Box C: Energy subsidies - revisions across forecast rounds

The revisions between the estimates for energy subsidies conducted at the time of the DBP and in this forecast round are significant (see Table 5.11). The allocations towards energy price subsidies reflect in particular developments in international markets, and thus, changes in the prices at which electricity and other inputs needed to produce electricity are bought, can significantly influence the government's forecasts.

Table 5.11: Potential savings from lower allocations towards energy subsidies

Update of Stability Programme 2023 - 2026	**2022**	**2023**	**2024**	**2025**
Compensation for higher imported electricity prices	-221	-200	-200	-200
Gas Stabilisation Fund	-16	-15	-15	-15
Subsidies on petroleum products	-68	-47	-37	-27
Total	-305	-262	-252	-242
Draft Budgetary Plan 2023	**2022**	**2023**	**2024**	**2025**
Compensation for higher imported electricity prices	-248	-500	-430	-305
Gas Stabilisation Fund	-15	-15	-15	-15
Subsidies on petroleum products	-96	-80	-60	-60
Total	-359	-595	-505	-380
	2022	**2023**	**2024**	**2025**
Difference USP - DBP	54	333	253	138
GDP	16,870	18,321	19,732	21,153
Potential savings as % of GDP	0.3	1.8	1.3	0.7

Note: The USP also includes the estimates for 2026, but these were not included in the DBP for 2023.

When combined, the revisions for 2022 resulted in lower spending for the three main components of €54 million. The largest change is portrayed in 2023. For this forecast year, a higher allocation was made in the DBP, close to €600 million. However, the estimates in the USP show that the three energy subsidies are to exert a lower total expenditure than that in 2022, when opposed to an increase of more than €230 million allocated in the DBP. If calculated as a percentage of the updated nominal GDP forecast, this would translate into savings of 1.8% of GDP. However, total expenditure, as a ratio to GDP was kept almost constant in 2023, as the lower estimated outlays on energy measures were directed towards other expenditure items, instead of contributing towards a larger fiscal consolidation. This large difference translates onto the other forecast years, with a further accumulated impact of 1.3 pp in 2024 and 0.7 pp in 2025.