

Brussels, 4 July 2011

**Revision of the Energy Taxation Directive 2003/96/EC - Eurofuel Position Paper on the new Commission's Proposal (COM(2011)169, 13 April 2011)**

*In order to have a technology-neutral and consumer-friendlier approach to energy taxation, Eurofuel recommends focusing on the single parameter with a real impact on Europe's energy consumption: the energy content of fuels.*

Eurofuel, the European Heating Oil Association, represents the national organisations that promote the use of liquid fuels for domestic heating in 10 European countries, including over 10,000 companies. The oil heating industry is strongly committed to developing the most energy efficient heating systems, contributing to the European Union's 20% energy savings target by 2020.

Eurofuel endorses the European Union's focus on reducing **primary energy** as a major parameter to meet the EU's energy and climate policy objectives set by the European Council in March 2008. Therefore we call for a consistently-applied legal framework which promotes **technology-neutral** primary energy reductions, in line with the approach of the Energy Performance of Buildings Directive<sup>1</sup>.

With regards to the new proposal which the European Commission presented on 13 April 2011<sup>2</sup> to revise the Energy Taxation Directive<sup>3</sup>, Eurofuel acknowledges that market-based instruments such as taxation might be able to play a role in encouraging the reduction of energy consumption. However, we believe that energy taxation should be **based on primary energy consumption** - in other words on the energy content of the fuel. This is the fairest approach and should lead to the most eco-efficient use of heating fuels and technologies by the general public and industry. As a matter of principle, we would also like to remind here that heating is a basic need for all citizens; taxes on energy sources for heating should thus remain as low as possible.

Eurofuel supports the approach taken by the European Commission to base energy taxation on the **energy content** of each fuel, rather than the volume of the fuel, and to ensure a consistent treatment of energy sources when defining the energy component of the tax. We also welcome the adapted framework for the taxation of renewable energy sources. However, if the EU wishes to include an additional incentive to **reward energy-efficient behaviour** by consumers, then any supplementary energy taxation component should be linked to the fundamental objective of reducing primary energy use, instead of adding a carbon element.

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<sup>1</sup> Directive 2010/31/EU on the energy performance of buildings.

<sup>2</sup> COM(2011)169.

<sup>3</sup> Directive 2003/96/EC on the Community framework for the taxation of energy products and electricity.

Imposing a mandatory CO<sub>2</sub> tax component on consumers, as is foreseen in the new proposal to revise the Energy Taxation Directive, would **penalise** those consumers who cannot afford to modernise their heating equipment, or to switch energy sources, and in the end may only serve as a **fund-raising tool** for Member States' authorities, without any impact on reducing greenhouse gas emissions. This risk is exacerbated where there is no explicit **earmarking** of the tax levied for Member States' schemes to fund energy savings.

Furthermore, it should be stressed that the idea of a mandatory carbon tax **only addresses CO<sub>2</sub> emissions**, whereas the EU's commitment to combating the effects of global warming concerns the reduction of all greenhouse gas emissions, and as a minimum the Kyoto "Basket of 6" greenhouse gases.

Eurofuel would like to thank the EU institutions in advance for taking these remarks into account when examining the Commission's recent proposal and is happy to provide any further information on this issue.

For further questions or information on these points, please contact Sabine Heyman, Executive Director, Eurofuel ([sh@eurofuel.eu](mailto:sh@eurofuel.eu)).

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