

16.02.2018

## **Briefing note on the revision of general government debt according to the Excessive Deficit Procedure (EDP)**

---

The most recent data in the monthly information on general government EDP debt, which the Banco de España has published on its website today (available at this [link](#)), have been revised to reflect the usual updates to the statistical sources and the effects of the reclassification of certain units. For the sake of transparency, the Banco de España will henceforth describe the most significant changes taking place in the general government institutional setting in its regular updates on public debt.

In this context, it should be noted that the most significant change brought about by recent reclassifications is that the State-controlled Spanish radioactive waste management agency, Empresa Nacional de Residuos Radiactivos S.A. (referred to below as Enresa), is now considered to form part of the general government sector.<sup>1</sup>

Enresa is a publicly-controlled entity created in 1984 to collect, process and store radioactive waste, eventually perform the dismantling of obsolete nuclear and radioactive facilities, and carry out the environmental remediation of uranium mines. Enresa is funded through a system of tariffs paid by nuclear energy market operators (mainly electricity companies) and by other entities that generate radioactive waste, such as hospitals and industrial users. The legislation establishes that these payments must cover all of Enresa's costs so that it requires no additional financing from the State. As this funding model results in a significant time lag between income and expenditure, a "Fund for the financing of activities included in the General Radioactive Waste Plan" was set up.

To date, Enresa has been treated on the national accounts as a public corporation, because its income was deemed to relate to the counterparty of the provision of services to energy market operators in the form of waste management and decommissioning activities. However, after a careful analysis of the provisions of Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (ESA 2010) and of the provisions of both Law 24/1964, of 29 April, on nuclear energy, and Law 54/1997, of 27 November, on the electric

---

<sup>1</sup> Along with Enresa, other institutional units (such as Hunosa and Compañía Española de Reafianzamiento) have also been reclassified as belonging to the general government sector, but their impact is relatively insignificant. The full list of entities included in general government and its changes are available on the Banco de España webpage at: [http://app.bde.es/sew\\_www/faces/sew\\_wwwias/jsp/op/InicioSesion/PantallaInicioSesion.jsp](http://app.bde.es/sew_www/faces/sew_wwwias/jsp/op/InicioSesion/PantallaInicioSesion.jsp)

system, the Technical Committee on National Accounts (CTCN, in its Spanish acronym),<sup>2</sup> deems that, under current legislation, Enresa must be reclassified as part of the general government sector. The CTCN's opinion is, however, subject to any possible future regulatory changes that may affect the economic nature of Enresa's activity.

In short, the CTCN considers that Enresa lacks decision-making autonomy, as it is a government mechanism to provide the technical services entrusted to it by the government itself. Moreover, its income cannot be considered market revenue, because the incomes perceived through the tariff system are not directly linked to the provision of specific services; for example, there is no direct relationship between the amount charged to each nuclear power plant and the specific cost of its waste management.

Enresa's reclassification as belonging to the general government sector has only a marginal impact on the public deficit. Enresa's debt is also insignificant. Nevertheless, since some of the investments of the aforementioned Fund are in State and autonomous regions' debt securities, Enresa's inclusion in the State sector reduces the total consolidated general government debt. In the absence of Enresa's final accounts for 2017, according to the provisional information from securities depositaries, the entity's debt securities portfolio excluding repos had a nominal value of €2,408 million in December 2017, equivalent to 0.2% of GDP at market prices, thus reducing the year in question's consolidated EDP debt by a similar amount.

For practical reasons, Enresa's reclassification took place in the first quarter of 2018, and was effective as of January 2017. The historical series concerned will be reconstructed during the change of base year in the national accounts, which is scheduled to take place in the second half of 2019.

### **Additional information**

More detailed information about the methodology used to compile EDP debt data can be found on the Banco de España's website at this [link](#)

#### *Next release of monthly data*

The preview of the January general government EDP debt figures will be published on 16 March 2018.

#### *Next release of quarterly data*

The 2017 fourth quarterly general government EDP debt figures will be published on 28 March 2018.<sup>3</sup>

---

<sup>2</sup> The first additional provision of Organic Law 6/2013, of 14 November, created the Spanish Independent Authority for Fiscal Responsibility (AIReF), together with the Technical Committee on National Accounts (CTCN) to assess and allocate the various public sector entities' economic transactions, and also classify entities by sectors, in accordance with the criteria set out in ESA 2010. This Committee comprises representatives of the National Institute of Statistics, the Banco de España and the National Audit Office.

<sup>3</sup> The publication dates of the public debt statistics can be consulted on the Banco de España website at this [link](#)