



Annex to the consultation on “EU Green Deal – Revision of the Energy Taxation Directive”

9. Additional Information

The revision of the Energy Taxation Directive is an opportunity to closer align Europe’s taxation framework with its climate objectives. Europe will need a wide range of clean fuels to achieve decarbonization across the economy, in the heating, mobility and industrial sectors. It is essential that the revision of the ETD creates an enabling framework for all fuels which contribute to decarbonization.

Like any fiscal measure, the ETD review should treat differently business use and non-business use and must avoid creating market distortions and regulation overlap. The 2003 Directive contains a number of exemptions, including for energy-intensive businesses, for energy products other than heating fuels, and for electricity used in industrial processes when it accounts for more than 50% of the cost of a product. This is crucial, as industrial emissions incurred through energy usage are addressed under the framework of the Emissions Trading System. It is important that this distinction is maintained in order to prevent overlap. Legislative overlap could weaken the market-based approach essential for industries to reduce emissions through efficient, cost-effective means.

Representing sector leaders in the hydrogen economy, the European Industrial Gases Association especially stresses that the ETD must promote the use of low carbon hydrogen whether produced by other means such as water electrolysis (‘green’ hydrogen) or derived from natural gas (‘blue’ hydrogen). Either way, low carbon hydrogen will allow meaningfully reduction of emissions from industrial processes regardless of the underlying technologies. We therefore firmly believe that low carbon hydrogen produced through methane reforming in combination with carbon capture should be treated on equal footing to hydrogen produced through other processes.

We are currently investing significantly into clean hydrogen production through renewable electricity and believe that it will form the basis of Europe’s hydrogen economy in years to come. In the meantime, ‘blue’ hydrogen will play a fundamental role in the decarbonization of Europe’s industrial economy, providing large volumes of affordable hydrogen in the near to medium term. As such, we emphasise the need to maintain a level playing field between all available low carbon fuels which contribute to Europe’s decarbonization objectives.