco-labelled vehicles, with the resulting positive effect on consumer welfare.

However, as mentioned above, it is important to consider the transformation of the business model that the vehicle distribution sub-sector is experiencing (which traditionally operated through dealership contracts and can now also sell directly to consumers), as this could have an impact on the indicators analysed in this section.

[9] This price is taken as a reference since only purchases of environmentally friendly vehicles priced below 45,000 euros excluding VAT are eligible for aid under the MOVES III Plan.

Tabla 2. Summary of the potential impact of the CNMC's recommendations on the market structure, the labour market, and the price level in the green vehicle distribution sector

Indicator	Parameters proposed by KPMG and VVA		Result
	Found in the literature	Recommended value	
Increase in the number of operators	12%	12%	The Community of Madrid could experience an increase of 346 motor vehicle distributors; Cantabria, an increase of 17; the Principality of Asturias an increase of 40. The total potential impact considering the national market could amount to 1,997.
Increase in sales of green vehicles	4% - 11%	5%	The total turnover of distributors could experience an increase of 267 million euros, and the registered green vehicles could increase in 3,959 units.
Increase in employment	1% - 12%	5%	The number of employees in vehicle and repair in Spain could increase in 67,150.
Reduction in prices	3% - 35%	5%	The potential reduction in the selling price of these vehicles would reach 1,922 euros for zero-emission vehicles and 1,585 euros for eco-labelled vehicles.

Source: Prepared in-house based on the methodology developed by KPMG and VVA.

The regulatory proposal analysed refers to the environmentally friendly vehicle distribution segment. However, aside from the potential benefits for this specific sector, there are **other potential effects on the wider economy**.

The challenges faced in quantitative impact analysis are particularly acute when considering the effects on other markets within the economy, as it is quite difficult to isolate and quantify the impact of an action across the entire economy. Therefore, the methodology suggested by KPMG and VVA states that this step can only be carried out when the recommendation is fully or at least partially implemented, i.e. when it has a clear and significant impact on the specific market, and when that market has a significant weight in the overall economy.

In the case analysed, as has been shown, there are three autonomous communities that have followed the CNMC's recommendations. The removal of the aforementioned requirements should lead to an increase in supply (affecting the production and distribution of environmentally friendly vehicles) and in consumer choice, reducing price levels, promoting employment within the sector, and stimulating investment and innovation. Due to the spill-over effect, a positive impact is expected on other markets of the economy, such as the manufacturing of green vehicles, combustion engines and their components, and the hydrocarbon sector (as substitutes for green vehicles), the automotive ancillary industry, the insurance market, financial services, or the installation of charging points (also subsidised through Royal Decree 266/2021). However, due to data availability constraints and the complexity of the analysis, a more detailed study is not feasible[10].

III. CONCLUSIONS

The regulatory proposal report PRO/CNMC/003/21 analyses the effects on competition of the aid granted by the autonomous communities under the MOVES III Plan, regulated by Royal Decree 266/2021. This analysis is relevant because of the great importance of the automotive sector in the Spanish economy, due to its contribution to the GDP and its interaction with other objectives and policies, especially environmental ones.

Report PRO/CNMC/003/21 concluded by noting the existence of supply restrictions in some autonomous communities, which established that, in order to qualify for aid under the programme, vehicles had to be purchased from dealerships located in the region, with the dealers managing the application for aid. Such requirements restrict competition and reduce consumer welfare while failing to achieve better compliance with the ultimate goal of the programme: the ecological transition. Therefore, the CNMC recommended in its report to remove these territorial constraints and to allow beneficiaries to apply for the subsidy directly.

This study has assessed the impact of the recommendations of the report by the CNMC, using the methodology developed by KPMG and VVA in the project for ex-post analysis of actions to promote competition and market unity (EI/01/21), funded by the European Union through the Technical Support Instrument.

[10] The latest available data from the input-output tables refer to 2020.

Report PRO/CNMC/003/21 is consistent with previous CNMC recommendations related to other reports on State aid, with similar reach and dissemination.

Three autonomous communities (Madrid, Cantabria and Asturias) have implemented the recommendations issued by the CNMC, without prejudice to certain interpretative adjustments made in some other autonomous communities that align with the report's recommendations.

According to the methodology used, the implementation of these recommendations to promote competition by all the autonomous communities could lead to a potential increase of 67,150 employees, 1,997 distributors and over 267 million euros in turnover in the motor vehicle distribution market in Spain, the additional registration of 3,959 ecological vehicles, and a potential price reduction of 1,922 euros per vehicle with a Zero Emissions label and 1,585 euros per vehicle with an ECO label. In addition to these effects on the specific green vehicle market, there is a potential impact on other sectors of the general economy (motor vehicle manufacturing, automotive ancillary industry, insurance market, financial services, or the installation of charging points, among others), although due to data unavailability, it could not be estimated.

In short, this study shows how efficient economic regulation, favouring effective competition by eliminating the supply restrictions incorporated by some autonomous communities in the MOVES III Plan calls for aid, leads to lower prices and a greater variety of suppliers, encourages innovation, stimulates investment and promotes job creation. This positive effect on the green vehicle sector in Spain and on the general economy will increase as more autonomous communities follow the recommendations of the CNMC in report PRO/CNMC/003/21.

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ANNEX I: OECD'S COMPETITION ASSESSMENT TOOLKIT LIST OF MARKET FAILURES

OECD Competition Issues	Specific question
A. Limits the number or range of suppliers.	A1. Grants exclusive rights for a supplier to provide goods or services.
	A2. Establishes a license, permit or authorisation process as a requirement of operation.
	A3. Significantly raises cost of entry or exit by a supplier.
	A4. Creates a geographical barrier for companies to supply goods, services or labour, or to invest capital.
	A5. Limits the capability of companies to supply good or services.
B. Limits the ability of suppliers to compete.	B1. Limits sellers' ability to set prices for goods or services.
	B2. Limits freedom of suppliers to advertise or market their goods or services.
	B3. Sets standards for product quality that provide an advantage to some suppliers over others or are above the level that some well-informed customers would choose.
	B4. Significantly raises costs of production for some suppliers relative to others (especially by treating incumbents differently from new entrants).
C. Reduces the incentive of suppliers to compete.	C1. Creates a self-regulatory or co-regulatory regime.
	C2. Requires or encourages information on suppliers' outputs, prices, sales or costs to be published.
	C3. Exempts the activity of a particular industry, or group of suppliers, from the operation of general competition law.
D. Limits the choices and information available to customers.	D1. Insufficient regulatory development to guarantee the safety and protection of consumers and users.
	D2. Reduces mobility of customers between suppliers of goods or services by increasing the explicit or implicit costs of changing suppliers.
	D3. Fundamentally changes information required by buyers to shop effectively.

Source: OECD (2019).

ANNEX II: SUPPLY-SIDE REQUIREMENTS FOR GREEN CAR PURCHASE AID UNDER THE MOVES III PLAN

Asturias

The call is outlined in the Resolution of 29 July 2021. Article 4.3 states that "For the actions referred to in the preceding paragraph to be eligible for subsidy, they must take place within the territory of the Principality of Asturias; i.e., the vehicles must be purchased from a dealership or point of sale located in Asturias". The continuation of this Article outlines specific situations where this limitation could be avoided. For example, if the vehicle manufacturer does not have dealerships in the Principality, or if, despite there being dealerships in the Principality of Asturias, there is a price variation of more than 10% of the corresponding subsidy value for the same model, version and equipment of the vehicle.

Cantabria

Article 10.1 of Order IND/52/2021 establishes that "For dealers/sales outlets/leasing companies to join the MOVES III Programme, they must be authorised to market vehicles through sale or leasing and have their registered office, head office or establishment in the Community of Cantabria".

Castile and León

The Order of 9 July 2021 by the Regional Ministry of Economy and Finance establishes that participants in this call, whether dealers or sales outlets, must have a physical establishment within the region.

Catalonia

Resolution ACC/2914/2021 states that vehicle dealerships or points of sale, especially for electric vehicles, must be located in Catalonia. However, exceptions are allowed in cases where the desired vehicle is only available for online purchase or is not available at any local dealership. Despite this flexibility, the general regulations prioritise territoriality in the granting of aid.

Valencian Community

The Resolution of 14 July 2020 stipulates that dealerships or sales outlets wishing to join the MOVES III Programme must be located in the Valencian Community. However, exceptions are allowed if the vehicle to be purchased is not available at any local point of sale.

Balearic Islands

The Resolution of 28 June 2021 establishes that the investments or projects requested under the call must be carried out within the territorial scope of the Balearic Islands.

Madrid

Article 9.1 of the Resolution of 15 July 2021 by the Energy Foundation of the Autonomous Community of Madrid states that "Dealers/sales outlets/leasing companies (...) must be authorised to market vehicles through sale or leasing and operate in the Community of Madrid, meaning that they must have at least one establishment directly involved in the activity in the Community of Madrid, and must demonstrate their interest in participating in the MOVES III Programme". In addition, Article 10.6 stipulates that "to be eligible for aid for the purchase of vehicles, dealers/sales outlets/leasing companies must adhere to the programme; to be eligible for aid for charging stations, the installation companies must adhere to the programme".

Murcia

The Order corresponding to this call establishes that the eligible activities must take place within the regional territory. However, an exception is included for the purchase of certain types of electric vehicles that are not available in the Region, allowing in these cases to resort to other markets, including the purchase or leasing through online contracts. Despite this exception, the general rule imposes territoriality as the main criterion for granting aid.

Navarre

Navarre's Resolution 51E/2021 establishes that the beneficiaries of this call must have their tax residence in Spain, but with a specific condition: the subsidised actions or projects must be carried out within the territory of Navarre.

Basque Country

The call was initially outlined in the Resolution of 5 July 2021 by the Director General of the Basque Energy Agency (EVE in Spanish). The Resolution of 13 December 2021 modified several provisions of the call and introduced supply restrictions, specifically in Article 4.1, which in its new wording states: "The following actions shall be eligible for subsidy, provided that they are carried out in the Basque Country and that the aforementioned action has an effect on energy consumption or the reduction of oil dependency within the territory of the Basque Country".

ANNEX III LIST OF PARAMETERS SUGGESTED IN THE KPMG AND VVA METHODOLOGY AND THEIR REFERENCES

Indicator	Parameters proposed by KPMG and VVA			Source
	Found in the literature	Average value	Recommended value	
Increase in the number of operators	12%	12%	12%	Kleiner, M. (2006): "Licensing Occupations: Ensuring Quality or Restriction Competition?" W.E. Upjohn Institute for Employment Research 1-15. Kalamazoo, MI: Upjohn Institute Press.
Increase in employment	1%-12%	7%	5%	Pilat, D. (1997), "Regulation and Performance in the Distribution Sector," OECD Economics Department Working Papers 180, OECD Publishing.
				Burda, M. and P. Weil (2005), "Blue Laws", working paper, october.
				Goos, M. (2004), "Sinking the Blues: The Impact of Shop Closing Hours on Labour and Product Markets", Center for Economic Performance Discussion Paper Series.
				Skuterud, M. (2005), "The Impact of Sunday Shopping on Employment and Hours of Work in the Retail Industry: Evidence from Canada", European Economic Review, 49, 8, 1953– 1978.
				Genakos C. y S. Danchev (2015): "Evaluating the Impact of Sunday Trading Deregulation", Center for Economic Performance Discussion Paper Nº 1336, march.
				IMF - International Monetary Fond: Spain: 2003 Article IV Consultation, Country Report.
				Bertrand M. y Kramarz F. (2001): "Does entry regulation hinder job creation? Evidence from the French retail industry". Nber working paper series.
				Viviano E. (2006): "Entry regulations and labour market outcomes: Evidence from the Italian retail trade sector". Banca d'Italia (Servizio Studi).
Increase in sales and production	4%-11%	8%	5%	Pilat, D. (1997), "Regulation and Performance in the Distribution Sector," OECD Economics Department Working Papers 180, OECD Publishing.
				Goos, M. (2004), "Sinking the Blues: The Impact of Shop Closing Hours on Labour and Product Markets", Center for Economic Performance Discussion Paper Series.
Reduction in prices	3%-35%	19%	5%	Bekken, J. T. (2006): "Experiences with Regulatory Changes of the Taxi Industry", 9th Conference on Competition and Ownership in Land Transport, 2006.
				CNMC: UM/085/15
				Canada Competition Bureau (2015): Modernizing Regulation in the Canadian Taxi Industry, White Paper.
				CEA – Council of Economic Advisers (2015): "Occupational Licensing: A Framework for Policymakers", Department of the Treasury Office of Economic Policy, the Council of Economic Advisers of the President of The United States and the Department of Labor of the Government of the United States.
				Kleiner, M. (2006): "Licensing Occupations: Ensuring Quality or Restriction Competition?" W.E. Upjohn Institute for Employment Research 1-15. Kalamazoo, MI: Upjohn Institute Press.

Source: KPMG and VVA (2022).