

## State aid: Commission finds Portugal's extension of hydro-power concessions to EDP does not involve state aid

The use of public water resources for electricity production in Portugal is subject to a concession agreement. The government picks a concessionaire following specific procedures determined by law. In 2007, Portugal extended several hydro power concessions beyond the termination date that had originally been granted (2020 in average). These extensions were granted to EDP against the payment of €704 million.

This measure was never notified to the Commission for state aid approval and has the effect of maintaining 27 hydro power plants under the control of EDP, together accounting for 27% of Portugal's generation capacity.

In September 2013, following the receipt of complaints, the Commission opened a [formal investigation](#) into the measure. The main concerns related to the price paid by EDP for the extension of the concessions and to the market impact of the extension given EDP's strong position on the Portuguese market.

During the formal investigation, the Commission verified that the compensation paid by EDP for the extension of the hydro power concessions was in line with market conditions. The Commission concluded that the financial methodology used to assess the price for extending the concessions was appropriate and led to a fair market price .

On this basis, the Commission has now concluded that the compensation paid by EDP for the extension of the concessions does not involve state aid.

Note that the present decision does not address compliance of the measure with other provisions of EU law, such as EU public procurement rules and antitrust rules based on Articles 106/102 TFEU.

The non-confidential version of the decision will be published in the [State aid register](#) on the [competition](#) website under the case number [SA.35429](#) once eventual 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.