

## **UFE'S REMARKS TO THE EUROPEAN COMMISSION CONSULTATION ON THE INCEPTION IMPACT ASSESSMENT ON THE REVISION OF THE ENERGY TAXATION DIRECTIVE**

---

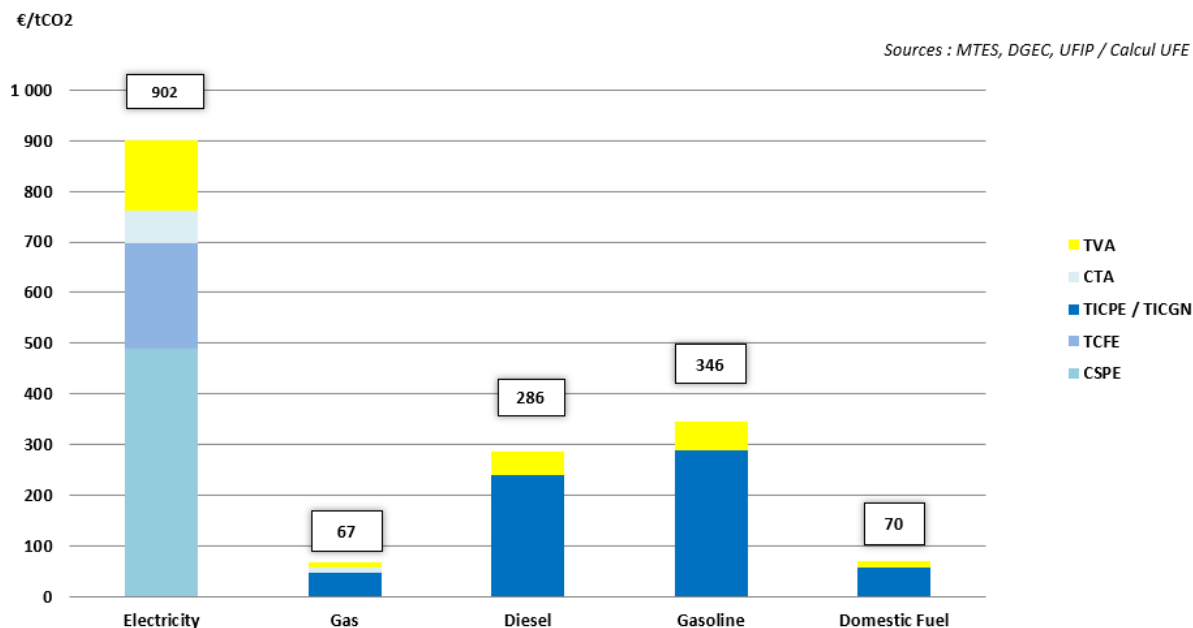
UFE welcomes the intention of the Commission to review the Energy Taxation Directive (ETD).

The recent evaluation of the Energy Taxation Directive highlighted that, since the adoption of the Directive in 2003, energy markets and technologies in the EU have undergone significant developments. UFE agrees with the Commission's analysis that the current directive results in inappropriate price signals to users, thereby discouraging them from choosing low-carbon energy sources. Today, the minimum levels of taxation for fossil fuels defined in the ETD are relatively low, and therefore cannot contribute to reaching the EU climate neutrality objective. On top of it, the current directive offers too many exemptions and country-specific rates. The restructuring of the ETD should be used to ensure the EU will achieve its energy and climate transition.

First, the ETD must remove disparities between energy sources by including a carbon-related component. Integrating climatic performance of energy sources is the best way to both (i) create incentives consistent with EU energy and climate targets and (ii) create a level playing field between competing energies by providing a clear price signal to consumers (including externalities), but also among Member States thanks to harmonised minimum levels based on CO<sub>2</sub> content. Securing such consistency is even more desirable since electricity consumption is currently more taxed, compared to its CO<sub>2</sub> content, than fossil fuels, even though electricity generation is already subject to taxation via the EU ETS. Today, taxes, levies and charges indeed represent a significant, and even growing, part of the electricity bill.

UFE insists on the fact that electricity is almost already carbon-free in France and is more and more low-carbon at European level. The ETD should therefore pave the way for a reallocation of taxes that are collected upon final energies, by fostering energies that contribute to energy & climate targets of the European Union, and by not hindering the electrification of European economy, which is a major tool for decarbonisation. In particular, the current ETD does not provide the right signals in the building and transport sectors, thus hampering investments in clean technologies such as heat pumps and electric vehicles. Tax exemptions for aviation and maritime shipping fuels should also be removed, as they prevent the uptake of clean fuels in these sectors.

In addition, when it comes to electricity taxation as such, UFE underlines that the taxation level should be the same whatever the final use of the electricity is, so as not to distort competition between electricity solutions themselves.



Significant side-effects created by the ETD should also be addressed, such as the tax collecting role that energy suppliers are often playing on behalf of Member-States and the financial responsibility they are therefore endorsing in case of non-payment by the final customer. The energy taxation directive should be fair towards energy suppliers. Therefore, UFE asks that the possibility to recover the tax in case of unpaid operations should be explicitly integrated and mentioned in the ETD.

Finally, UFE supports a change in the voting procedure and a move from unanimity to Qualified Majority to ensure a necessary and ambitious revision.