



31 March 2020

Contribution to Commission's Inception Impact Assessment related to Energy Taxation Directive.

Key messages

- Keep current exemptions and apply full exemption for CHP across Member States
- Promote renewable and alternative energy fuels through tax exemptions
- Set a taxation ceiling for energy intensive consumers and avoiding also double taxation for ETS activities

Background

European Commission currently considers that the Energy Taxation Directive 2003/96/EC (ETD) is not aligned with the objectives of the European Green Deal and does not adequately promote greenhouse gas emission reductions, energy efficiency and the uses of alternative fuels.

Position

In order to meet the Green Deal targets, Europe needs a strong and competitive industry enable to develop innovative sustainable technologies and products. For that, the revision of energy taxation directive revision should not create additional or unnecessary tax burdens. For activities subject to carbon leakage, we are concerned about a possible overall increase in European energy-intensive industries' tax burden through the removal of taxation exemptions or reductions on energy thereby eventually damaging company competitiveness on the worldwide market. An impact assessment will therefore be necessary to ensure that the revision of the ETD does not damage our competitiveness possibly threatening our future investments in Europe.



We ask the Commission to take into account the following requests:

- Keep current exemptions: to keep the possibility of zero or reduced level energy consumption taxation for energy-intensive businesses competing globally and using high efficient technologies. Partial or full taxation exemptions applied on fossil fuel do not contribute to increase their consumption. Energy cost in itself is already a significant component of the cost of production of energy-intensive industries. Thus, the incentive to reduce energy consumption and implement efficient technologies exists today for energy intensive industries. Energy used as raw material or dual use and in mineralogical process shall continue to be exempted.
- Promote renewable and alternative energy fuels with tax exemptions: ensure the development of renewable and alternative energy, by fully exempting from taxation biomass (already exempted in current Directive), biogas and refused derived fuels (i.e. industrial waste).
- Set a taxation ceiling for energy intensive consumers: today, Member States are free to introduce additional levies above the tax component, to support renewable energy production, which can in certain cases represent huge financial burden for energy intensive consumers.
- Full exemption for CHP: to enforce a full exemption of general energy consumption taxation for high efficiency Combined Heat and Power (CHP) in order to promote energy efficiency for industrial sites by developing this highly efficient energy generation technology.
- Avoid double taxation with ETS: In case of introduction of a carbon tax, activities covered by ETS should be fully exempt. Thus, any change of the ETD must not overlap with the ETS or lead to double taxation.
- Treat outsourcing and insourcing of utilities on an equal footing: To avoid unfair distortion of competition between companies which have outsourced some activities and those which have not, exclusion of certain industrial processes from the taxation scope should be applied regardless of the plant set-up. In case of outsourcing of utilities (e.g. electricity, steam, compressed air production, industrial gases production...), the taxation scheme should provide the same levels of reduction or exemption as for integrated companies.