



EUROPEAN PARLIAMENT

2009 - 2014

Committee on the Environment, Public Health and Food Safety

2011/0092(CNS)

7.2.2012

OPINION

of the Committee on the Environment, Public Health and Food Safety

for the Committee on Economic and Monetary Affairs

on the proposal for a Council Directive amending Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity
(COM(2011)0169 – C7-0105/2011 – 2011/0092(CNS))

Rapporteur: Kathleen Van Brempt

PA_Legam

SHORT JUSTIFICATION

The Commission's proposal aims at the revision of the current Energy Tax Directive: by splitting the minimum rate of taxation of energy products in two parts, namely a CO₂-related taxation and a taxation based on the energy content, it will serve the goals of climate change policy better and the internal market for energy products will become more clear and fair.

The proposal is an important step in the right direction; mainly the shift of the basis for taxation from volume and weight to CO₂ content and energy content is a fundamental, needed and well founded change. Nevertheless, there are some reasons to assume that some goals will not be achieved completely and opportunities will be missed to maximise the contribution to the fight against climate change, the improvement of environmental quality in the EU and a fast transformation towards a low carbon economy.

The rapporteur of the opinion therefore suggests to amend the proposal of the Commission, based on the following principals:

- different means of private transport should be treated equally to maximise the internalisation of costs and create a level playing field, hence the exclusion of air and maritime transport should be deleted,
- for the same reasons, exemptions for agriculture, forestry should be phased out,
- if energy taxation would not even surpass inflation and is not linked to CO₂ prizes on the ETS market, it would loose its steering function,
- exempting households takes away incentives for energy efficiency in houses but on the other hand, including households without social correction mechanisms, leads to energy poverty, especially for the most vulnerable groups,
- biomass is not by definition CO₂ neutral.

As a conclusion, the rapporteur would like to give support to the Commission's proposal, as it is a very important step in right direction. Nevertheless it can deliver even better results, by accepting some adjustments and deleting some exclusions and exemptions.

AMENDMENTS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a directive
Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) Genuine consistency should be ensured within the Union in relation to the taxation of the various energy sources, and a framework for the taxation of renewable energies should be introduced.

Amendment 2

Proposal for a directive
Recital 2

Text proposed by the Commission

Amendment

(2) It is necessary to ensure that the internal market ***continues to function properly*** in a context of new requirements relating to the limitation of climate change, to the use of renewable energy sources and to energy savings, as endorsed by the Presidency Conclusions of the European Council of 8-9 March 2007 and of 11-12 December 2008.

(2) It is necessary to ensure that the internal market ***functions in an optimum manner*** in a context of new requirements relating to the limitation of climate change, to the use of renewable energy sources and to energy savings, as endorsed by the Presidency Conclusions of the European Council of 8-9 March 2007 and of 11-12 December 2008.

Amendment 3

Proposal for a directive
Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) Account should be taken of the practical consequences of a new tax deal, particularly at a time when Europe is in the throes of a financial and economic crisis, the effects and implications of which need to be gauged. In this connection, the data collected during the impact study should be brought up to date.

Amendment 4

Proposal for a directive Recital 3

Text proposed by the Commission

(3) Taxation related to CO₂ emissions can be ***a cost-effective*** means for Member States to achieve the reductions of greenhouse gasses necessary according to Decision 406/2009/EC of the European Parliament and the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Union's greenhouse gas emission reduction commitments up to 2020 as regards sources not covered by the Union scheme under Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC. In view of the potential role of CO₂-related taxation, the proper functioning of the internal market requires common rules on that taxation.

Amendment

(3) Taxation related to CO₂ emissions can be ***an effective*** means for Member States to ***foster environmentally sustainable behaviour among consumers and polluting sectors and to*** achieve the reductions of greenhouse gasses necessary according to Decision 406/2009/EC of the European Parliament and the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Union's greenhouse gas emission reduction commitments up to 2020 as regards sources not covered by the Union scheme under Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC. In view of the potential role of CO₂-related taxation, the proper functioning of the internal market requires common rules on that taxation. ***However, in laying down such tax rules, care also should be taken not to forfeit the simplicity of the consumption tax system or raise the administrative burden in respect of consumption taxes. Furthermore, a CO₂-related tax should not substantially increase energy prices, since such a price rise would have adverse effects on the economic competitiveness of the Union and the purchasing power of consumers.***

Amendment 5

Proposal for a directive Recital 5

Text proposed by the Commission

(5) Therefore, provision should be made for energy taxation to consist of two components, CO₂-related taxation and general energy consumption taxation. In order for energy taxation to adapt to the operation of the Union scheme under Directive 2003/87/EC Member States should be required to explicitly distinguish between those two components. This would also allow distinct treatment of fuels that are biomass or made from biomass.

Amendment

(5) Therefore, provision should be made for energy taxation to consist of two components, CO₂-related taxation and general energy consumption taxation. In order for energy taxation to adapt to the operation of the Union scheme under Directive 2003/87/EC Member States should be required to explicitly distinguish between those two components. This would also allow distinct treatment of fuels that are biomass or made from biomass, ***provided that they meet the sustainability criteria laid down in Article 17 of Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources***¹.

¹ OJ L 140, 5.6.2009, p. 16.

Amendment 6

**Proposal for a directive
Recital 8**

Text proposed by the Commission

(8) In the interest of fiscal neutrality, the same minimum levels of taxation should apply for each component of energy taxation, to all energy products put to a given use. Where equal minimum levels of taxation are thus prescribed, Member States should, also for reason of fiscal neutrality, ensure equal levels of national taxation on all products concerned. Where needed, transitional periods for the purposes of equalising those levels should be foreseen.

Amendment

(8) In the interest of fiscal neutrality, the same minimum levels of taxation should apply for each component of energy taxation, to all energy products put to a given use. Where equal minimum levels of taxation are thus prescribed, Member States should, also for reason of fiscal neutrality, ensure equal levels of national taxation on all products concerned. Where needed, transitional periods for the purposes of equalising those levels ***which take due account of Member States' specificities*** should be foreseen.

Amendment 7

Proposal for a directive
Recital 9

Text proposed by the Commission

(9) The minimum levels of CO₂-related taxation should be fixed in the light of the national targets for Member States as laid down in Decision 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Union's greenhouse gas emission reduction commitments up to 2020. Since that Decision recognises that efforts to reduce their greenhouse gas emissions should be fairly distributed between the Member States, transitional periods should be fixed *for certain Member States*.

Amendment

(9) The minimum levels of CO₂-related taxation should be fixed in the light of the national targets for Member States as laid down in Decision 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Union's greenhouse gas emission reduction commitments up to 2020. Since that Decision recognises that efforts to reduce their greenhouse gas emissions should be fairly distributed between the Member States, transitional periods should be fixed.

Amendment 8

Proposal for a directive
Recital 13

Text proposed by the Commission

(13) *As regards* the possibility for Member States to apply a lower level of taxation to commercial than to non-commercial use of gas oil as motor fuel, *this provision would appear to be no longer compatible with the requirement to improve energy efficiency and the need to address the growing environmental impact of transport and should therefore be deleted*. Article 9(2) of Directive 2003/96/EC authorises certain Member States to apply a reduced rate on heating gas oil. That provision is no longer compatible with the proper functioning of the internal market and with the wider objectives of the Treaty. It should therefore be deleted.

Amendment

(13) The possibility for Member States to apply a lower level of taxation to commercial than to non-commercial use of gas oil as motor fuel *should be retained*. Article 9(2) of Directive 2003/96/EC authorises certain Member States to apply a reduced rate on heating gas oil. That provision is no longer compatible with the proper functioning of the internal market and with the wider objectives of the Treaty. It should therefore be deleted.

Justification

The possibility for Member States to apply a lower level of taxation to commercial than to non-commercial use of gas oil as motor fuel should be retained, as no alternative fuel is yet

available for use in commercial transport.

Amendment 9

Proposal for a directive

Recital 15

Text proposed by the Commission

(15) Article 5 of Directive 2003/96/EC permits the application of differentiated rates of taxation in certain cases. However, in order to ensure the consistency of the CO₂ price signal, the possibility for Member States to differentiate national rates should be restricted to general energy consumption taxation. Moreover, the possibility to apply a lower level of taxation to motor fuel used by taxis is no longer compatible with the objective of policies promoting alternative fuels and energy carriers and the use of cleaner vehicles in urban transport and should thus be removed.

Amendment

(15) Article 5 of Directive 2003/96/EC permits the application of differentiated rates of taxation in certain cases. However, in order to ensure the consistency of the CO₂ price signal, the possibility for Member States to differentiate national rates should be restricted to general energy consumption taxation. Moreover, the possibility to apply a lower level of taxation to ***oil-derived*** motor fuel used by taxis is no longer compatible with the objective of policies promoting alternative fuels and energy carriers and the use of cleaner vehicles in urban transport and should thus be removed.

Justification

Natural gas/biomethane is the alternative to oil derived fuels and has uniquely low emissions of toxic or carcinogenic substances, almost zero particulate emissions, no emissions of reactive hydrocarbons, reduced NOx emissions, as well as reduced noise, which makes it an ideal motor fuel in urban surroundings. The Expert Group of Future Transport Fuels report from 25th January 2011 states that methane should be promoted as one of the main alternative fuels in urban transport.

Amendment 10

Proposal for a directive

Recital 17

Text proposed by the Commission

(17) Exemption or reductions to the benefit of households and charitable organisations may form part of social measures defined by Member States. The possibility to apply such exemptions or reductions should, for

Amendment

(17) ***Care should be taken to ensure that households, which have been hard-hit by the economic and financial crisis, with some being pushed into social insecurity and energy poverty by the extreme***

reasons of equal treatment between energy sources, be extended to all energy products used as heating fuel and electricity. In order to ensure that their impact on the internal market remains limited, such exemptions and reductions should be applied only to non-business activities.

economic conditions, are not further penalised by an increase in the tax burden. Exemption or reductions to the benefit of households and charitable organisations may form part of social measures defined by Member States. The possibility to apply such exemptions or reductions should, for reasons of equal treatment between energy sources, be extended to all energy products used as heating fuel and electricity. In order to ensure that their impact on the internal market remains limited, such exemptions and reductions should be applied only to non-business activities.

Amendment 11

Proposal for a directive Recital 18

Text proposed by the Commission

(18) In the case of liquefied petroleum gas (LPG) ***and natural gas*** used as ***propellants***, advantages in the form of lower minimum levels of general energy consumption taxation or the possibility to exempt ***those*** energy ***products*** from taxation are no longer justified, in particular in the light of the need to increase the market share of renewable energy sources and should therefore be removed in the medium term.

Amendment

(18) In the case of liquefied petroleum gas (LPG) used as ***motor fuel***, advantages in the form of lower minimum levels of general energy consumption taxation or the possibility to exempt ***this*** energy ***product*** from taxation are no longer justified, in particular in the light of the need to increase the market share of renewable energy sources and should therefore be removed in the medium term. ***In the case of natural gas and biomethane used as motor fuels, advantages in the form of lower minimum levels of general energy consumption taxation or the possibility to exempt those energy products from taxation should only be removed after an assessment, to be carried out by the Commission by 2023, on the implementation of the provisions of this Directive relating to the level of taxation applicable to natural gas in road transport. That assessment should, inter alia, examine the progress in the availability of natural gas and***

biomethane, the growth of the refilling stations network in Europe, the market share of natural gas vehicles in the Union, innovation and technological developments in biomethane used as transport fuel and the real value of the minimum level of taxation.

Justification

Biomethane is one of the main pillars to reach the 2020 targets of 10% biofuels. The development of biomethane is linked to that of Natural Gas Vehicles and hence a favourable tax treatment allowing the development of methane refuelling infrastructure. Methane, the available alternative to oil derived fuels, has very low NMHC, PM and NOx improving urban air quality and also reduces noise and CO₂. A “review clause” is the right legislative tool to assess the need to maintain a favourable tax treatment for alternative fuels, also in the view of the development of gaseous fuels from renewable sources.

Amendment 12

Proposal for a directive

Recital 18 a (new)

Text proposed by the Commission

Amendment

(18a) To achieve the transport emission reduction target of 60 % by 2050, as indicated in the Commission White Paper of 28 March 2011 entitled "Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system", by halving the use of ‘conventionally-fuelled’ cars in urban transport by 2030, the market development of hydrogen and electricity, indicated as the main options to substitute oil as a transport fuel by the Future Transport Fuels Report of the Expert Group on Alternative Fuels headed by the Commission's Directorate-General for Mobility and Transport and presented by the Commission on 25 January 2011, should be further stimulated. As Union legislation, such as the new TEN T Guidelines, increasingly includes support for the integration of low-carbon transport fuel technologies, more insight

in the impact of current and future Union Energy and Environment legislation is needed on the uptake of the use of alternative fuels such as hydrogen and electricity in Europe's energy and transport system.

The Commission's proposal, which was to have been submitted by December 31, 2011, for a methodology for calculating the contribution of hydrogen originating from renewable sources in the total fuel mix, as referred to in Article 3(4) of Directive 2009/28/EC should be accompanied by an impact assessment of the proposed changes to Directive 2003/96/EC to stimulate the use of renewable hydrogen as a clean and energy-efficient transport fuel.

Amendment 13

Proposal for a directive Recital 20

Text proposed by the Commission

(20) Article 15(3) of Directive 2003/96/EC allows Member States to apply to agricultural, horticultural and piscicultural works as well as to forestry not only the provisions generally applicable to business uses but also a level of taxation down to zero. ***An examination of that option has revealed that as far as general energy consumption taxation is concerned its maintenance would be contrary to the Union's wider policy objectives unless it is linked to a counterpart ensuring advances in the field of energy efficiency.*** As regards CO₂ related taxation the treatment of the sectors concerned should ***be aligned to the rules applying to industrial sectors.***

Amendment

(20) Article 15(3) of Directive 2003/96/EC allows Member States to apply to agricultural, horticultural and piscicultural works as well as to forestry not only the provisions generally applicable to business uses but also a level of taxation down to zero. As regards CO₂ related taxation the treatment of the sectors concerned should ***take account of the size and output of holdings. In the farming sector, such taxation should also be based on carbon capture capacity, such as that afforded by permanent grasslands.***

Amendment 14

Proposal for a directive

Recital 21

Text proposed by the Commission

(21) The general rules introduced by this Directive take account of the specificities of fuels that are biomass or made of biomass complying with the sustainability criteria laid down in Article 17 of Directive 2009/28/EC with regard both to their contribution to the CO₂-balance and to **their** lower energy content per quantitative unit, as compared to some of the competing fossil fuels. Consequently, the provisions in Directive 2003/96/EC authorising reductions or exemptions for those fuels should be removed in the medium term. For the interim period, it should be ensured that the application of **these** provisions is made consistent with the general rules introduced by this Directive. Biofuels and bioliquids defined in Article 2(h) and (i) of Directive 2009/28/EC should therefore only benefit from additional tax advantages applied by Member States if they fulfil the sustainability criteria laid down in Article 17 of this Directive.

Amendment

(21) The general rules introduced by this Directive take account of the specificities of fuels that are biomass or made of biomass complying with the sustainability criteria laid down in Article 17 of Directive 2009/28/EC with regard both to their contribution to the CO₂-balance and to **the** lower energy content per quantitative unit **of liquid biofuels**, as compared to some of the competing fossil fuels. Consequently, the provisions in Directive 2003/96/EC authorising reductions or exemptions for those fuels should be removed in the medium term. For the interim period, it should be ensured that the application of **the** provisions is made consistent with the general rules introduced by this Directive. Biofuels and bioliquids defined in Article 2(h) and (i) of Directive 2009/28/EC should therefore only benefit from additional tax advantages applied by Member States if they fulfil the sustainability criteria laid down in Article 17 of this Directive. ***In the case of biomethane, the energy content per quantitative unit is the same as for natural gas. Given the fact that biomethane injected into the natural gas grid helps to increase the share of renewable sources, biomethane should be exempted from taxation with respect to the CO₂ and energy content, provided it is produced in accordance with the sustainability criteria laid down in Article 17 of Directive 2009/28/EC.***

Justification

Biomethane is one of the main pillars to reach the mandatory 2020 target of 10% biofuels in transport. There is no limitation to the blending of natural gas and biomethane thanks to the same molecular composition. They are the only available lower emissions alternative to oil derived fuels. Therefore biomethane needs to be tax exempted with respect to the CO₂ and the energy related tax burden. The percentage of biomethane injected into the natural gas grid

would be deducted of the total tax related to natural gas.

Amendment 15

Proposal for a directive

Recital 28

Text proposed by the Commission

(28) Every **five** years and for the first time by the end of 2015, the Commission should report to the Council on the application of this Directive, examining in particular the minimum level of CO₂-related taxation in the light of the evolution of the market price in the EU of the emission allowances, the impact of innovation and technological developments and the justification for the tax exemptions and reductions laid down in this Directive, including for fuel used for the purpose of air and maritime navigation. The list of sectors or sub-sectors deemed to be exposed to a significant risk of carbon leakage shall be the subject of regular review, in particular taking into account the availability of emerging evidence.

Amendment

(28) Every **three** years and for the first time by the end of 2015, the Commission should report to the Council on the application of this Directive, examining in particular the minimum level of CO₂-related taxation in the light of the evolution of the market price in the EU of the emission allowances, the impact of innovation and technological developments and the justification for the tax exemptions and reductions laid down in this Directive, including for fuel used for the purpose of air and maritime navigation. The list of sectors or sub-sectors deemed to be exposed to a significant risk of carbon leakage shall be the subject of regular review, in particular taking into account the availability of emerging evidence.

Amendment 16

Proposal for a directive

Article 1 – point 2 – point a a (new)

Directive 2003/96/EC

Article 2 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

(aa) The following paragraph is added:

"1a. Before 31 December 2012 the Commission shall present a proposal to include a minimum tax rate for nuclear fuel rods used for the production of electricity in this Directive and to add nuclear fuel rods to the energy products set out in paragraph 1 of this Article."

Justification

This revision of the Energy Tax Directive does not address the issue of nuclear fuels. Yet the externalities associated with the use of nuclear power, the potential risk in the event of a nuclear accident, and the requirement for a level playing field between different energy sources, all justify the inclusion of a minimum tax rate on nuclear fuel rods in the Directive. This minimum tax rate should correspond with the financial advantage enjoyed by nuclear power as a result of increased electricity prices resulting from the EU Emission Trading Scheme.

Amendment 17

Proposal for a directive

Article 1 – point 3

Directive 2003/96/EC

Article 3 – point b – second indent

Text proposed by the Commission

– dual use of energy products

Amendment

– **energy-intensive industry and** dual use of energy products

Justification

It is desirable to specify in the Directive that it is not to apply to energy-intensive industry, thus ensuring that the Directive treats all energy-intensive sectors of industry equally.

Amendment 18

Proposal for a directive

Article 1 – point 4 – point b

Directive 2003/96/EC

Article 4 – paragraph 3 – subparagraph 1

Text proposed by the Commission

3. Without prejudice to the exemptions, differentiations and reductions provided for in this Directive, Member States shall ensure that where equal minimum levels of taxation are laid down in Annex I in relation to a given use, equal levels of taxation are fixed for products put to that use. Without prejudice to Article 15(1)(i), for motor fuels referred to in Annex I Table A, this shall apply as from 1 January

Amendment

3. Without prejudice to the exemptions, differentiations and reductions provided for in this Directive, Member States shall ensure that where equal minimum levels of taxation are laid down in Annex I in relation to a given use, equal levels of taxation are fixed for products put to that use. Without prejudice to Article 15(1)(i), for motor fuels referred to in Annex I Table A, this shall apply as from 1 January 2023. **The derogations provided for in**

2023.

Article 7 shall apply to commercial transport.

Justification

The possibility for Member States to apply a lower level of taxation to commercial than to non-commercial use of gas oil as motor fuel should be retained, as no alternative fuel is yet available for use in commercial transport.

Amendment 19

Proposal for a directive

Article 1 – point 4 – point b

Directive 2003/96/EC

Article 4 – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

In the case of natural gas and biomethane used as motor fuels, higher minimum levels of general energy consumption taxation shall apply only after an assessment, to be carried out by the Commission by 2023, on the implementation of the provisions of this Directive relating to the level of taxation applicable to natural gas in road transport. That assessment shall, inter alia, examine the progress in the availability of natural gas and biomethane, the growth of the refilling stations network in Europe, the market share of natural gas vehicles in the Union, the innovation and technological developments in biomethane used as transport fuel and the real value of the minimum level of taxation.

Justification

Natural gas and biomethane can be used in existing internal combustion engines with no limitation to blending. Biomethane is one of the main pillars to reach the mandatory 2020 target of 10% biofuels in transport. Its development is linked to that of Natural Gas Vehicles and hence a favourable tax treatment allowing the development of methane refuelling infrastructure. Methane, the available alternative to oil derived fuels, has very low NMHC, PM and NOx emissions, improving urban air quality, and also significantly reduces noise and CO₂.

Amendment 20

Proposal for a directive

Article 1 – point 5 – point b

Directive 2003/96/EC

Article 5 – third indent

Text proposed by the Commission

– for the following uses: local public passenger transport (excluding taxis), waste collection, armed forces and public administrations, disabled people, ambulances;

Amendment

– for the following uses: local public passenger transport (excluding taxis ***running on oil-derived motor fuels***), waste collection, armed forces and public administrations, disabled people, ambulances;

Justification

Natural gas/biomethane is the alternative to oil derived fuels and has uniquely low emissions of toxic or carcinogenic substances, almost zero particulate emissions, no emissions of reactive hydrocarbons, reduced NOx emissions, as well as reduced noise, which makes it an ideal motor fuel in urban surroundings. The Expert Group of Future Transport Fuels report from 25th January 2011 states that methane should be promoted as one of the main alternative fuels in urban transport.

Amendment 21

Proposal for a directive

Article 1 – point 6

Directive 2003/96/EC

Article 7

Text proposed by the Commission

As from 1 January 2013, from 1 January 2015 and from 1 January 2018, the minimum levels of taxation applicable to motor fuels shall be fixed as set out in Annex I, Table A.

Amendment

1. As from 1 January 2013, from 1 January 2015 and from 1 January 2018, the minimum levels of taxation applicable to motor fuels shall be fixed as set out in Annex I, Table A.

2. Member States may differentiate between commercial and non-commercial gas oil.

'Commercial gas oil used as propellant' shall mean gas oil used as propellant for

the following purposes:

(a) to transport goods either for hire or reward, or on own account, by means of a motor vehicle or articulated vehicle combination intended exclusively for the carriage of goods by road,

(b) to carry passengers, whether by regular or occasional service, by means of a motor vehicle.

3. Member States shall lay down the option for commercial transporters to apply a different tax account system.

Justification

The possibility for Member States to apply a lower level of taxation to commercial than to non-commercial use of gas oil as motor fuel should be retained, as no alternative fuel is yet available for use in commercial transport.

Amendment 22

Proposal for a directive

Article 1 – point 11 – point a – point iii

Directive 2003/96/EC

Article 14 – paragraph 1 – point e

Text proposed by the Commission

(e) **until 31 December 2020**, electricity directly provided to vessels berthed in ports.

Amendment

(e) electricity directly provided to vessels berthed in ports.

Justification

Investments in ports and ships to make it possible for vessels to plug in to electricity from the quay are substantial, so there should not be an end date to the exemption if we want to see more of these kinds of initiatives arise in our European ports the next coming years. Investments would be hindered if there is a threat that from 2021 on this electricity could be taxed.

Amendment 23

Proposal for a directive

Article 1 – point 13 – point a – point i

Directive 2003/96/EC
Article 15 – paragraph 1 – point h

Text proposed by the Commission

(h) energy products used as heating fuel and electricity if used by households and/or by organisations recognised as charitable by the Member State concerned. In the case of such charitable organisations, Member States shall confine the exemption or reduction to use for the purpose of non-business activities. ***Where mixed use takes place, taxation shall apply in proportion to each type of use. If a use is insignificant, it may be treated as nil;***

Amendment

(h) energy products used as heating fuel and electricity if used by households and/or by organisations recognised as charitable by the Member State concerned. In the case of such charitable organisations, Member States shall confine the exemption or reduction to use for the purpose of non-business activities;

Amendment 24

Proposal for a directive

Article 1 – point 13 – point a – point i

Directive 2003/96/EC

Article 15 – paragraph 1 – point i

Text proposed by the Commission

(i) Until 1 January 2023, natural gas and LPG used as ***propellants***;

Amendment

(i) until 1 January 2023 natural gas, ***biomethane*** and LPG used as ***motor fuels***, ***without prejudice to Article 29, subparagraph 3a;***

Amendment 25

Proposal for a directive

Article 1 – point 13 – point a – point i a (new)

Directive 2003/96/EC

Article 15 – paragraph 1 – point m (new)

Text proposed by the Commission

Amendment

(ia) the following point is added:
“(m) LPG used as heating fuel, including by way of derogation from Article 4(3) of this Directive;”

Justification

Member States must have the option of applying derogations from the minimum levels of excise laid down and from the principle of fiscal neutrality referred to in paragraph 4(3). The derogations are justified by the environmental role of LPG (in terms of reducing CO₂ in comparison with other traditional fuels) and by its social role, as it makes it possible to supply energy for primary use by citizens (heating, cooking and water heating) in marginal areas (areas which are sparsely populated, rural or mountainous and islands).

Amendment 26

Proposal for a directive

Article 1 – point 13 – point b

Directive 2003/96/CE

Article 15 – paragraph 3

Text proposed by the Commission

3. Member States may apply a level of general energy consumption taxation down to zero on the consumption of energy products and electricity used for agricultural, horticultural, aquacultural works and in forestry. *The beneficiaries shall be subject to arrangements that must lead to increased energy efficiency broadly equivalent to those that would have been achieved if the standard Union minimum rates had been observed.*

Amendment

3. Member States may apply a level of general energy consumption taxation down to zero on the consumption of energy products and electricity used for agricultural, horticultural, aquacultural works and in forestry.

Amendment 27

Proposal for a directive

Article 1 – point 13 a* – point a – point i a (new)

Directive 2003/96/EC

Article 16 – paragraph 1– subparagraph 1 a (new)

Text proposed by the Commission

Amendment

(ia) The following subparagraph is added:

"In the case of biomethane, the energy content per quantitative unit is the same as for natural gas. Given the fact that biomethane injected into the natural gas grid helps to increase the share of renewable sources, biomethane shall be

exempted from taxation with respect to the CO₂ and energy content, provided it is produced in accordance with the sustainability criteria laid down in Article 17 of Directive 2009/28/EC.”

**Following Article 1, point 13, the Commission proposal incorrectly contains a number "(1)" instead of point 14.*

Justification

Biomethane is one of the main pillars to reach the mandatory 2020 target of 10% biofuels in transport. There is no limitation to the blending of natural gas and biomethane thanks to the same molecular composition. They are the only available lower emissions alternative to oil derived fuels. Therefore biomethane needs to be tax exempted with respect to the CO₂ and the energy related tax burden. The percentage of biomethane injected into the natural gas grid would be deducted of the total tax related to natural gas.

Amendment 28

Proposal for a directive

Article 1 – point 21

Directive 2003/96/EC

Article 29 – subparagraph 1

Text proposed by the Commission

Every **five** years and for the first time by the end of 2015, the Commission shall submit to the Council a report on the application of this Directive and, where appropriate, a proposal for its modification.

Amendment

Every **three** years and for the first time by the end of 2015, the Commission shall submit to the Council a report on the application of this Directive and, where appropriate, a proposal for its modification.

Justification

To be able to quickly incorporate new evolutions and technological developments and to be able to follow up evolutions on the carbon market, the taxation levels should be checked for possible modifications every three years.

Amendment 29

Proposal for a directive

Article 1 – point 21

Text proposed by the Commission

Amendment

By 2023 the Commission shall submit to the Council an assessment on the implementation of the provisions of this Directive relating to the level of taxation applicable to natural gas in road transport and a proposal for its amendment. That assessment shall, inter alia, examine the progress in the availability of natural gas and biomethane, the growth of the refilling stations network in Europe, the market share of natural gas vehicles in the Union, the innovation and technological developments in biomethane used as transport fuel and the real value of the minimum level of taxation.

Justification

A “review clause“ is the right legislative tool to assess in the medium term the need to maintain a favourable tax treatment for alternative fuels, also in the view of the development of gaseous fuels from renewable sources. Biomethane is one of the main pillars to reach the 2020 target of 10% biofuels in transport. Since the development of Biomethane is linked to that of Natural Gas Vehicles, a favourable tax treatment in the medium term is needed. Natural gas/biomethane engines have very low pollutants emissions while also significantly reducing noise and CO₂ emissions vs. diesel and petrol engines.

PROCEDURE

Title	Amending Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity
References	COM(2011)0169 – C7-0105/2011 – 2011/0092(CNS)
Committee responsible Date announced in plenary	ECON 10.5.2011
Committee(s) asked for opinion(s) Date announced in plenary	ENVI 10.5.2011
Discussed in committee	26.10.2011
Date adopted	31.1.2012
Result of final vote	+: 28 -: 16 0: 19
Members present for the final vote	János Áder, Elena Oana Antonescu, Kriton Arsenis, Sophie Auconie, Pilar Ayuso, Paolo Bartolozzi, Martin Callanan, Nessa Childers, Chris Davies, Esther de Lange, Anne Delvaux, Bas Eickhout, Edite Estrela, Jill Evans, Karl-Heinz Florenz, Elisabetta Gardini, Gerben-Jan Gerbrandy, Matthias Groote, Françoise Grossetête, Satu Hassi, Jolanta Emilia Hibner, Dan Jørgensen, Karin Kadenbach, Christa Kläß, Holger Krahmer, Jo Leinen, Peter Liese, Zofija Mazej Kukovič, Linda McAvan, Radvilė Morkūnaitė-Mikulėnienė, Gilles Pargneaux, Antonyia Parvanova, Sirpa Pietikäinen, Mario Pirillo, Pavel Poc, Anna Rosbach, Oreste Rossi, Dagmar Roth-Behrendt, Daciana Octavia Sârbu, Carl Schlyter, Richard Seeber, Theodoros Skylakakis, Bogusław Sonik, Anja Weisgerber, Åsa Westlund, Glenis Willmott, Sabine Wils
Substitute(s) present for the final vote	Margrete Auken, Vicky Ford, Romana Jordan Cizelj, Filip Kaczmarek, Riikka Manner, Marisa Matias, Miroslav Mikolášik, Bill Newton Dunn, James Nicholson, Bart Staes, Eleni Theoharous, Vladimir Urutchev, Kathleen Van Brempt, Andrea Zannoni
Substitute(s) under Rule 187(2) present for the final vote	Julie Girling, Emma McClarkin