

# State aid: Commission opens in-depth investigation into Spain's support for coal power plants

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"If you pollute, you pay – this is a long-standing principle in EU environmental law. EU State aid rules do not allow Member States to relieve companies of this responsibility using taxpayer money. We currently believe that this Spanish scheme did not incentivise coal power plants to reduce harmful sulphur oxide emissions – they were already under an obligation to do so under EU environmental law. Therefore, we are concerned that the support gave these coal power plants an unfair competitive advantage. We will now investigate this issue further."*

In 2007, the Spanish authorities introduced a scheme ('environmental incentive') to support the installation of new sulphur oxide filters in existing coal power plants. These filters were supposed to reduce sulphur oxide emissions from those plants below certain limits. In return, the coal power plants were entitled to receive public support linked to the size of the plant for a period of 10 years (i.e. €8,750 per megawatt per year). Since 2007, 14 coal power plants benefitted from the scheme and received in total more than €440 million in public support, and payments will continue until 2020.

Spain did not notify this measure to the Commission for assessment under EU State aid rules. At this stage, the Commission has concerns that the emission limits imposed on beneficiaries of the scheme merely implement mandatory environmental EU standards which applied to coal power plants at the time. The relevant legal requirements were laid down in EU legislation on the limitation of emissions of certain pollutants into the air from large combustion plants ([Directive 2001/80/EC](#)).

If confirmed, this means that the scheme did not actually have any environmental incentive effect. Furthermore, the financial support may breach a long-standing principle of EU State aid rules, namely that Member States may not grant State aid to companies to meet mandatory environmental EU standards. This would go against the "polluter pays" principle and give the relevant coal power plants an unfair competitive advantage towards other forms of power generation and towards coal power plants in other EU countries subject to the same EU legislation.

The Commission will now investigate further whether its initial concerns are justified. The opening of an in-depth investigation gives Spain and interested third parties an opportunity to submit comments. It does not prejudice the outcome of the investigation.

The non-confidential version of the decision will be published in the [State aid register](#) on the [competition](#) website under the case number [SA.47912](#) 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.