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ENERGY INDUSTRY TAX NEWS

The Official State Gazette of December 28, 2012 has published Law 15/2012, of December 27, 2012, on tax measures for energy sustainability. Like other pieces of legislation approved in recent years in connection with the electricity sector, the Law focuses on one of the most important problems currently facing the Spanish energy industry, namely, the tariff deficit, which by December 2011 reached €24 billion.

The Law comes into force on January 1, 2013.

1. CONTEXT FOR THE APPROVAL OF THE LAW

The Spanish electricity system has suffered from a revenue shortfall in its regulated activities for more than a decade, due to the gap between revenues from supply tariffs and tolls for access to the transmission or distribution grids, and the recognized costs associated with the various regulated activities and costs of the electricity system.

This gap is known as the tariff deficit. Despite successive attempts at legislating to remedy and contain the tariff deficit, it has ceased to be a circumstantial by-product of the annual settlement of revenues and costs, and has become a structural problem of the electricity system.

In recognition of this problem, measures were introduced in Royal Decree-Law 6/2009[1], to lay out the path towards the progressive sufficiency of access tolls to satisfy all of the costs associated with regulated activities so that, from 2013 onwards, no additional tariff deficit can arise. Royal Decree-Law 6/2009 also provided a mechanism to finance this deficit.[2]

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[1] Royal Decree-Law 6/2009, of April 30, 2009, adopting certain measures in the energy sector and approving energy assistance relief.

[2] Royal Decree-Law 6/2009 determined that from January 1, 2013 onwards, access tolls will be sufficient to satisfy all of the costs associated with regulated activities, and provided rules on a transitional period until that date. It also determined that the deficit will be financed by transferring the related collection rights to a special purpose vehicle, the Electricity System Deficit Securitization Fund (or "FADE" by its Spanish acronym), which will issue the related securities in a competitive process on the financial market backed by a guarantee of the Spanish State.

On the financing of the tariff deficit, account should also be taken of Royal Decree-Law 6/2010, on measures to boost the economic recovery and employment.

Since the publication of Royal Decree-Law 6/2009 various measures have been passed to remedy the deficit (in Royal Decree-Law 6/2010[3], or Royal Decree-Law 14/2010[4]). Nevertheless these measures have yet to put a stop to the tariff deficit.

Faced with the entrenchment of the deficit problem, intensified by a fall in demand over recent years, the risk of breaching the deficit ceiling set for 2012, and the fast-approaching zero deficit target for 2013 and beyond, firstly, Royal Decree-Law 1/2012[5] was approved. As mentioned in the Preamble to Royal Decree-Law 1/2012, the Government identified the deficit as "*the main problem threatening the economic sustainability of the electricity system*" and announced its intention to adopt measures to remedy this. Accordingly, in Royal Decree-Law 1/2012, it sought to temporarily curtail costs for the electricity system by taking away the financial incentives for electricity generation facilities under the special regime (using cogeneration, renewable energy sources and waste), and facilities using assimilated technologies and falling under the ordinary regime, and the remuneration pre-allocation procedure.

Subsequently, Royal Decree-Laws 13/2012[6] and 20/2012[7] were approved and introduced a new raft of urgent measures for containing the costs of some of the regulated activities and costs of the electricity system, with a view to reducing the temporary gaps for 2012, for both the electricity and gas sectors, to staying under the deficit ceiling set for 2012, and to achieving tariff sufficiency in 2013.

Due to the insufficiency of these measures for containing the tariff deficit, the Government considered it necessary to unveil a new Bill, the approval of which has given rise to the Law discussed here, which includes new taxes the revenues from which will be used to cover certain costs of the electricity system.

According to Government estimates at the time of the unveiling of the Bill, these new tax measures in the electricity and gas sectors are expected to bring in approximately €2.9 billion in new revenues.

Lastly, it should be noted that the Government is preparing an additional package of measures for the structural reform of the electricity sector, including the amendment of Electricity Sector Law 54/1997 ("**LSE**"). According to statements made by the Minister for

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3 Royal Decree-Law 6/2010, of April 9, 2010, on measures to boost economic recovery and employment.

4 Royal Decree-Law 14/2010, of December 23, 2010, establishing urgent measures to redress the tariff deficit of the energy sector.

5 Royal Decree-Law 1/2012, of January 27, 2012, establishing the suspension of remuneration pre-allocation procedures and the elimination of economic incentives for new electricity generation facilities based on cogeneration, renewable energy sources and waste.

6 Royal Decree-Law 13/2012, of March 30, 2012, transposing directives concerning internal electricity and gas markets and concerning electronic communications, and adopting measures to redress deviations due to gaps between costs and revenues in the electricity and gas sectors.

7 Royal Decree-Law 20/2012, of July 13, 2012, on measures to guarantee budgetary stability and to boost competitiveness.

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Industry, Energy and Tourism, these measures, together with those included in the Law and in previously approved legislation, will permit the consolidation of a "*clear, transparent and stable regulatory framework.*"[8]

2. MAIN MEASURES ESTABLISHED IN THE LAW

The Law approved (which, as indicated in final provision five of the Law, enters into force on January 1, 2013) includes, among other measures:

(i) new taxes:

(a) a tax on the value of electricity output,

(b) a tax on production of spent nuclear fuel and radioactive waste resulting from nuclear power generation,

(c) a tax on storage of spent nuclear fuel and radioactive waste at centralized facilities, and

(d) a charge ("*canon*") on the use of inland water for electricity production;

(ii) a modification of the rates of the excise tax established for natural gas and of the special tax on coal, while eliminating the exemptions for energy products used in electricity production and in the cogeneration of electricity and useful heat; and

(iii) an amendment to the LSE, eliminating the right to be remunerated under the premium-based system for the sale of electricity attributable to the use of fuels at generation facilities that use any non-consumable renewable energy as a primary energy source, except in the case of hybrid facilities that use consumable and non-consumable renewable energy sources, in which case the use of consumable energy could qualify for the premium.

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[8] The reform of the LSE and of the regulatory framework for the electricity sector was announced by the Minister for Industry, Energy and Tourism in a speech to the Lower Chamber of the Spanish Parliament on September 26, 2012. In his speech, the Minister gave a general outline of the proposed energy industry reform and indicated that it could deal with a range of issues including the following: (i) the division of powers between central government and the autonomous community governments; (ii) the regulation of system connections and access; (iii) the unification of the concept of generation and convergence of facilities under the special and ordinary regimes; (iv) the deregulation of supply so as to reduce the cost of the "last resort" tariff (TUR); (v) new implementing legislation for renewable energy sources and energy efficiency; (vi) the presentation of a new concept of electricity wholesaling and supply; (vii) fresh proposals on electricity distribution and transmission and new remuneration for regulated activities; (viii) the redefinition of the items of which grid access tolls are comprised; and (ix) a new treatment of island and non-mainland electricity systems.

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The revenues obtained from applying this Law will be used to meet certain costs of the Spanish electricity system established in the LSE. Therefore, following the entry into force of the Law, the remuneration for regulated activities and other costs of the electricity system will be paid not only out of access tolls, but also from items contained in the General State Budget. It is also worth noting that the Law contains an enabling provision for the General State Budget Law to modify the tax rates and tax prepayments provided for in the Law.

The Law establishes that, if the taxable events of the new taxes overlap with those taxed by the autonomous community governments and this leads to a decrease in their revenues, adequate compensation or coordination measures will be implemented in their favor, provided that the relevant autonomous community taxes were approved before September 28, 2012 (the date on which the Bill was published in the Official Parliamentary Gazette). Therefore, it will be necessary to have regard to the taxable events of the autonomous community taxes currently being levied on similar activities and to whether they overlap with the taxable events that are taxed by the new Law. The key features of the above-mentioned measures established in the Law are described in the following sections.

3. TAX ON THE VALUE OF ELECTRICITY OUTPUT

Title I of the Law establishes a direct, *in rem* tax on the value of electricity output, which is levied on the pursuit of the activities of power production and feeding of electricity to the Spanish electricity system.

This tax will apply throughout Spain, notwithstanding the tax regimes established by the economic accords respectively in force in the Basque Country and Navarra, and notwithstanding the provisions of international treaties and conventions.

The taxable event is the production and feeding of electricity to the Spanish electricity market, measured in power plant busbars ("*barras de central*")[9], including the mainland electricity system and the island and non-mainland territories, whether at facilities under the ordinary or the special regime.

The payers of this tax will be the individuals or legal entities and the entities referred to in article 35.4 of General Taxation Law 58/2003, of December 17, 2003 (the "General Taxation Law"), who engage in the activities constituting the taxable event.

The tax base will consist of the total amount receivable by the taxpayer for the power output produced and the electricity fed to the system and measured in power plant busbars on the electricity production market, for each facility during the tax period.

[9] The text finally approved provides a clearer definition than the Bill of power production measured in plant busbars, which will correspond to the energy measured at alternator terminals, net of ancillary consumption in generation and of any losses up to the point of connection to the grid.

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In calculating the tax base, account will be taken of the remuneration provided for in all the remuneration systems resulting from the provisions of the Electricity Sector Law (market price, premiums, incentives and/or supplements, if any), in the tax period in question, as well as that provided for in the specific remuneration system for electricity production and feeding of electricity activities in the island and non-mainland territories.

A single "ad valorem" tax rate (7%) is applied to the revenues obtained by each of the electricity production facilities.[10]

The tax will become chargeable on the last day of the tax period, which will be the calendar year, unless the taxpayer has stopped producing electricity at the facility, in which case the tax period will end on the date on which production stopped.

As for how the tax is calculated and paid, the Law provides that taxpayers must self-assess the tax and pay it over within the month of November following the date on which the tax became chargeable, in accordance with the rules and on the forms established by the Minister for Finance and Public Authorities. In other words, the calculation and the payment must be made almost one year after the tax became chargeable. This time lag is probably due to the fact that, according to the Law, the definitive measurements of output must be taken into account for these purposes.

Nevertheless, a system of four prepayments is established, to be made between the 1st and 20th of May, September, November and February of the following year. These prepayments will be calculated by applying a tax rate of 7% to the value of the electricity output (measured in power plant busbars) from the start of the tax period to the end of months three, six, nine or twelve of each calendar year (periods to which the prepayments will refer respectively) less the amount of the previous prepayments.

For these purposes, the value of the output will consist of the total amount receivable by the taxpayer for the output (measured in power plant busbars) on the electricity production market, for each facility in the quarter in question. If the amount receivable by the taxpayer is not known when the tax is prepaid, a provisional amount must be determined according to the last provisional settlement made by the system operator and, as the case may be, by the National Energy Commission, prior to the start of the period for making the payment in question.

However, the following special rules are established in relation to prepayments:

- Where the value of the output, including all facilities, does not exceed €500,000 in the prior calendar year, taxpayers will be required to make only the prepayment the settlement period for which falls between the 1st and 20th of November.

- Where the activity commences after January 1, the prepayments in respect of the settlement relating to the tax period that is in progress will be made, where appropriate, in the settlement period relating to the quarter in which the value of the output calculated from the start of the tax period exceeds €500,000, including all facilities.

[10] The rate envisaged in the Bill was 6%.

In addition, as regards prepayments to be made in 2013, a transitional provision is established whereby, for the tax period commencing on January 1, 2013 and solely for the purpose of determining if taxpayers engaging in activities constituting the taxable event must make prepayments, the value of the annual output, including all facilities, will be deemed to be the value that would have corresponded to the output realized in 2012. In the case of taxpayers that have engaged in their activity for less than a calendar year in 2012, the value of the output will be annualized. If the total amount receivable by the taxpayer is not known, it must be established provisionally according to the last provisional settlement made by the system operator and, as the case may be, by the National Energy Commission.

4. TAXES ON THE PRODUCTION AND STORAGE OF NUCLEAR FUEL

Title II of the Law regulates two new direct, *in rem* taxes: (i) a tax on production of spent nuclear fuel and radioactive waste resulting from nuclear power generation, and (ii) a tax on storage of spent nuclear fuel and radioactive waste at centralized facilities.

According to the information contained in the press release from the Ministry of Industry, Energy and Tourism after the unveiling of the Bill, the tax on storage of spent nuclear fuel and radioactive waste at centralized facilities will replace the taxes currently levied by the autonomous community governments on this matter, in order to make them uniform and to unify the taxable events taxed by various autonomous community governments.

These taxes will apply throughout Spain, notwithstanding the tax regimes established by the economic accords respectively in force in the Basque Country and Navarra, and notwithstanding the provisions of international treaties and conventions.

The tax period of both taxes will be the calendar year, unless the taxpayer stops engaging in activities that constitute the taxable events, in which case it will end on the date on which the activity is deemed to stop. Both taxes will become chargeable on the last day of the tax period.

With regard to the calculation and payment of the two taxes, the Law establishes that taxpayers will be required to self-assess the taxes and pay over the resulting amounts within the first twenty calendar days following the date on which the taxes became chargeable, in accordance with the rules and on the forms established by the Minister for Finance and Public Authorities.

A system of three prepayments is also established, to be made within the first twenty calendar days of April, July and October, on the basis of the calculation of the tax for the tax period in progress. For these purposes, the amount of the prepayments will be determined by having regard to the figures which determine the tax base and which relate to the calendar quarter prior to the start of the period for making each one of the prepayments and applying the tax rate applicable to each tax.

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4.1 Tax on production of spent nuclear fuel and radioactive waste resulting from nuclear power generation

The taxable event is the production of spent nuclear fuel and radioactive waste resulting from the generation of nuclear power at any authorized facility.

The payers of this tax will be the individuals or legal entities and the entities referred to in article 35.4 of the General Taxation Law, who engage in the activities constituting the taxable events. However, where the owners of nuclear facilities giving rise to the taxable event are not the same as the operators of those facilities, the owners will be jointly and severally liable with the operators for the related tax.

The tax base, which will be determined for each facility where the activities constituting the taxable event are engaged in, and the tax rates applicable to each tax base will be the following:

Tax base	Tax rate
Number of kilograms of heavy metal contained in the nuclear fuel produced during the tax period, understood as the nuclear fuel irradiated in, and permanently extracted from, the reactor during the tax period	€2,190/kg
Number of cubic meters of medium- and low-level radioactive waste (conditioned for temporary on-site storage at the facility that generated it) produced during the tax period	€6,000/m^3
Number of cubic meters of very low-level radioactive waste (conditioned for temporary on-site storage at the facility that generated it) produced during the tax period	€1,000/m^3

4.2 Tax on storage of spent nuclear fuel and radioactive waste at centralized facilities

The taxable event is the storage of spent nuclear fuel and radioactive waste at a centralized facility. For these purposes, the following definitions are established:

- Activity of storing spent nuclear fuel and radioactive waste: any activity consisting of the temporary or definitive immobilization of those materials, regardless of where or how it is done.

- Centralized facility: any facility for storing such materials originating from other facilities or sources.

Nonetheless, the Law establishes that the storage of radioactive waste from medical or scientific activities will be exempt from this tax, as will the storage of radioactive waste from exceptional incidents at industrial facilities not subject to nuclear regulations which are classified as such by the Spanish Nuclear Safety Council or detected at such facilities, and managed within the framework of the agreements referred to in article 11.2 of Royal Decree 229/2006, of February 24, 2006, on the control of high-activity sealed radioactive sources and orphan sources.

The payers of this tax will be the individuals or legal entities and the entities referred to in article 35.4 of the General Taxation Law, who own facilities where the activities constituting the taxable event are engaged in.

The tax base, which will be determined for each facility where the activities constituting the taxable event are engaged in, and the tax rates applicable to each one will be the following:

Tax base	Tax rate
The difference between the weight of the heavy metal contained in the spent nuclear fuel stored at the end and at the beginning of the tax period	€70/Kg.
The difference between the volume of high- or medium-level long-life radioactive waste, other than spent nuclear fuel, stored at the end and at the beginning of the tax period	€30,000/m^3
The volume of medium-, low- or very low-level radioactive waste brought into the facility for storage during the tax period[11]	Medium- or low-level: €10,000/m^3
	Very low-level: €2,000/m^3

5. AMENDMENT OF THE EXCISE AND SPECIAL TAXES LAW

Title III of the Law introduces various amendments to Excise and Special Taxes Law 38/1992, affecting the excise tax on oil and gas and the special tax on coal.

5.1 Excise tax on oil and gas

The following changes are highlighted:

(i) A new special rule regarding tax accrual is established according to which, when natural gas leaves the facilities in the context of a natural gas supply contract for a consideration, the tax becomes chargeable at the time when the portion of the price relating to the natural gas supplied in each manufacture period becomes claimable (unless the natural gas is dispatched to another factory or a tax warehouse).

For other cases, the taxpayer can consider that the total natural gas supplied during periods of up to sixty consecutive days has left the factory or tax warehouse on the first day of the calendar month after the end of such period.

[11] For the centralized storage of this type of waste, the Law establishes that the net tax base will be determined by applying to the tax base a reduction multiplier K calculated in a formula which has several components in order to take into account the treatment of such waste before its storage.

(ii) Treatment as a substitute taxpayer is extended to parties that make the supplies of natural gas for a consideration mentioned in the preceding point and to the tax representatives of article 4.28 of the Law.

(iii) Tariff 1 is modified, most notably with the introduction of a rate of €0.65/Gj for natural gas to be used for purposes other than as fuel or to be used as fuel in stationary engines, which up to now benefited from a rate of €0.

New rates are also introduced for gas oils (€29.15/1,000 liters) and fuel-oil (€12.00/1,000 liters) to be used in the production of electricity or the cogeneration of electrical and thermal power.

Tariff 1	General rate	Special rate
Heading 1.1. Leaded gasoline	€433.79/1,000 l.	€24/1,000 l.
Heading 1.2.1. Unleaded gasoline with octane number 98 or higher	€431.92/1,000 l.	€24/1,000 l.
Heading 1.2.2. All other unleaded gasoline	€400.69/1,000 l.	€24/1,000 l.
Heading 1.3 General-use gas oil	€307/1,000 l.	€24/1,000 l.
Heading 1.4 Gas oil that can be used as fuel for the purposes established in article 54.2 and, in general, as combustible (except heading 1.16)	€78.71/1,000 l.	€6/1,000 l.
Heading 1.5 Fuel-oils (except heading 1.17)	€14/Ton	€1/Ton
Heading 1.6 General-use LPG	€57.47/Ton	
Heading 1.8 LPG used for purposes other than as fuel	€15/Ton	
Heading 1.9 General-use natural gas	€1.15/Gj	
Heading 1.10 Natural gas used for purposes other than as fuel, and natural gas used as fuel in stationary engines	€0.65/Gj	
If used for professional purposes and not for electricity generation or cogeneration processes	€0.15/Gj	
Heading 1.11. General-use querosene	€306/1,000 l.	€24/1,000 l.
Heading 1.12 Querosene used for purposes other than as fuel	€78.71/1,000 l.	
Heading 1.13 Bioethanol and biomethanol for use as fuel:		
a) Bioethanol and biomethanol mixed with unleaded gasoline with octane number 98 or higher	€431.92/1,000 l.	€24/1,000 l.
b) Bioethanol and biomethanol mixed with other unleaded gasoline, or unmixed	€400.69/1,000 l.	€24/1,000 l.
Heading 1.14 Biodiesel for use as fuel	€307/1,000 l.	€24/1,000 l.
Heading 1.15 Biodiesel and biomethanol for use as combustible (and biodiesel of art. 54.2):	€78.71/1,000 l.	€6/1,000 l.
Heading 1.16. Gas oils used for electricity production or cogeneration at the facilities included in Law 54/1997	€29.15/1,000 l.	
Heading 1.17. Fuel oils used for electricity production or cogeneration	€12/Ton	

(iv) At the same time, the exemptions from excise tax on oil and gas are eliminated for the products included in the objective scope of the tax and used for electricity production and/or cogeneration of electrical and thermal power at combined plants. Additionally, an exemption is introduced for the manufacture and import of the products classified in code NC 2705 which are used for the production of electricity at electricity plants or for the production of electricity or the cogeneration of electrical and thermal power at combined plants, or for self-consumption at the facilities where they have been generated.

(v) Changes are made in the partial refund for the use of professional gas oil and for the gas oil used in farming and livestock activities.

5.2 Excise tax on coal

In order to give an analogous treatment to the production of electricity using natural gas, the tax rate on coal is raised from €0.15/Gj to €0.65/Gj, and the exemption for releases of coal for consumption is also eliminated where they entail the use of the coal for the production of electricity and the cogeneration of electrical and thermal power.

6. HYDROELECTRIC GENERATION CHARGE

Title VI of the Law amends the Consolidated Water Law (approved by Legislative Royal Decree 1/2001, of July 20, 2001), to create a charge ("*canon*") on the use or harnessing of inland water for hydroelectric generation.

The charge will fall due when the hydroelectric concession is first granted and annually thereafter to maintain it, and will be payable in the appropriate amount and in the time periods indicated in the conditions of that concession or authorization. The parties liable to pay the charge will be concession-holders or their subrogees, if any. As for existing concessions, according to the Law, the charge will apply to those already holding a hydroelectric concession when the Law enters into force. In this regard, the conditions of existing concessions must be brought into line with the new provisions.

The basis of the charge will be determined by the river basin authority and will be the economic value of the hydroelectric output produced by concession-holders as a result of using or harnessing publicly-owned water resources, measured in power plant busbars, in each annual tax period.

The annual rate levied will be 22% of the value of the basis of the charge.

Hydroelectric facilities operated directly by public authorities competent to manage publicly-owned water resources will be exempt from the payment of this charge.

Moreover, the charge will be reduced by 90%: (i) in the case of hydroelectric facilities with a capacity of 50 MW or less (electricity generation facilities under the special regime); (ii) electricity generation facilities using hydraulic pumping technology with a capacity of

more than 50 MW; and (iii) in the case of types of production or facilities that must be encouraged for reasons of general energy policy, in such manner as may be determined by regulations.

The management and collection of the charge will fall to the competent river basin authority or to the central tax authorities, by virtue of an accord with the river basin authority; 2% of the charge collected will be deemed to be revenue of the river basin authority, while the remaining 98% will be paid to the Public Treasury by the authority collecting the charge, in order, as stated previously, to finance certain costs of the electricity system.

Lastly, the calculation of the charge will be subject to the provisions of article 115 of the Consolidated Water Law, which establishes the general rules on calculating all of the charges and levies provided for in Title VI of the Consolidated Water Law although the rules for their self-assessment are to be fleshed out by implementing legislation.

7. REMUNERATION FOR ENERGY ATTRIBUTABLE TO THE USE OF FUELS AT FACILITIES THAT USE NON-CONSUMABLE RENEWABLE ENERGY AS A PRIMARY ENERGY SOURCE

Lastly, the Law includes an amendment to the LSE affecting the remuneration system for certain electricity generation facilities under the special regime.

Specifically, the Law establishes that electricity attributable to the use of fuels at a generation facility that uses any non-consumable renewable energy as a primary energy source will not qualify for the premium-based remuneration system,[12] except in the case of hybrid facilities based on consumable and non-consumable renewable energy sources, in which case the electricity attributable to the use of the consumable renewable energy source may qualify for the premium-based remuneration system.

This measure particularly affects thermo solar facilities that use fuels (usually natural gas) to produce electricity, given that they will not be entitled to the premium-based remuneration system in respect of the part of the energy generated that is attributable to those fuels.

Conversely, as a result of the amendment introduced in the Upper Chamber of the Spanish Parliament and approved by the Lower Chamber, hybrid thermo solar facilities using biomass may qualify for the exemption established in the Law and may be remunerated under the premium-based system for each of the primary energy sources that they use (solar and biomass).

[12] As for the method for calculating the electricity attributable to the fuels used, the Law establishes that it will be determined by an Order from the Ministry of Industry, Energy and Tourism.

8. ALLOCATION OF AMOUNTS COLLECTED

The Law expressly provides that the General State Budget Laws for each year will allocate to financing the costs of the electricity system envisaged in article 16 of the LSE an amount equal to the sum of:

- The estimate of the annual amount collected by the State from the taxes and charges included in Law 15/2012.
- The estimated revenue from the auction of greenhouse gas emission allowances, subject to a ceiling of €500 million.

In implementing this mandate, and among other measures relating to the energy sector[13], Law 17/2012, approving the General State Budget for 2013, establishes in additional provision five of the Law, under the heading "Contributions for the financing of the Electricity Sector", that the General State Budget Laws for each year will contain an amount, allocated to financing the costs of the electricity system envisaged in article 16 of the LSE, equal to the sum of:

- The estimate of the annual amount collected by the State from the taxes included in the law on tax measures for energy sustainability.
- 90 percent of the estimated revenue from the auction of greenhouse gas emission allowances, subject to a ceiling of €450 million.

In addition, in accordance with the above-mentioned additional provision five, 10 percent of the estimated revenue from the auction of greenhouse gas emission allowances is allocated to combating climate change up to a maximum of €50 million.

[13] Additional provision four of Law 17/2012 establishes the suspension during 2013 of the application of the mechanism of compensation out of the General State Budgets established in additional provision one of Royal Decree-Law 6/2009 for generation cost overruns of the island and non-mainland electricity systems and, accordingly, the suspension does not give any right to, or give rise to any, compensation out of the Budgets for fiscal year 2013 as a result of the electricity generation cost overruns of the island and non-mainland electricity systems relating to fiscal year 2012.

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