



EC Working on Plan to Limit Subsidies

The European Commission (EC) is working on a proposal which would allow European Union (EU) governments to subsidize electricity generated from renewable sources only until such power comprises five percent of national energy consumption. The draft law is intended to increase the use of renewables while ensuring such methods of power generation can eventually compete with traditional energy without financial assistance.

The proposal calls for the end of all renewable energy subsidies by the end of 2010. In that time, the EU hopes to double the share of renewable energy in its total energy mix to 12 percent. The draft law states "member states may apply direct support schemes limited to domestic producers of electricity from renewable sources until the level of electricity from renewable energy sources benefitting from direct price support reaches five percent of total domestic electricity consumption."

In addition, the proposal would allow member states to apply for an exemption from this limitation if it "would prejudice the operation of small isolated electricity systems or the technological development of newly emergent market segments."

Environmental groups have attacked the proposal, accusing the EC of trying to protect traditional energy producers from the renewable energy technologies instead of genuinely boosting clean energy.

"This seems designed to protect the status quo and the established and heavily subsidized energy sources like coal and nuclear," said Michel Raquet of Greenpeace. "It would simply penalize those who are serious about giving renewables a real chance."

(REUTERS: 10/25)