

## **LPG Industry Position on the Possible Revision of the Energy Taxation Directive**

AEGPL, the European Liquefied Petroleum Gas Association, wishes to express the LPG sector's concerns over certain aspects of the European Commission's proposal (COM(2011)169/3) to revise the EU Directive on the taxation of energy products (2003/96/EC).

As currently formulated, the text would undermine not only the position of clean-burning gaseous fuels, including LPG, but also ironically the EU's efforts to establish a more climate-friendly energy mix.

- 1. A blow to the existing alternative fuels market:** The proposal to eliminate the right of Member States to support clean gaseous transport fuels such as LPG (Europe's most widely used alternative fuel) through tax policy could cause a death sentence to the industry in Europe with a corresponding loss of tens of thousands of jobs. It is obvious that, despite any phase-in period, the prospect of an average taxation increase of 400% will immediately deter users to choose an alternative energy such as LPG. By wiping alternative fuels out of Europe, the Directive will lead to a fuel market even more dominated by more polluting conventional fuels, in contradiction with the stated objectives of both this Directive and the Commission's 2011 Transport White Paper.
- 2. A disproportionate burden for citizens without access to the natural gas grid:** The proposed measure would impose a significant financial burden on citizens in areas beyond the natural gas grid who rely on LPG as the only available gaseous heating fuel, particularly when the relatively low-income status of people in these areas is taken into account.
- 3. The role of other key warming and pollutant emissions is ignored:** It is clear that for example black carbon (soot), among others, is a significant contributor to global warming, yet is not considered a factor in the formulation of minimum excise duties.
- 4. Potential for environmentally perverse and discriminatory fuel shifting effects:** If the proposed adjustment of minimum rates were to be applied in the domestic heating sector, the minimum duty on LPG would increase by considerably more compared to existing rates than for those applied to heating oil.
- 5. A mistimed and disproportionate boost for electricity:** The draft legislation, as currently structured, would inevitably have the effect of significantly increasing Europe's reliance on electricity. This may ultimately serve to stimulate increased use of electricity generated from carbon intensive sources such as coal. These concerns are also relevant in light of emerging questions as to the place of nuclear energy in the coming decades.

**On behalf of the European LPG sector, its thousands of constituent operators, and its millions of end-users, AEGPL calls on the European institutions to give due consideration to the numerous outstanding questions as regards the real environmental, social and economic impacts of this initiative.**

**Due to LPG's clear benefits for both citizens and the environment — as recognized by Member States and EU institutions — AEGPL requests the proposed text to be radically amended in order to keep the relevant provisions for LPG as laid out in Directive 2003/96/EC.**

For further information, please contact Samuel Maubanc at [samuel.maubanc@aegpl.be](mailto:samuel.maubanc@aegpl.be)