

EBB response to European Commission consultation on the revision of the EU Energy Taxation Directive



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October 2020

The European Commission (EC) recently launched a public consultation on revision of the EU Energy Taxation Directive (ETD – Directive 2003/96/EC), aiming at restructuring the EU framework for the taxation of energy products and electricity.

This revision should serve to align taxation of energy products and electricity with EU energy and climate policies, with a view to contributing to the EU 2030 targets and climate neutrality by 2050 in the context of the European Green Deal.

EBB response to the public consultation:

The EBB welcomes the opportunity to respond to the EC's consultation, and to be part of the stakeholder process leading to the revision of the ETD. **The EBB fully supports this revision as critical to bring the ETD in line with European Green Deal climate & energy objectives**, as well as the expected increase in EU ambition of the Renewable Energy Directive (RED II) and the EU Effort Sharing Regulation (ESR).

Adopted in 2003, the ETD is not suited to effectively support the development of renewable energies. In fact, it ignores, among other things, the question of the taxation of fossil CO₂, and maintains various incentives more favourable to the consumption of fossil fuels than renewables. An effective ETD can play a significant role in supporting production of energy from renewable sources, and it is critical to enable a speedy energy transition to a low-carbon economy.

This would have an immediate effect because it would support GHG emissions savings of fuels supplied to the market today, thus helping to decarbonize the existing vehicle fleet. Therefore, **the EBB supports the EC's objective to remove all fossil fuel subsidies**, thus providing a real level playing field between fossil and renewable liquid fuels.

The revised ETD should **eliminate distortions between fuels**, and fully consider greenhouse gas (GHG) emissions savings delivered by biofuels. It should incentivise a cost-effective uptake of renewables in all transport modes by rewarding those with higher GHG savings, and also take into account the energy content in the definition of rates.

To translate this into an effective decarbonization of the European transport sector, and to ensure that the revised ETD adequately promotes ambitious emission reductions, the new fiscal structure should reward biofuels environmental benefits. It should **incentivize an increase in the use of all renewable fuels that comply with the sustainability criteria stated in the RED II**.

Within these, **incentives for using all sustainable biofuels, such as crop-based biodiesel, biodiesel from wastes and residues and advanced biodiesel ⁽¹⁾, should be taken into consideration**. These biofuels are readily available solutions to achieve the 14% decarbonize the transport

¹ All these including both Fatty Acid Methyl Esters (FAME) and Hydrotreated Vegetable Oil (HVO).

sector, already delivering significant GHG savings, and this revision should consider a fiscal structure that rewards biofuels environmental benefits.

The revised ETD should incentivize those fuels that are better for the climate such as sustainable biodiesel, and **not apply any environment tax to sustainable biofuels**. This is fully in line with international and EU commitments to promote low carbon technologies, especially in the transport sector.

Moreover, and to support EU Member States in achieving their ESR targets, **the revised ETD should put in place a minimum price on CO₂ emissions in the transport sector, separated from the EU ETS**. This would in effect create a level playing field across the EU, avoid any fragmentation of the European fuels tax system, and put in place a fossil CO₂ price to significantly reduce emissions from the transport sector.

Moreover, **the possibility for Member States to apply multi-annual detaxation schemes in favour of biofuels production should remain in place**. This is an important element to assist the EU in the transition to a low-carbon economy and deliver on the goals of the European Green Deal.

Finally, the revised ETD should **avoid incentivising biofuels only via mandatory targets**, which would result in redirecting most of the tax burden to final consumers and not contribute to wider public acceptance of biofuels.

The EBB is fully available to work with the EC to ensure a successful revised ETD in the context of the new baseline scenario of the European Green Deal, and its higher ambition for 2030, and is looking forward to contributing to this revision.

The **European Biodiesel Board (EBB)** is a non-profit organisation established in January 1997. Today, the EBB gathers 65 members across 21 Member-States, which represents 75% of the European output. Biodiesel is the main European solution to reduce emissions from transport and dependence on imported oil. EBB aims to promote the use of biodiesel in the European Union and is committed to fulfil International standards for sustainability in GHG emissions and sustainable feedstock. The EBB is constantly working towards the development of improved and greener technologies.