

# State aid: Commission approves €500 million in German public funding to promote energy efficiency in rail transport

Commissioner Margrethe **Vestager** in charge of competition policy, said: *“Electrically powered rail transport is one of the most environmentally friendly transport options. By promoting a shift from road to rail, the German scheme will contribute to meeting the EU’s environmental and transport objectives, without distorting competition”.*

In January 2018, Germany notified to the Commission a scheme to provide public support for investment in technologies to make rail transport more cost and energy efficient. The scheme has an overall budget of €500 million and will run from 2018 to 2022.

Under the scheme, companies providing electrically powered rail transport services may be compensated for up to 50% of expenses incurred from energy efficiency measures, such as acquisition of modern energy-saving rolling stock including hybrid locomotives or automated solutions. Such investments allow rail transport companies to increase their energy efficiency, i.e. the energy consumption per passenger or tonne kilometre.

To benefit from this public support, rail transport companies need to demonstrate a year on year improvement of 1.75% in their energy efficiency. From 2020, this energy efficiency must increase by at least 2% year on year for companies to be eligible for support.

The Commission found that the scheme is beneficial for the environment and for mobility because it supports and promotes rail transport, which is less polluting than road transport. The Commission also found that the measure is proportionate and necessary to achieve the objective pursued, namely to support the modal shift from road to rail. As a result, the Commission has concluded that the measure complies with EU State aid rules, in particular the 2008 Commission [Guidelines on State aid for railway undertakings](#).

## **Background**

The non-confidential version of the decision will be published under the case number SA.50165 in the [State aid register](#) on the Commission’s [competition website](#) once any confidentiality issues have been resolved. The [State Aid Weekly e-News](#) lists new publications of state aid decisions on the internet and in the EU Official Journal.