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## Commission approves €500 million in German public funding to promote energy efficiency in rail transport

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2018/07/30 15:33 στην κατηγορία INTERNATIONAL

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The European Commission has approved under EU State aid rules a German scheme to support railway companies that invest in energy efficiency technologies.

The measure will promote the shift of freight traffic from road to rail and contribute to a reduction of CO2 emissions.

Commissioner Margrethe Vestager in charge of competition policy, said: “Electrically powered rail transport is one of the most environmentally friendly transport options. By promoting a shift from road to rail, the German scheme will contribute to meeting the EU’s environmental and transport objectives, without distorting competition”.

In January 2018, Germany notified to the Commission a scheme to provide public support for investment in technologies to make rail transport more cost and energy efficient. The scheme has an overall budget of €500 million and will run from 2018 to 2022.

Under the scheme, companies providing electrically powered rail transport services may be compensated for up to 50% of expenses incurred from energy efficiency measures, such as acquisition of modern energy-saving rolling stock including hybrid locomotives or automated solutions. Such investments allow rail transport companies to increase their energy efficiency, i.e. the energy consumption per passenger or tonne kilometre.

To benefit from this public support, **rail transport companies need to demonstrate a year on year improvement of 1.75% in their energy efficiency.**

From 2020, this energy efficiency must increase by at least 2% year on year for companies to be eligible for support.

The Commission found that the scheme is beneficial for the environment and for mobility because it supports and promotes rail transport, which is less polluting than road transport. The Commission also found that the measure is proportionate and necessary to achieve the objective pursued, namely to support the modal shift from

road to rail. As a result, the Commission has concluded that the measure complies with EU State aid rules, in particular the 2008 Commission [Guidelines on State aid for railway undertakings](#).