

## Position paper

### Energy Taxation Directive – Demands for Reform

The Current Energy Taxations Directive (ETD) is from 2003 and out of date from many perspectives. Is now due to reform and the EU-commission has started this process with an early consultation<sup>1</sup>. The Swedish Society for Nature Conservation, (SSNC) has also left a response in that earlier phase.<sup>2</sup>

Our principal position is that all fossil subsidies should be abolished as soon as possible. The ETD regulates several tax reductions and exemptions, together with minimum taxation levels on energy use I Europe. These has great relevance for harmful subsidies in several areas, including tax exemptions for aviation and shipping, as well as low minimum tax levels for use of electricity in industry.

The Swedish Society for Nature Conservation has the following proposals for amendments to the Energy Tax Directive.

Full energy tax level should normally be applied in all areas covered by the directive. Exceptions must be specifically justified, for example tax exemption for renewable fuels with reference to their lower climate impact etc.

The minimum tax levels under the Directive must be raised to harmonize energy tax levels within the Union and minimize tax exemptions in the energy sector.

The minimum level for remaining tax exemptions (for example for electricity use in industry) should not be allowed to be lower than half of a standard full energy tax level in each member state. Normative taxes can then be, for example, the energy tax on unleaded standard petrol or on electricity to households.

The full standard tax level can be determined on basis of estimates of external environmental and health costs for current fossil fuels. For electricity, the minimum tax level should not be less than € 15 per MWh.

- The permitted forms of tax exemption at the minimum tax level should be limited and total exemption from energy tax should not be permitted other than for fully sustainably renewable fuels:
  - The tax exemption for agriculture, horticulture and aquaculture should be abolished and the increased minimum tax level should be applied in these sectors.
  - The various national derogations listed in the current directive must be abolished.
  - Energy tax exemptions for energy-intensive industries should be abolished.
  - Energy tax exemptions for combined heat and power production should also be abolished.
- Det är viktigt att hållbart producerade förnybara bränslen enligt ovan även framledes långsiktigt undantas från energiskatt.
- It is important that sustainably produced renewable fuels in accordance with the above will continue to be exempted from energy tax in the long term.
- Under the current directive, aviation and shipping are completely exempted from energy taxes. This needs to change. The EU has possibilities to institute fuel taxation for aviation and

---

<sup>1</sup> <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12227-Revision-of-the-Energy-Tax-Directive>

<sup>2</sup> <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12227-Revision-of-the-Energy-Tax-Directive-/F509194>

shipping within and to and from the Union, despite international agreements limiting such taxation internationally.

- Fuel taxes for aviation and shipping are crucial for fully internalizing environmental costs in these sectors, except for climate damage costs, which are assumed to be regulated within the EU-ETS for aviation and soon hopefully also for shipping.
- It is preferable if fuel taxation for aviation and shipping can be harmonized within the Union, with the same level in all Member States.
- Fuel taxation for these sectors is preferable to passenger charges or taxes, which are more indirect as instruments. Fuel taxation intervene more directly on environmental and health damage caused by fossil fuels.