



## Country profile –Spain

Country: Spain												
Support schemes	Electricity and heat production			Consumption				Transport		Supply and others		
	RES	Fossil	Nuclear	RES	Fossil	Electricity	Heat	Biofuels	Fossil	RES	Fossil	El./heat
<b>1. Direct subsidies</b>												
Direct on-budget subsidies		6, 3, 2, 1										12, 11
Feed-in tariffs	13											
Feed-in premiums	13											
Adjustment Aids		4										
Inherited liabilities		5										
Induced transfers												
Others												
<b>2. Fiscal measures</b>												
Energy Tax Allowance												
Energy Tax Exemptions												
Other Tax Deductions	15				7			9	8	14		
Earmarked refunds of taxes					10							
<b>3. Transfer of risk to government</b>												
Adjustment Aids												
Inherited liabilities												
Others												
<b>4. Other financial measures</b>												
Adjustment Aids												
Other Tax Deductions												
Others												
<b>5. Non-fiscal measures</b>												
Quota obligations				16				19, 17				
Priority Grid Access	18											
Others												

No.	Datasource	Description
1	OECDTADFFSS	The principal form of aid is transfer payments by the government to private coal companies to compensate them for the difference between their operating costs and the prices at which they sell their output to local power plants (which are negotiated directly). European Union (EU) Member States agreed in 2010 to gradually phase out coal subsidies by 31 December 2018
2	OECDTADFFSS	Operating aid to HUNOSA. The Spanish government has been providing financial assistance to the coal industry for several decades. Support is usually granted as part of a series of overarching, pluri-annual plans that aim at progressively rationalising and downsizing the Spanish coal industry. The estimates included in the database under this heading pertain to the amount of support granted to HUNOSA to cover its operating costs. HUNOSA is a major state-owned producer of hard coal in the central Asturian basin. Accordingly, we allocate the entire programme to hard coal.
3	OECDTADFFSS	Subsidy for the Interbasin trade of coal; This programme benefits electricity companies through budgetary transfers that support the transport of coal across basins.
4	OECDTADFFSS	Adjustment Aid to Coal Producers; This item comprises transfers made by the Spanish government to private coal producers to cover social costs and contractual obligations arising from the restructuring of the coal-mining sector. The programme provides certain non-profit organizations — along with coal miners and their families — with budgetary transfers to help address the social and technical costs that

		stem from the decline of the coal-mining sector.
5	OECDTADFFSS	Inherited Liabilities; Inherited liabilities aid can be used to pay benefits to former miners and cover the costs of mine closures. Aid is also available to finance mine closures, for industrialisation projects and for developing infrastructure in the affected mining regions.
6	OECDTADFFSS	Funding for coal stockpiles; This measure provides funding to power plants to support their constitution of coal stockpiles. Those stockpiles are meant to guarantee over 720 hours of power generation. Plants are, however, specifically required to accumulate domestic coal. Not specified in the OECD tax database how this funding takes place.
7	OECDTADFFSS	Fuel tax reductions; This tax provision provides both the farming and mining sectors with a reduced rate of excise tax on petroleum products.
8	OECDTADFFSS	Fuel tax exemptions; The Spanish Tax Code exempts certain users from the fuel tax that is normally levied on sales of petroleum products. Major eligible activities include aviation, navigation, and railway transport.
9	OECDTADFFSS	Full tax exemption for biofuels. From 2005 biofuels were exempted from the hydrocarbons tax on transport fuels that were EUR 0.278/litre for diesel and EUR 0.371/litre for gasoline. This exemption expired on 31 December 2012. The zero tax rate was applicable to biofuels in the transport sector and biomethanol and biodiesel used for heating purposes.
10	OECDTADFFSS	Fuel-Tax partial refund. This tax provision was introduced in 2006 and provides eligible taxpayers with a partial refund of the special tax on hydrocarbons (Impuesto Especial sobre Hidrocarburos) provided diesel fuel is used for commercial activities like farming and livestock. The amount of the refund shall be equal to the rate of EUR 78.71 per thousand litres. This measure was implemented in order to offset the increase in costs of agricultural production due to rising oil prices.
11	Other	Capacity payments for conventional power plants. A flat-rate compensation for conventional power plants (hydro, coal, gas and oil) remunerates these power plants for the power generation capacity they make available in the electricity system. The annual payment per MW is reviewed annually and adjusted for the availability of each technology. In 2012 the annual payment was € 5,150 per MW. Adjusted for the availability per technology the remuneration varied between € 4,640 per MW and € 1,220 MW in 2012. In 2012 the capacity payments totalled € 191 million (CREG 2012)
12	Other	Investment aid for conventional generation facilities with a capacity > 50 MW. Conventional power generation units with a capacity > 50 MW are eligible for a capacity payment for the first 10 years of operation. The payment level is adjusted each quarter by the Transmission System Operator. In 2012 these investment aids amounted to € 651 million (CREG 2012).
13	RES-LEGAL	In Spain, plant operators may choose between two options: a guaranteed feed-in tariff and a guaranteed bonus (premium) paid on top of the electricity price achieved on the wholesale market. The feed-in tariff and premium tariff are currently suspended through Real Decreto-ley 1/2012, i.e. no new installation can access the scheme. The reason for this suspension is traced in the preamble of RDL 1/2012. RD 6/2009 established that by 2013 a part of the consumers' electricity bill (the "peajes the acceso") should be able to fully balance the costs incurred by the State arising from the support scheme. It is deemed,

		however, that the present situation will not allow this goal to be reached by 2013. For this reason, and together with the high growth of RES-E in the past years, even beyond the set goals, all support schemes for RES-E were suspended by RDL 1/2012.
14	Other	Corporate tax deduction for innovation activities. Deduction was increased from 8% to 12%. In addition the Sustainable Economy Act increased the cap for global R&D and innovation activities from 50% to 60% of gross taxes (OECD 2012).
15	RES-LEGAL	Tax credit for use of renewable energy in buildings. From 1 May 2011 to 31 December 2012, taxpayers whose income is below € 71,007.20 per year were entitled to a tax credit equal to 20% of all investments related to the use of renewable energy or similar measures in building of their residence. For incomes below € 53,007.20 per year, the annual deduction was subject to a maximum of € 6,750. For incomes between € 53,007.20 and 71,007.20 per year, the annual maximum deduction was: € 6.750 minus 0.375 multiplied with (income minus € 53,007.20). The maximum deduction between 1 May 2011 and 31 December 2012 shall not exceed € 20,000. The Spanish National Renewable Action Plan indicated also that a price-based mechanism for RES-H is to be established ("ICAREN"), however up to now no further information is available.
16	Other	Building code. Since 2006 there is an obligation for any new or renovated building to integrate solar PV or solar thermal systems in place. The specific requirements depend on the climatic zone, the surface of the building, as well as the type and use of the building. Local and regional governments can go beyond these minimum requirements (Winkler, et al. 2012). This provision mainly stimulated the deployment of solar thermal systems
17	Other	Mandatory biofuel targets. In 2007 the Spanish government adopted an mandatory target of 5.83% biofuel use in transport by 2010 with an interim target of 3.4% for 2009 and an indicative target of 1.9% for 2008. In 2011 the Spanish government adjusted the existing mandatory biofuel consumption goals for the years 2011-2013 as previously set in the Renewable Energy Action Plan. According to the new target biofuel should reach 6.2% of total transportation fuel in 2011 and 6.5% in 2012-13, as compared to the initial target of 6.1% by 2013. The biofuel content target for diesel is 6% by 2011 and 7% by 2012 and 2013; and for gasoline 3.9% in 2011 and 4.1% in 2012 and 2013 (IEA, 2012).
18	RES-LEGAL	In Spain, renewable energy plants are statutorily entitled to priority access to, connection to and use of the grid. Renewable electricity is granted priority dispatch in the electricity markets at no cost, provided the stability and security of the grid infrastructure can be maintained.
19	RES-LEGAL	The quota system obliges whoever feeds fuels in the national system (retail and wholesale operators) as well as consumers relying on sources other than retail and wholesale operators, to feed in or consume a certain amount of biofuels every year. This amount is established in percentage and compliance is proven to the national energy commission (CNE) through certificates. At the end of each year, obligated parties must turn in the certificates corresponding to their biofuel sale / consumption. The CNE checks compliance and collects fees for non compliance from obligated parties. The penalty fees paid by the parties who did not reach their quota are redistributed among the parties who sold or consumed more biofuels than their set quota. These amounts

are redistributed in proportion to the amount of biofuels that complying parties have sold or consumed in addition to their set quota.