



European Renewable Energy Council

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CO2 tax - essential piece of the climate & energy policy

Brussels, 1st October 2009. The European Renewable Energy Council (EREC) welcomes a possible revision of the Energy Taxation Directive which will be discussed at the informal ECOFIN Council in Göteborg. At the meeting, EU Ministers will consider the introduction of an EU-wide CO₂ tax. This is the logical next step after the adoption of the Climate and Energy Package, and at the same time the fair application of the Polluter-Pays-Principle (PPP).

“The European Renewable Energy Industry very much welcomes the idea of a CO₂ tax and urges the Council to pave the way for a proposal by the Commission”, says Arthouros Zervos, President of the European Renewable Energy Council (EREC). EU Ministers of Economic and Financial Affairs will engage in an exchange of views on the revision of the Energy Taxation Directive. The Directive currently in place sets EU-wide minima for the taxation of energy products based on volume. The main novelty in the planned revision is the introduction of an EU-wide CO₂ tax for those sectors that do not fall under the Emissions Trading System (ETS).

“This would be a further important step towards the implementation of the Polluter-Pays-Principle and acknowledge the fact that renewable energy enhances security of energy supply and reduces emissions of greenhouse gases”, underlines Arthouros Zervos. Consequently, EREC strongly supports the exclusion of bioenergy from the scope of the CO₂ taxation. This is clearly in line with the international approach taken in the Kyoto Protocol, where bioenergy is acknowledged to be CO₂ free at the end use. The new tax rates under discussion would finally end the paradoxical situation whereby renewable energy fuels are taxed at a higher rate than polluting fossil fuels.

“The European Renewable Energy Industry is happy to see that the EU is seriously considering a CO₂ tax. This could ultimately ensure a level playing field between renewable energy sources and fossil fuels and consequently increase the competitive advantage of renewable energy technologies”, says Zervos. This is especially crucial as the ETS alone will not be able to deliver a change of energy structure towards renewable energy, sustainability and security of energy supply. “If the EU is really serious about meeting its GHG reduction commitment we need a clear, non-fluctuating price signal for carbon. Who pollutes must pay for it”, concludes Arthouros Zervos, President of EREC.

EREC therefore calls on the ECOFIN Council to prepare the ground for a proposal by the Commission. It is EREC’s belief that only a proper revision of the Energy Taxation system will truly complete the EU’s Climate and Energy Package.

EREC, the European Renewable Energy Council, is the umbrella organisation of the major European renewable energy industry, trade and research associations active in the field of photovoltaics, small hydropower, solar thermal, bioenergy, ocean & marine, geothermal, wind energy, solar thermal electricity and biofuels. It represents an industry with an annual turnover of more than 45 billion € and more than 450.000 employees.