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ANNEX

ANNEX

to the

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

on energy subsidies in the EU

Important remarks on the methodology

This report builds on an external study conducted for the Commission¹. The study was based on a bottom-up inventory approach, collecting information from national budget documents and reports. National subsidy data was aggregated at EU level and supplemented with data from recognised specialist databases belonging to European and international institutions². In cases where 2024 data were not fully available or validated, estimates based on 2023 data were used³. As with previous editions of this report, Member States were given the opportunity to provide feedback on the data used for the study.

The inventory of energy subsidy measures drawn up for the study provided reliable information on the fiscal impact of direct budgetary transfers for energy use and production and is a tool which promotes transparency around public policies and helps identify specific support measures for reform.

Subsidy amounts which were based on estimates of tax expenditure (revenue foregone) depend on the baseline tax rates applicable in each country and may not be directly comparable between countries due to country-specific approaches to benchmark tax systems⁴. While they adequately reflect the fiscal costs of subsidy measures, on their own they are less well suited for directly comparing environmental, climate and energy impacts of tax-based subsidies between countries, including the incentivising effects on fossil fuels⁵. For that reason, this report also provides fossil fuel subsidy amounts excluding tax expenditure. Further work is needed to analyse the effective tax rates on energy use and carbon emissions to complement the inventory approach and improve the comparability of tax-related measures⁶.

Implicit subsidies (e.g. the cost of various external factors) are not covered due to methodological problems associated with the lack of a robust, reliable and comparable assessment of negative social and non-climate related external costs from environmental and other impacts associated with implicit subsidies.

This year's report includes for the first time government ownership and equity infusion due to their increased role since the 2022 energy crisis. For transparency purposes, subsidy amounts excluding these new categories are also provided.

¹ Study on energy subsidies and other government interventions in the European Union, 2025 edition, by Enerdata-Trinomics.

² This report concerns energy subsidies. The information and analysis presented should not be interpreted as relating to State aid. Data on State aid are available through the [State Aid Scoreboard](#).

³ EUR 34 billion or 10% of the total subsidy amount is based on estimations across all subsidy categories.

⁴ Different baseline tax rates and differences in fiscal policies result in differences in the impact of tax expenditure between countries.

⁵ A country with higher 'baseline' taxes but significant tax exemptions can have considerably higher levels of forgone tax revenues and thus nominal energy subsidies, while still paying more for fossil fuels than a country with lower tax rates but fewer or no exemptions, resulting in lower levels of forgone tax revenues and thus lower fossil fuel subsidies, while incentivising more the consumption of fossil fuels.

⁶ Preparations are currently ongoing in international fora (e.g. the OECD) and within the EU, on how the methodology to define and compare in particular tax-related subsidies, can be improved.