Press release | 09.04.2014

EU state aid rules for energy

Polluting industries get free ride, as private consumers left to foot the bill

The European Commission today presented long-awaited proposals to review EU state aid rules in the energy sector. The Greens hit out at the plans, which will allow governments to continue exemptions for energy-intensive industries as regards their contribution to renewable energy schemes, whilst undermining small-scale renewable energy projects. Commenting on the proposals, Greens/EFA co-president **Rebecca Harms** said:

"EU energy policy is being driven by those who want to preserve fossil fuels and nuclear power at the expense of the badly-needed transition to a sustainable energy system. Under pressure from Germany, the Commission has further weakened its plans to ensure that energy-intensive industries will continue to be let off the hook from contributing to the expansion of renewable energy.

"This disappointing and cowardly plan will mean that private consumers and smaller businesses will be left carrying the can for this energy transition in the short run, from which energy-intensive firms will profit in the future through lower energy market prices. At the same time, the Commission's plans would hit smaller-scale renewable energy projects by scaling-back support schemes. This will undermine the public support for renewable energy, which has been facilitated by decentralised renewable projects in which local communities benefit directly."

Green energy policy spokesman **Claude Turmes** added:

"This is a black day for the European Commission's competition directorate. This review should have contributed to stopping unfair dumping practices for big, polluting industries under a German government scheme (1) but it has ended in a decision to exonerate the entire European energy-intensive industry from the substantial costs of retasking the EU's creaking power system over the next 2 decades. Despite consuming up to 35% of electricity, these sectors will get a free ride, with private consumers and small businesses left to foot the bill of the energy transition (2).

"Together with their allies from the German, French and UK governments, Commissioners Barroso, Oettinger and Almunia are totally turning the Commission's competition competence on its head by allowing aid to energy-intensive industries without any contribution in return. Instead of ensuring 'polluters pay', this new approach will ensure those that pollute the most are rewarded."

(1) In July 2013, the Commission issued a negative opinion against the principle of state aid for energy-

intensive sectors. Previous cases had demonstrated that the European Court of Justice and the Commission had found schemes under which certain industrial sectors were allowed to contribute less to such financial support systems were anti-competitive and in conflict with the Internal Market. This was the basis on which the Commission launched an investigation against Germany.

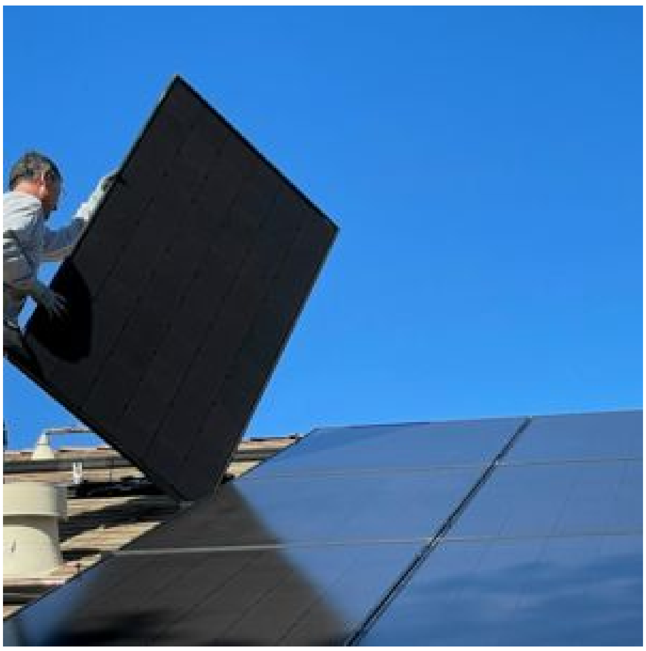
(2) Businesses belonging to 65 sectors explicitly listed by the Commission or with an energy intensity of more than 20% and a trade intensity of more than 4% will only have to contribute a proportion to renewable energy support schemes. This proportion was reduced from 20% (in original drafts) to 15% in the proposals presented today and from 2.5% (in original drafts) to 0.5% of gross added value. This is estimated to result in €2 billion in profits for the industry, whilst leading to up to €45 extra costs for households each year.

See a full and detailed briefing of today's proposals
/legacy/fileadmin/dam/Documents/Background_notes/state_aid_guidelines_for_the_environment_and_energy_2014-2020.pdf

Recommended

Press release

https://unsplash.com/photos/man-in-white-dress-shirt-and-blue-denim-jeans-sitting-on-white-and-black-solar-panel-wmaP3Tl80ww

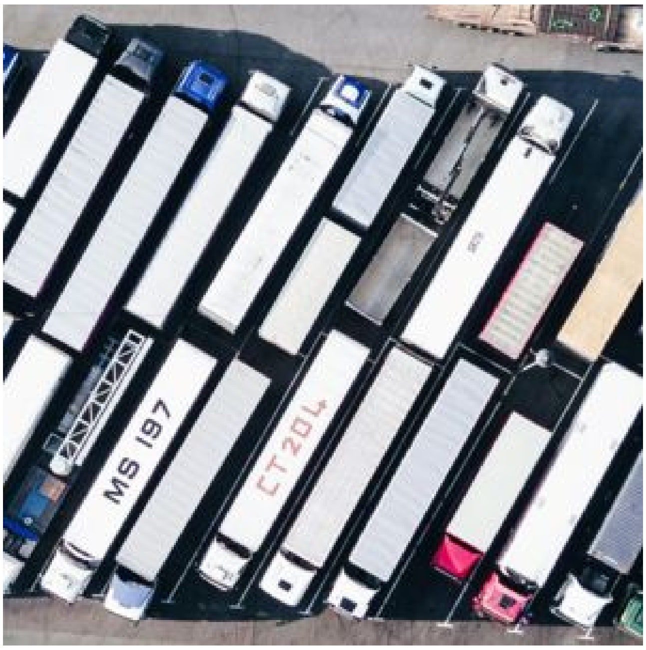


[Greens/EFA secure ban on disconnections & promote citi…]

11.04.2024

Press release

Photo by Nigel Tadyanehondo on Unsplash



[MEPs vote for cleaner trucks & buses on our roads]

10.04.2024

Press release

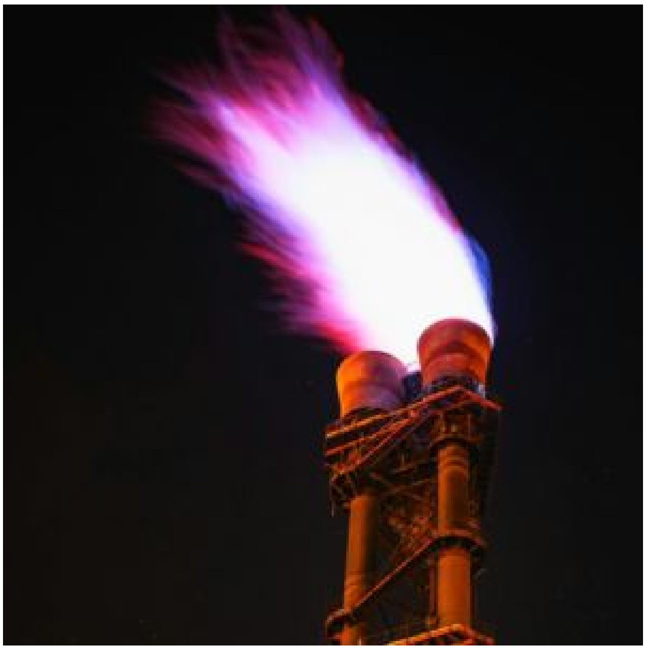
https://unsplash.com/photos/three-white-windmill-during-daytime-a1Lm99Kkqtg

[EU’s withdrawal from Energy Charter Treaty is a victor…]

09.04.2024

Press release

https://www.pexels.com/search/gas%20burning/



[MEPs set to approve agreement on reducing methane emis…]

09.04.2024

Responsible MEPs

Rebecca Harms

Member

Claude Turmes

Member

Please share

- E-Mail