

# EU electricity reform calls end to coal subsidies

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Coal still accounts for a considerable amount of power generation in several EU countries, including Germany and Poland

European Union member states and the European Parliament agreed Wednesday to reform the bloc's electricity market, including a call to end coal subsidies by 2025.

The reform, clinched after marathon talks, broadly aims to develop a more transparent and [competitive market](#) as the European Commission, the EU's executive arm, continues opening up national energy markets.

Austria, which holds the EU's six-month rotating presidency, announced the end to the coal subsidies in Wednesday's political agreement that still requires formal approval.

"Member [states](#) can, after strict examination by the European Commission, distribute state aid but only until 2025," Austria said in a statement, referring to existing coal-fired power plants.

The subsidies, designed to compensate electricity producers who maintained higher capacity to meet peaks in demand, had stirred debate over the role of coal in the bloc.

The reforms introduce a new limit for powerplants eligible to receive the subsidies known as capacity mechanisms: subsidies to generation capacity emitting 550 grammes of CO<sub>2</sub> per kilowatt hour or more will be phased out.

Krisjanis Karins, the MEP who pushed for the legislation, said negotiators finally overcame sticking points on several issues including coal-linked subsidies.

"Our ambition is to get away from heavy state subsidies and instead let the market do the job of supplying industries and households with affordable and secure energy inside the EU," Karins said in a statement.

The Latvian politician said the reform will lead to lower electricity prices, greater consumer choice for energy suppliers, and stronger incentives for new technology.

Miguel Arias Canete, the European Commissioner for Climate Action and Energy, said the deal puts the "EU in the lead in terms of rules to accelerate and facilitate the clean energy transition."

It comes after other EU moves toward cleaner [energy](#) this week and after international talks in Poland aimed at breathing new life into the 2015 Paris climate agreement.

Monique Goyens, who heads the European Consumer Organisation (BEUC), said "overall this is a good deal for consumers".

For example, consumers will find it easier to understand bills and they will be able to switch to new suppliers within 24 hours rather than in weeks, Goyens added.

The European Parliament and the member states still have to formally approve the deal.

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