



Energy Taxation Directive revision – ECFD position paper (October 2020)

Background

The European Confederation of Fuel Distributors (ECFD) welcomes the European Commission's decision to revise the Energy Taxation Directive. Numerous energy market evolutions took place since the directive's adoption and are still waiting to be reflected in the Directive's provisions.

ECFD is nevertheless positive that the Commission's ongoing preparatory work will provide a strong basis for a future legislative proposal remedying the lack of incentives for greener and innovative fuels, integrating the EU's climate and decarbonisation objectives while taking into consideration the needs of the most vulnerable ones.

Based on our members' experience, and willing to contribute to the upcoming debates in a constructive way, ECFD would like to draw the Commission's attention on certain elements.

A rewarding taxation framework for innovative alternative fuels

The unsuccessful 2015 attempt at revising the directive side-lined new innovative fuels which, in spite of their high decarbonising potential, could not benefit from attractive tax rates or tax exemptions. Traditional motor fuels should stop being more financially attractive than new alternative and climate-friendly ones. In a Green Deal context, sending the right signal will translate in a tax regime which encourages the deployment of renewable fuels but also of new energy products, such as low and zero-carbon fuels, including e-fuels (liquid synthetic fuels produced with renewable electricity and recycled/captured CO₂).

We fully understand the need for the Commission to assess the best way to reconcile its energy and climate objectives with tax revenue generation. Nevertheless, we encourage the institution to provide the possibility to exempt these fuels from taxation, based on the related CO₂ emissions reductions. This is in our view the little nudge that will guarantee that innovative technologies enabling further decarbonization such as biofuels, re-fuels and recycled carbon fuels roll out across all sectors.

Despite the inherent challenges, ECFD and its members commit to accompanying the EU's energy mix transition. We are indeed utterly convinced of the added-value and positive contribution of e-fuels in that regard.

Guarantee affordable energy to all

As independent petrol stations owners and/or heating oil distributors, ECFD members are particularly aware of the different tax rates affecting their products, both motor and



heating fuels. The profile of their businesses, in most cases small, family-owned and locally based companies, makes them especially close to their customer base and aware of their vulnerability. Against this background, ECFD invites the Commission to carefully weigh the advantages of increased tax revenues coming from traditional fuels with its likely fallout: destabilising households already at risk of energy poverty.

ECFD has been following discussions on the introduction of a CO₂ price component. Even if we fully understand its rationale and benefits, we warn the Commission against its detrimental consequences on vulnerable consumers. Households at risk of energy poverty are in the vast majority equipped with heating systems running on traditional energy sources. They often have no decision-making power in relation to their upgrade to more energy efficient ones, or to a switch to other sources of energy. It would simply be unfair to add this extra burden on their shoulders.

Moreover, heating is a basic human need that no EU citizen should ever have to forgo – as righteously recognised by the Green Deal in its effort to tackle energy poverty. To prevent any negative development on vulnerable consumers, ECFD urges the Commission to carefully assess the impact of the considered policy options for heating fuels. Aligning their minimum tax rates with those of motor fuels will do more harm than good.

No more patchy regimes across the EU for motor fuels

With as many tax regimes and exemptions as there are Member States in the EU, achieving a playing-field becomes impossible. Our members experience daily the unfair competition created by this situation, leading to the well-established practice of “fuel tourism” in cross-border areas, where consumers buy their motor fuel in the country with the lowest prices. Not only does it disrupt the internal market, but it is also counterproductive as the numerous exemptions and reductions do not even favour energy products with lower CO₂ content. ECFD therefore fully supports the Commission’s willingness to address this issue and align Member States’ tax rates for motor fuels.

The ECFD represents the interests of 10,000 distributors of petroleum products, including domestic heating oil, kerosene, petrol, diesel, gasoil and liquefied petroleum gases (butane, propane, LPG). Its members are essentially family-owned SMEs who supply from the refineries, terminals and their own storage directly to their customers’ tanks. Members include the Austrian Association of fuel and petroleum distributors (WKO), the Belgian Federation of Fuel Suppliers (BRAFCO), Bundesverband mittelständischer Mineralölunternehmen e.V. (UNITI), the French Fédération Française des Combustibles et Carburants (FF3C), and the UK and Ireland Fuel Distributors Association (UKIFDA).

Our website: <http://www.fuel-distributors.eu/>