Energy Taxation Directive

FuelsEurope supports the Green Deal's ambition for climate neutrality in 2050 and will work with the EU institutions, member states, and stakeholders, to help create the essential enabling policy framework. In this EU policy framework debate on the 2030 GHG reduction target and the 2050 climate neutrality objective, the decarbonisation of transport – a sector with far-reaching implications and unique challenges is a precious opportunity for the EU economy to:

- develop and deploy innovative low-carbon technologies in vehicles and fuels/energy.
- create economic value for the transport systems and to help the relevant EU industries achieve world-leadership.

At the same time, the transition should carefully address the societal aspects deriving from the changes in employment pattern, skills requirements and inequalities between EU regions and sectors of society. The review of the Energy Taxation directive can contribute to the creation of a carbon price signal capable to further support the creation for business cases for investments in low-carbon liquid fuels.

A reform of fuel and energy taxation as enabler for very low or zero taxation for sustainable alternative fuels and energies, while at the same time ensuring a level playing field is supported. We are of the opinion that the proposal based on energy taxation in combination with an appropriate ranking methodology is equivalent to the transformation of the current know volume-based road fuel taxation based on primarily, or wholly based on the emitted combustion CO_2. We would however welcome further clarification on how the categorisation and ranking needs to be applied, in particular the inter-category rules to respect and possible intra-category taxation rules.

We notice that certain exemptions for sustainable alternative fuels are mandatory in certain transport sectors while in other sectors those are left to the discretion of the member states. We would like to see a maximum of mandatory exemption, which in our opinion would lead to a more harmonised implementation and would result in less complicated argumentation with State Aid Rules.

Article 2.7 of the proposed revised ETD makes reference to a kind of new obligation by indicating that suppliers should be 'reasonably aware' of the intended use of the products sold. This concept is not defined and could lead to considerable dispute on what needs to be understood under 'reasonably aware'. We therefore recommend to reword article 2.7 such that any reference to 'reasonably aware' is avoided.

We are of the opinion that the yearly indexation of minimum rates is not very coherent with the overall Fit for 55 objectives. The main driver of the revision of the ETD is to make this directive aligned with the overall climate ambitions. In that sense the ETD can contribute by delivering incentives for the development and deployment of sustainable alternative fuels. A yearly indexation is merely seeking to secure constant income from taxation, irrespective of the climate ambitions. We would like to propose to envisage somewhat longer indexation intervals than yearly ones.

We welcome the exemption period of 10 years for the sustainable alternative fuels. However, this exemption period should be linked to the availability and the price competitiveness of the sustainable alternative fuels.

We would like to see provision into the revised ETD such that the exemption period could be extended in case the availability or competitiveness of the alternative fuels would be an issue.

FuelsEurope is ready to work with the EU to contribute to the decarbonisation of the mobility sector in a sustainable, affordable and social inclusive way.

FuelsEurope, the voice of the European petroleum refining industry

FuelsEurope represents with the EU institutions the interest of 41 companies operating refineries in the EU. Members account for almost 100% of EU petroleum refining capacity and more than 75% of EU motor fuel retail sales.

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