



EUROPEAN COMMISSION

PRESS RELEASE

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Interim report provides first full dataset on energy costs and subsidies for EU28 across power generation technologies

The functioning of energy markets and the size and effect of government interventions has been the subject of debate for years. To date however, a consolidated dataset for government interventions in the power market of the European Union has been missing. This is why the European Commission has commissioned a study that aims at helping to close the knowledge gap by quantifying the extent of public interventions in energy markets in all 28 Member States. Today we present the interim results of the external study on "subsidies and costs of EU energy".

The Commission invites energy sector experts, stakeholders, academia and Member States to comment on these results with a view to assist in advancing the debate and refining methodologies and analyses and, where appropriate, in contributing additional data, for example as regards historical subsidies.

The interim report presented today collects a hitherto not existing set of data on costs and subsidies across the various generation technologies in the electricity sector and across all EU Member States. It represents a first concrete deliverable following the Communication "Delivering the internal electricity market and making the most of public intervention" from November 2013.

Vice-President Günther H. Oettinger responsible for energy said: *"Together with the Commission's earlier report on drivers for energy prices, we now have a set of data on subsidies and costs in the field of energy that is more solid and comprehensive than anyone before. We are now better informed about the size of public subsidies in recent years and the costs for power generation across all technologies. But the task is not yet completed. This can only be a first step and there are still gaps in our knowledge. We have to continue to work on filling these gaps. More research is needed, in particular on historical subsidies in the energy market in all EU Member States and the EU overall."*

The results show that in 2012, the total value of public interventions in energy (excluding transport) in the EU28 were between €120-140 billion. Unsurprisingly, and given the efforts to expand the share of renewable energy in the EU's overall energy consumption, the largest amounts of current public support in 2012 went to renewables, in particular to solar (€14.7bn) and onshore wind (€10.1bn), followed by biomass (€8.3bn) and hydropower (€5.2bn). Among conventional power generation technologies, coal received the largest amount in current subsidies in 2012 with €10.1bn, followed by nuclear (€7 bn) and natural gas (about € 5.2 bn). The figures specifying support across technologies do however not reflect the free allocation of emission certificates nor tax support for energy consumption. Including these factors would reduce the gap between support for renewables and other power generation technologies. The study also discusses the order

of magnitude of historical interventions, which are considerable for coal and nuclear. Further work is however needed to arrive at more solid estimates of historical subsidies.

The interim report also presents figures on the cost competitiveness of the different power generation technologies. The estimated ranges reflect costs of new power generation without public intervention (levelised costs). Costs for producing one MWh of electricity from coal are in a range around €75. Electricity from onshore wind is generated at only somewhat higher costs. Costs for power from nuclear and natural gas are in comparable ranges around €100/MWh. Solar power costs have fallen considerably since 2008 to about €100-115/MWh depending on the size of installations.

The interim report also presents estimates on external costs across power generation technologies. These are costs that are not reflected in market prices, such as costs of environmental and health impacts and the impact of climate change. The methods for quantifying external costs come with a high degree of uncertainty, and the report only aims to identify orders of magnitude for external costs. It puts the figure of external costs of the EU's energy mix in 2012 at between €150 and 310 billion.

For further information

The interim report can be found at

http://ec.europa.eu/energy/gas_electricity/internal_market_en.htm

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