

Press release

State aid for energy: Climate action is more important than the single market

by Stephen Tindale

The objectives of deepening the EU single energy market and protecting the climate can conflict. Where they do, the European Commission should give priority to decarbonisation, according to a new policy brief by Stephen Tindale of the Centre for European Reform.

Low-carbon energy is still more expensive than high-carbon coal. So subsidy is necessary, not only to promote new technologies like carbon capture and storage or tidal power, but also to expand nuclear power as a low-carbon bridge technology. National governments should not use state aid rules to pursue political objectives: the Austrian government should drop its legal challenge to the Commission's state aid clearance of the Hinkley contract.

There is no justification for subsidies for dirty coal. The Commission should use its state aid powers to end these – including the UK government's Capacity Market payments to coal power stations to act as back-up to wind and solar power. Back-up is necessary, but gas power stations are more economically efficient for this, and less damaging to the climate.

Stephen Tindale said: "New subsidies for old coal in the UK undermine much of the progress which Ed Davey has delivered. The European Commission has the power to stop these subsidies, and must use it. Whatever a European energy union looks like, it cannot be used to justify more public money for polluters."

About the author:

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Notes for editors:

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