

# Spain to cut subsidies to photovoltaic energy sector

August 2 2010

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The sun sets on photovoltaic solar panels on street lamps lining the main trunk road from Sevilla to Huelva in southern Spain, 2006.

The government of Spain, a world leader in renewable energy, said it plans to cut subsidies for photovoltaic solar plants by up to 45 percent as it seeks to slash spending amid the economic crisis.

The proposal follows cuts announced last month in subsidies for wind and thermosolar power.

Under the plan announced by the industry ministry on Sunday, subsidies for ground-based solar farms will be reduced by 45 percent, those for large roof-mounted installations by 25 percent and those of small roof-top plants by 5.0 percent.

"These rates reflect technological improvements and cost reductions that have taken place in the photovoltaic sector," the ministry statement said.

It did not say when the cuts would take effect.

Photovoltaic [solar panels](#) convert the sun's rays directly into electricity.

The proposal is part of a broader plan to reduce state aid to the renewable energy sector.

The government said on July 2 it had reached agreements with producers to slash premiums for wind energy and thermosolar plants, which use the sun's rays to produce steam which runs generators.

Spanish media has said those cuts could save the government more than one billion euros (1.3 billion dollars) annually.

The government has granted massive subsidies to [renewable energy](#) producers in recent years which have made Spain one of the world leaders in the sector. Spanish media said the photovoltaics sector received 983.4 million euros (1.284 billion dollars) in state aid in the first five months of this year alone.

The government this year has introduced tough austerity measures to rein in the public deficit from a massive 11.2 percent of gross domestic product in 2009 to six percent in 2011 and three percent -- the EU limit -- by 2013.

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