

**To: Commission (DG TAXUD), EP rapporteur on ETD, WP on Tax questions,
COREPER II ambassadors**

Date: 30 October 2023

**Subject: European industry is calling for a swift recast of the European Energy
Taxation to boost the production of renewable and low carbon energy**

The signatories of this letter welcome the European Commission's initiative for a recast of the Energy Taxation Directive (ETD) as they trust that such framework will have the double objective of helping to achieve the aims of the European Green Deal, as well as developing new markets for energy products which were not available when the ETD was adopted in 2003.

Favourable taxation schemes adjusted to the environmental performance and GHG savings of the individual energy carriers are part of the Commission's proposal, and can provide to consumers and businesses the **right price incentives to accelerate the progressive production of Renewable and Low-Carbon Fuels**, including all sustainable gaseous and liquid fuels as defined by the Renewable Energy Directive, complying with the sustainability criteria included in the EU Renewable Energy Directive.

Currently, we fear that the lack of progress on the ETD recast negotiations will result in a withdrawal of the proposal, and we call for the continuation of the negotiations, both on technical and political level. We also understand that such situation is a consequence of the energy crisis which is affecting both EU households and businesses. However, **shifting to sustainable energy carriers is not only a tool to address the climate crisis, but also the answer to a more diverse, resilient, and cost-efficient energy supply in the medium and long term:**

- In the short-term, Member States' revenues will not be affected due to low blend levels, but favourable taxation will contribute to the scale up of Renewable and Low Carbon Fuels industrial production;
- In the long term, the ETD can ensure that tax revenues would remain almost constant.

Decisive action is required now to help accelerating industrial production of Renewable and Low-Carbon Fuels. Therefore, the signatories call for:

- 1. Member States to swiftly reach an agreement to incentivise the production and the use of Renewable and Low-Carbon Fuels, allowing the EU to take a pioneering role in the energy transition;**
- 2. Support that taxation of each energy product consisting of a mixture of one or more blend components is based on each component (Article 2(6)), providing a clear incentive for higher blends of Renewable and Low-Carbon Fuels and thus boosting their production;**
- 3. Finally, considering the divergencies in the Council related to the tax exemptions of intra-EU air and maritime transport, we recommend maintaining the ten-year minimum tax rate of zero for sustainable fuels in those sectors.**

Co-Signed by the following industry associations:



The Advanced Biofuels Coalition is a coalition of leading advanced biofuels producers and technology providers committed to making a strong contribution to meet the EU ambitions of reducing transport emissions and securing energy independence. The coalition is working closely with the EU institutions, Member States and the broader stakeholder community to promote the use of advanced biofuels in the European Union.



[The European Biodiesel Board \(EBB\)](#) is a Brussels-based non-profit organisation established in 1997. We bring together producers of biodiesel (FAME and HVO) in Europe, gathering 35 members across 21 Member-States accounting for 70% of European biodiesel output. We represent biodiesel producers using all feedstocks and are committed to meeting international sustainability standards for greenhouse gas emissions and sustainable feedstocks.



The [eFuel Alliance](#) is an interest group committed to promoting the political and social acceptance of eFuels and to securing their regulatory approval. We represent around 180 companies along the value chain of the eFuel production. We stand for fair competition and a level-playing field for all relevant emission reduction solutions. We are clearly committed to more climate protection and aim to win broader recognition of the significant contribution eFuels can make in the drive for sustainability and climate protection. Our goal is to facilitate the industrial production and widespread use of carbon neutral fuels made from renewable energy sources.



[ePURE](#) – the European renewable ethanol association represents the interests of European renewable ethanol producers to the European institutions, industry stakeholders, the media, academia, and the general public. The organisation, established in 2010, promotes the beneficial uses of ethanol throughout Europe, including renewable fuel that reduces greenhouse-gas emissions by an average of 78.4% compared to fossil fuels. Based in Brussels, ePURE speaks for 43 member companies and associations (including 21 producers), with around 50 production plants in 16 member states, accounting for about 85% of the renewable ethanol production in Europe.



The [European Biogas Association \(EBA\)](#) is the voice of biogas and biomethane in Europe, representing more than 280 members covering all the value chain, from producers to end-users. EBA advocates for the recognition of biogas and biomethane as sustainable, on demand and flexible energy sources that provide multiple knock-on socio-economic and environmental benefits. Supported by its members, EBA is committed to work with European institutions, industry, agricultural partners, NGOs and academia to develop policies which can enable the large-scale deployment of renewable gases and organic fertilisers throughout Europe, supported by transparent, well-established sustainability certification bodies to ensure that sustainability remains at the core of the industry.



[EWABA](#) represents the interests of European waste-based and advanced biofuels industry by promoting the inclusion of waste-based and advanced biofuels in the EU fuel mix as a sustainable means of reducing greenhouse gas emissions in EU transport. Our 50+ members active in most EU Member States collect and use waste and advanced feedstocks listed in parts A and B of Annex IX of the Renewable Energy Directive (REDII) to produce sustainable biodiesel with the highest GHG savings (up to +90%) when compared with fossil fuels, thus enabling “near-term decarbonization” of the EU road and maritime transport sectors.



[Liquid Gas Europe](#) is the European voice of the liquid gas industry in Brussels. Its membership is composed of national associations as well as distributors, suppliers and equipment manufacturers of liquid gases and renewable liquid gases such as renewable LPG and renewable & recycled carbon DME. Liquid Gas Europe advocates for a safe and stable regulatory environment to ensure a just energy transition for all.



The Methanol Institute (MI) serves as the trade association for the global methanol industry, representing the world's leading producers, distributors, shippers, and technology companies. MI represents its members from five offices around the world in Singapore, Washington DC, Beijing, Brussels, and Delhi.



FuelsEurope, the voice of the European fuel manufacturing industry. FuelsEurope represents with the EU institutions the interest of 39 companies manufacturing and distributing liquid fuels and products for mobility, energy & feedstocks for industrial value chains in the EU.



The Association of the German Biofuel Industry (*Verband der Deutschen Biokraftstoffindustrie e. V. - VDB*) represents the interests of 16 biofuel producers in Germany with a production capacity of 2.5 million tons of biodiesel and 900GWh of biomethane.