

European excise tax policy on energy

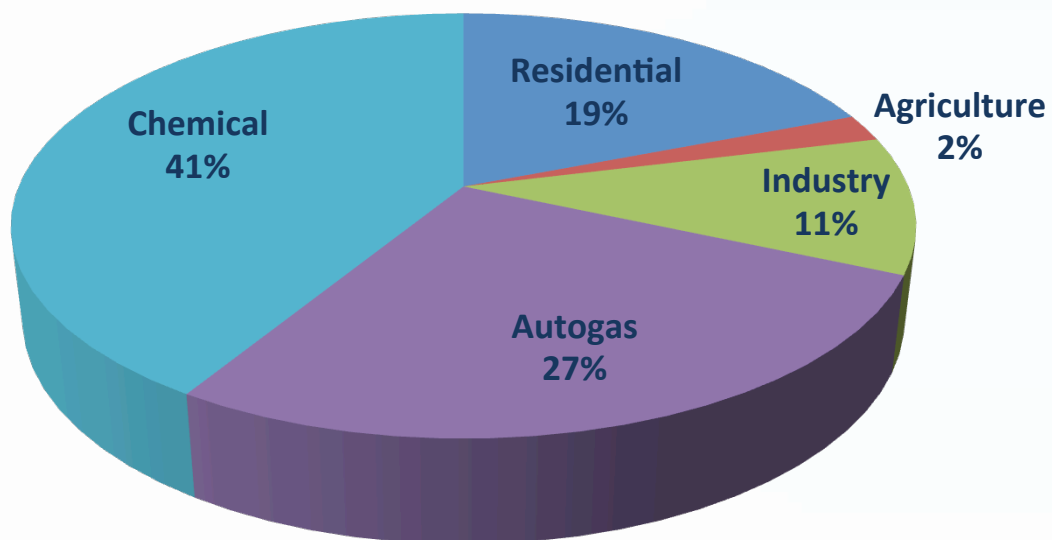
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LPG market segmentation in Europe

Total LPG demand in 2015
= 37 million tonnes



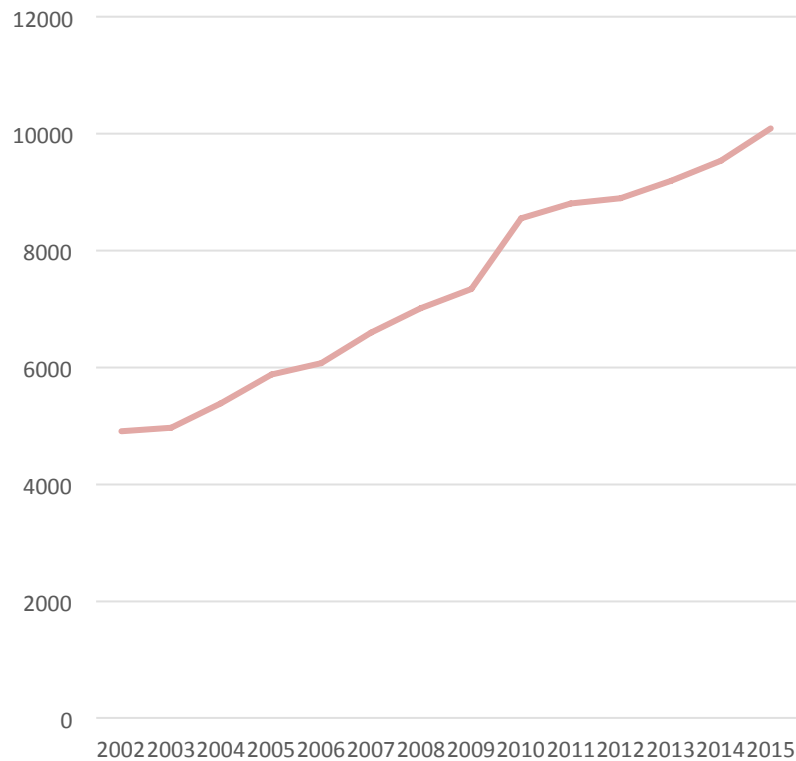
Top-10 Autogas markets in Europe (in volume)

1. Turkey
2. Poland
3. Italy
4. Ukraine
5. Germany
6. Bulgaria
7. Romania
8. Serbia
9. Greece
10. Netherlands

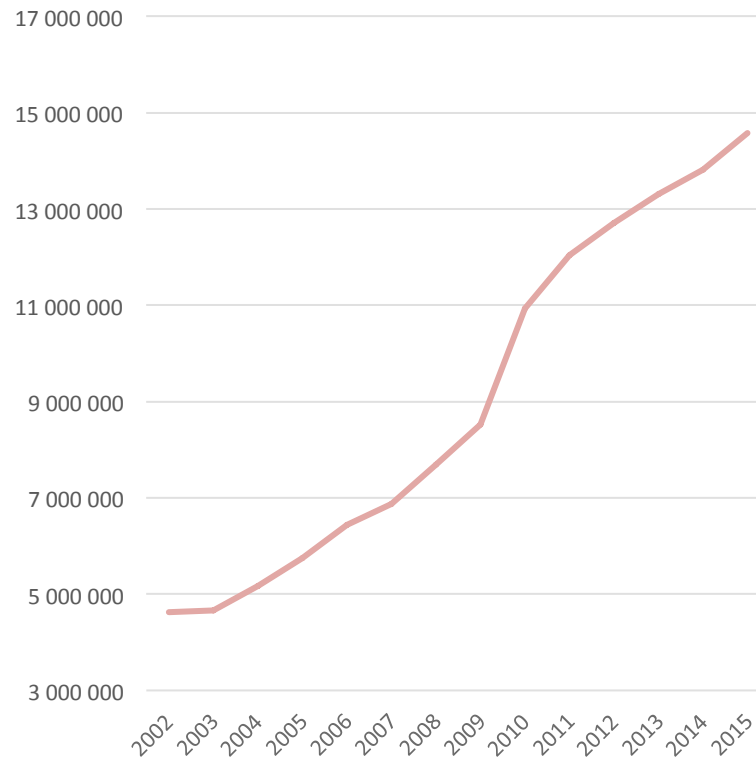
EU 28 + Turkey, Ukraine, Norway, Switzerland, Serbia and Bosnia Herzegovina

15 years of steady growth

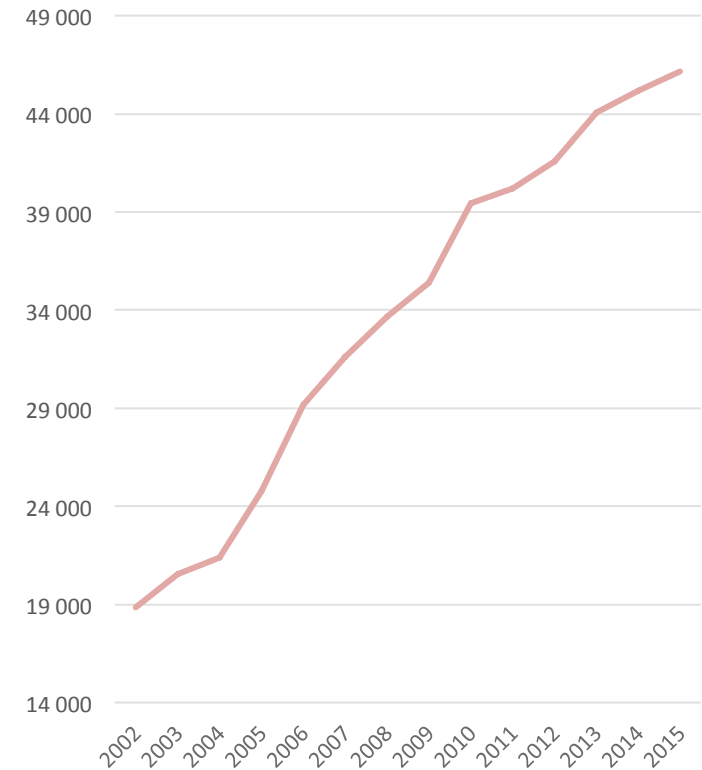
Volumes



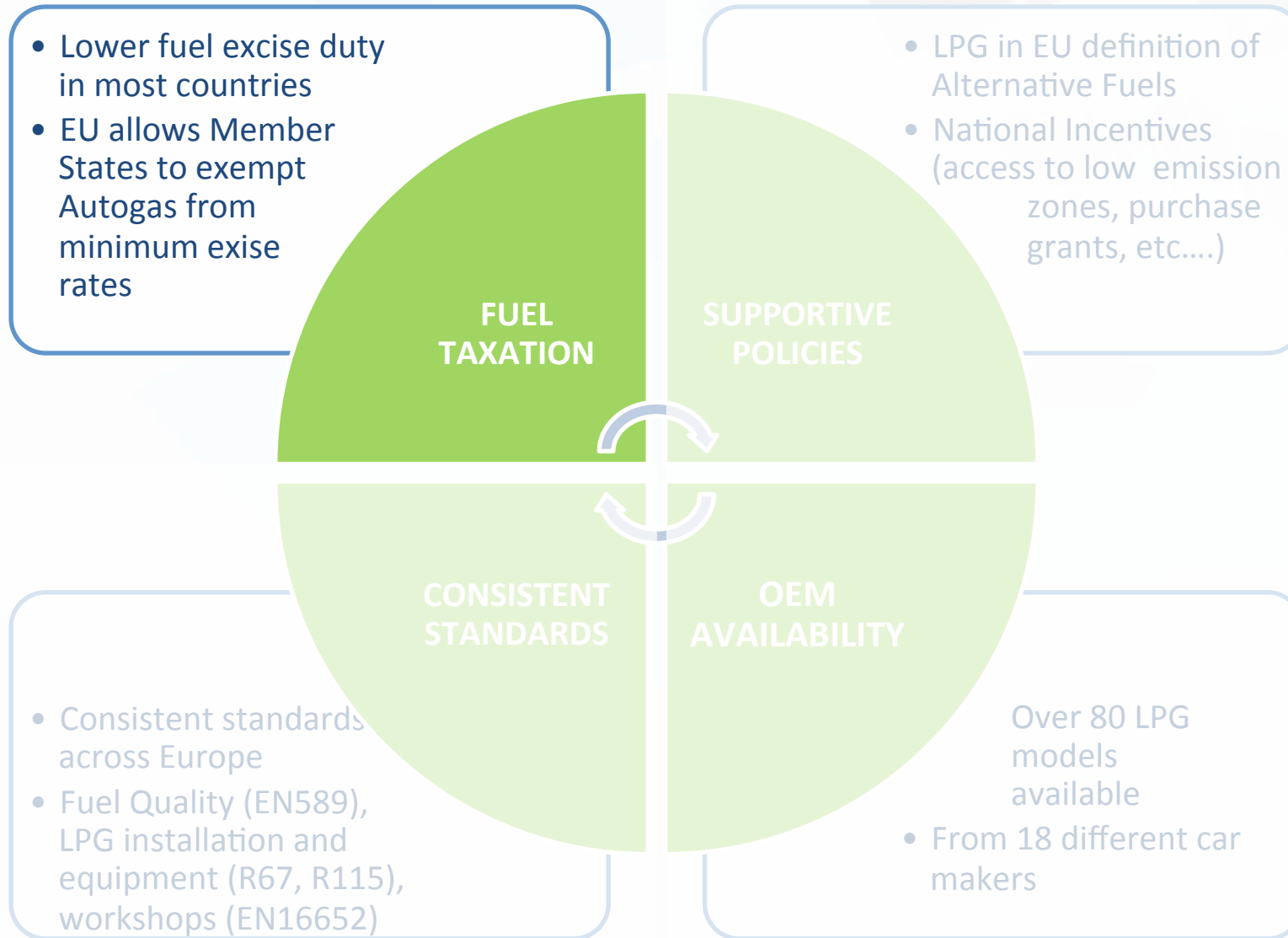
Vehicles



Stations



What is driving autogas growth in Europe?



The EU Energy Taxation Directive



EU Energy Tax Directive 2003/96/EC supports LPG by allowing Member States to exempt LPG from minimum tax rates:

Article 15.1 (i):

*Without prejudice to other Community provisions, Member States may apply under fiscal control **total or partial exemptions or reductions** in the level of taxation to:*

[...]

*(i) natural gas and **LPG**;*



A key factor: LPG in the EU definition of alternative fuels

Directive 2014/94/EU on the deployment of alternative fuels infrastructure

Article 1:

*‘alternative fuels’ {...} include, inter alia: — electricity, — hydrogen, — biofuels, — synthetic and paraffinic fuels, — natural gas, including biomethane, in gaseous form (compressed natural gas (CNG)) and liquefied form (liquefied natural gas (LNG)), and — **liquefied petroleum gas (LPG)***

Recital 7

*“LPG or autogas is an alternative fuel, derived from natural gas processing and oil refining, with a **lower carbon footprint and significantly less pollutant emissions than conventional fuels**. Bio-LPG derived from various biomass sources is expected to emerge as a viable technology in the medium to long term. LPG can be used for road transport (for cars and trucks) for all ranges of distances. It can also be used for inland navigation and shortsea shipping.”*



GHG values from the EU Fuel Quality Directive

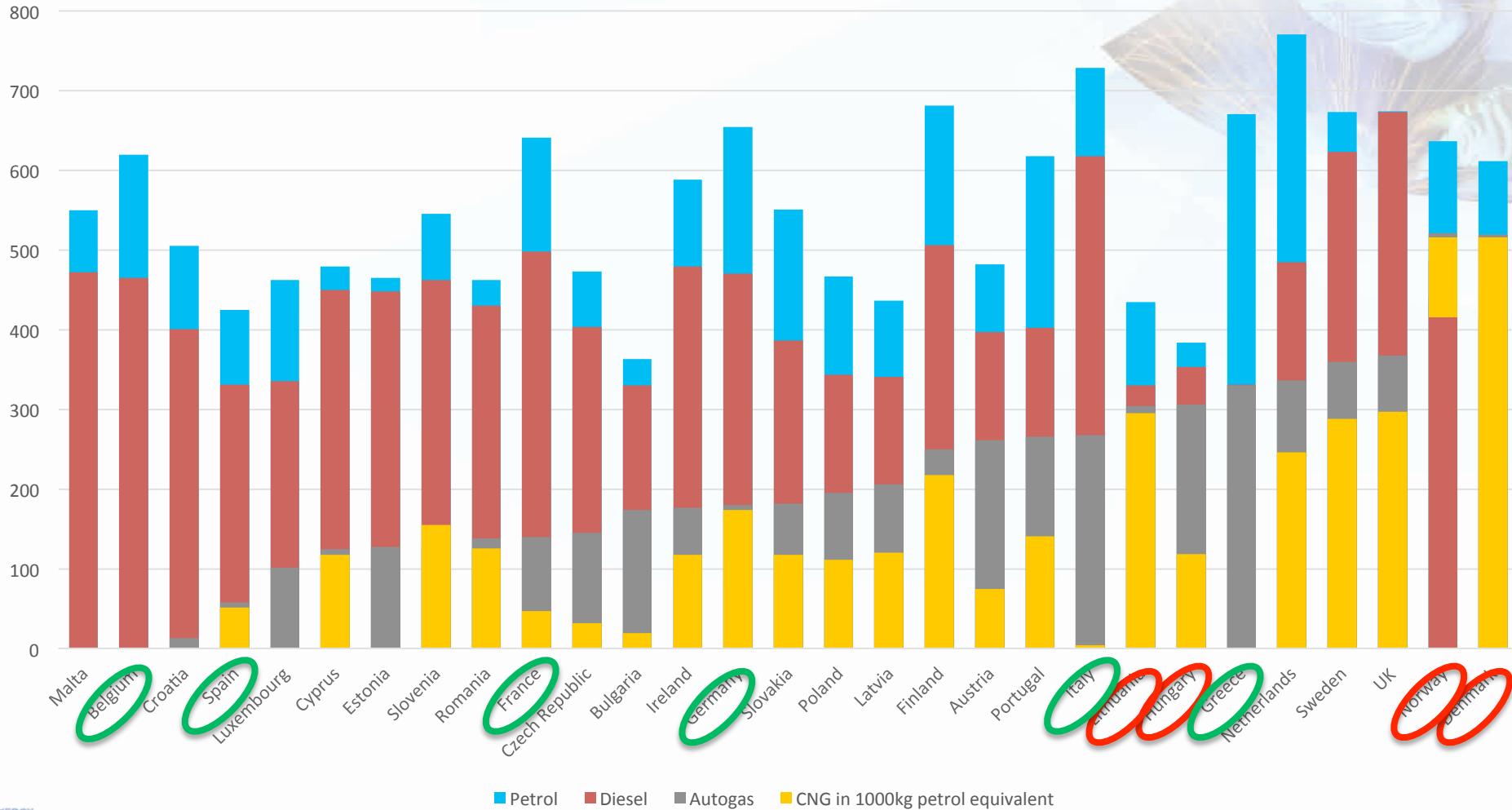
EU Fuel Quality Directive 2009/30/EC

- ✓ Set a 6% decarbonisation target for transport fuels by 2020
- ✓ Methodology for the calculation and reporting of the life cycle greenhouse gas intensity of fuels
- ✓ Adopted by the European Commission in 2014 as an annex to the Fuel Quality Directive
- ✓ Findings:
 - ✓ **LPG emits 23% less CO₂ than diesel**
 - ✓ **LPG emits 21% less CO₂ than petrol**



National excise rates of automotive fuels in the EU

in €/1000kg unless indicated otherwise

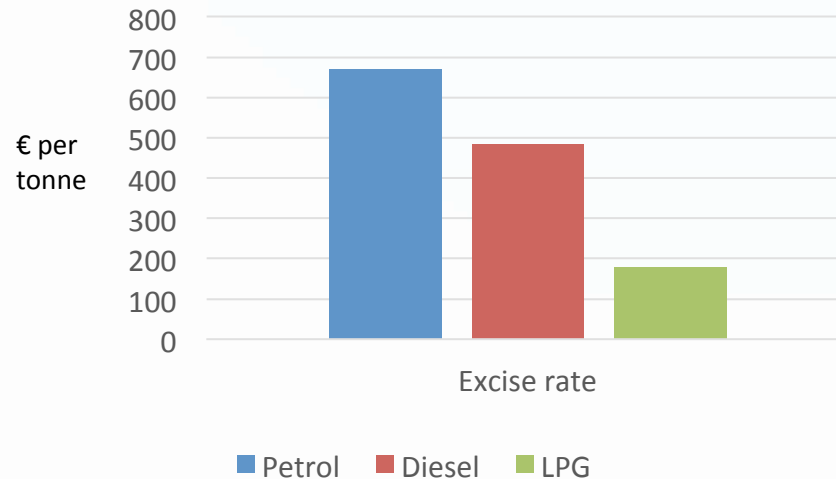


Example of national tax policy on LPG



- ✓ In 2006, the German Bundestag (Parliament) adopted an energy tax law that included a commitment to keep for 12 years the tax rate on Autogas well below that on the other fuels

Favourable fuel tax for LPG in Germany



- ✓ The governing coalition has included a commitment to extend the reduction of excise duties for gaseous fuels beyond 2018

Example of national tax policy on LPG



Autogas incentives in Italy

- ✓ Substantial excise-tax advantage of 58 cents/litre over gasoline and 47 cents/litre over diesel
- ✓ Grants for conversion of cars to LPG (€500 to €750 according to new scheme launched in March 2016)
- ✓ Lower annual vehicle road tax for LPG vehicles
- ✓ Public fleet mandates
- ✓ Traffic regulations that exempt Autogas vehicles from driving restrictions imposed on gasoline and diesel vehicles during periods of acute pollution

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