



## ESPO Position – Energy Taxation Directive

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ESPO and European ports welcome Europe's ambition to be the world's first net zero emission area by 2050, and the ambition to reduce EU-wide greenhouse gas emissions by at least 55% by 2030. The greening of shipping is the priority for European ports. In this context, European ports welcome the revision of the current Energy Taxation Directive, where the ESPO position is closely aligned to the previous positions on the [Green Deal](#), and the [FuelEU Maritime Initiative](#). In all these files, the focus of legislation should be to reduce total emissions in the most effective way, which will require unprecedented levels of cooperation across all policy departments and stakeholders. To help deliver the European Green Deal, the review of the Energy Taxation Directive should support the uptake of all sustainable clean fuels, clean energy sources and related technologies, including OPS, by introducing a permanent and EU-wide tax exemption. Moreover, the sustainable energy production and use of green hydrogen should be accounted for in the Directive.

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European legislation, including the Energy Taxation Directive, must provide the appropriate financial incentives to enable the decarbonisation of the maritime sector. ESPO believes that the review of the Energy Taxation Directive should recognise the lack of a silver bullet to achieve decarbonisation, and support the uptake of all sustainable clean fuels, including for instance OPS, by introducing a permanent tax exemption for all of them. This is important to incentivise the uptake of various alternative fuels and energy sources, and to allow for a level playing-field. In order to achieve this, policy must aim at fair and just taxation in the long run, guaranteeing a level playing-field between all modes of transport and incentivising the uptake and use of sustainable alternative fuels. Changes to the current tax regime must account for fuel tankering (i.e. vessels filling in their tank in non-EU countries where fuels are not taxed), which could produce carbon leakages and hamper the competitive position of European bunkering ports if only applied at EU level.

According to the 2019 ESPO Environmental Report, close to a third of European ports are planning to provide OPS in the next two years, depending on the presence of a business case, and the expected

use of existing installations. Under the current Energy Taxation Directive, a tax exemption can only be provided for OPS. Even for OPS, this tax exemption is time-limited, and Member States have to go through a burdensome administrative process at EU level before obtaining it. European legislation must help make the business case for OPS and other alternative equivalent solutions in European ports by facilitating and incentivising investments into sustainable alternative fuels infrastructure.

In line with the position taken by European Transport Ministers in their Council statement from earlier this year, EU support for LNG investments must continue at least during the period 2021-2027, to give legal certainty to planned investments, and avoid creating stranded assets. Existing LNG infrastructure can also be used for other energy carriers that live up to the REDII requirements, such as bio-LNG, bio-methane and synthetic fuels. Therefore, European ports believe that LNG could receive time-limited differentiated treatment under a revised Energy Taxation Directive.

**The revised Energy Taxation Directive must stimulate the development, production, and use of renewable hydrogen and derived e-fuels in Europe.**

European ports consider green hydrogen and derived e-fuels as key for sustainable energy production and use in the future, where several ESPO members are already members of the European Clean Hydrogen Alliance. As nodes of transport, industry and energy, ports are strategically placed to act as key hubs for the production, deployment and trade of hydrogen and other associated fuels. In addition to the potential of using hydrogen in short- and deep-sea shipping, the existing gas grid could be partially repurposed for the transport of renewable hydrogen over longer distances.

Therefore, the reviewed Directive should support the use of clean “green” hydrogen produced from renewable energy sources, e.g. hydrogen produced through electrolysis using renewable electricity. This can include use in mobile fuel cells in transport, as a fuel in transport, in the production processes of e-fuels, or when transported in pipelines. In order for the hydrogen and e-fuels to be truly green, they must be produced using renewable energy. In this context, ports are key nodes connecting offshore energy, pipelines, green energy imports, and the production and supply of sustainable renewable fuels. The revised Energy Taxation Directive must avoid a situation where hydrogen is taxed both in pipelines and when used as transport fuel or in industry, as such double taxation of the production and use of hydrogen would run counter to the goals of the Directive and hamper the transition towards an EU hydrogen economy.

**As part of the scaling up and acceleration of the uptake of clean fuels for shipping, European ports are in favour of clarifying the concrete criteria for maritime fuels and energy sources to be considered as “clean”.**

Such criteria should take a well-to-wake approach, covering the production and transportation of fuel up to the point of consumption in order to avoid the risk of carbon-leakage, negative competitiveness, and the use of fuels that do not live up to existing requirements under the recast Renewable Energy Directive (REDII). Such an approach could base the minimum tax rate of an energy product on the cost on associated externalities such as greenhouse gas emissions, air polluting emissions and noise linked to their consumption.



*The European Sea Ports Organisation (ESPO) represents the port authorities, port associations and port administrations of the seaports of 22 Member States of the European Union and Norway at political level. ESPO has also observer members in Iceland, Israel, Ukraine and the United Kingdom. ESPO is the principal interface between the European seaport authorities and the European institutions. In addition to representing the interests of European ports, ESPO is a knowledge network which brings together professionals from the port sector and national port organisations. ESPO was created in 1993.*