

Position Paper: *Special excise on electricity and natural gas*

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Description

As from January 1, 2022 all existing federal surcharges on electricity (federal surcharge, offshore levy, strategic reserve, cost of the offshore wind energy connection) and on natural gas (federal surcharge) were transposed into a special excise¹. This reform was necessary to offer legal certainty to companies, as the exemption mechanism of the offshore levy was subject to debate due to a possible incompatibility with European state aid guidelines. Furthermore, the reform offers the advantage to allow federal authorities to adapt in a smoother way the federal surcharges on electricity, and it protects in principle the electricity consumers from the impact of possible additional costs subsequent to choosing the capacity remuneration mechanism (CRM), which enters into force as from 2025.

Electricity

With this reform, industrial electricity consumers are now subject to only one federal surcharge, i.e. the special excise on electricity². The amounts per consumption segment are given in the table below.

Consumption segment (MWh/year)	Professional customers ³ (€/MWh)
0-20	14,21
20-50	12,09
50-1000	11,39
1.000-25.000	10,69
25.000-100.000	2,73
>100.000	0,5

In principle, the special excise is applied to the total consumption, but in some specific cases exemptions are possible. These are summed up in article 429 of the Program Law of 27 December 2004 (adapted several times)⁴. The most important exemptions for electricity concern amongst others:

- electricity primarily used for chemical reduction and electrolytical and metallurgical processes;
- taxable products used for pilot projects for the technological development of environmental friendly products or for fuels from renewable sources;
- electricity not taken off the transmission or distribution⁵ grid:
 - from solar, wind, waves, tidal or geothermal origin,
 - from hydraulic origin, generated in hydraulic plants,
 - from biomass or products derived from biomass,
 - generated by fuel cells.

This exemption is limited to electricity complying with the legal criteria on the granting of green certificates or cogeneration certificates.

- energy products and electricity used for combined production of heat and power

¹ See the Program Law of 27 December 2021 (<https://www.ejustice.just.fgov.be/eli/wet/2021/12/27/2021043625/staatsblad>) and the Royal Decree of 27 December 2021 "tot wijziging van het koninklijk besluit van 28 juni 2015 betreffende de belasting van energieproducten en elektriciteit" (<https://www.ejustice.just.fgov.be/eli/besluit/2021/12/27/2021022817/staatsblad>) .

² The "normal" excise on electricity currently has a zero tariff for all consumers in Belgium. The energy levy (excise on electricity)- is only due on low tension (<1kV) and is subsequently not discussed in this document.

³ The tariffs are different for non-professional customers.

⁴ See <http://www.ejustice.just.fgov.be/eli/wet/2004/12/27/2004021170/justel>.

⁵ We are talking about the public distribution grid.

- energy products and electricity used in mineralogical process
- ...

In order to benefit from these exemptions, a license is required. A request for an exemption can be introduced at the Administration for Customs & Excises⁶.

Natural gas

The federal levy for natural gas is replaced by a special excise on natural gas. The amounts per consumption segment are given in the table below.

Consumption segment (GWh/year)	Professional customers ⁷ (€/MWh)
0-20	0,66
20 – 50	0,56
50 – 250	0,54
250 -1.000	0,42
1.000 -2.500	0,22
>2.500	0,15

In parallel, the already existing energy tax on natural gas continues to exist in its current form^{8 9}.

In principle, the special excise is applied to the total consumption, but in some specific cases exemptions are possible. These are summed up in article 429 of the Program Law of 27 December 2004 (adapted several times)¹⁰. The most important exemptions for natural gas concern amongst others:

- energy products used for purposes other than combustion or heating;
- energy products for dual use. The use of energy products for chemical reduction or electrolytical and metallurgical processes is considered to be dual use;
- energy products and electricity used for combined production of heat and power;
- energy products and electricity used in mineralogical process
- ...

In order to benefit from these exemptions, a license is required. A request for an exemption can be introduced at the Administration for Customs & Excises. If one benefitted from an exemption in the past, it is still applicable after the reform.

Energy norm

Finally, the federal government has realized the energy norm. In this framework, the four energy regulators will yearly compare the Belgian energy prices with the neighboring countries, and propose correcting measures to guarantee the companies' competitiveness and the residential consumers' purchasing power. The authorities will decide whether to introduce correcting measures or not¹¹.

⁶ See <https://financien.belgium.be/nl/Actueel/vanaf-1-januari-2022-wijzigen-de-structuur-en-de-accijnstarieven-voor-aardgas-en>.

⁷ The tariffs are different for non-professional customers.

⁸ The "normal" excise on natural gas has currently a zero tariff for all consumers in Belgium.

⁹ See the Position Paper "Surcharges on natural gas".

¹⁰ See <http://www.ejustice.just.fgov.be/eli/wet/2004/12/27/2004021170/justel>.

¹¹ "Wet van of 28/2/2022 houdende diverse bepalingen inzake energie" (see <http://www.ejustice.just.fgov.be/eli/wet/2022/02/28/2022040472/justel>).

Conclusions and positioning of Febeliec

The consecutive analyses of Deloitte on behalf of Febeliec show that industrial companies' competitiveness in Belgium are put permanently under pressure, amongst others due to the higher surcharges on electricity¹².

Febeliec welcomes the simplification of federal surcharges, which offer moreover legal certainty in the offshore levy issue. Febeliec also insists upon a rapid application of the new energy norm so that the energy prices in our country, and especially for electricity, would not be higher than those in our neighboring countries. Permanent efforts are required to reduce the handicap compared to our neighboring countries (the Netherlands, France and Germany).

Febeliec also asks the different authorities to review their policy as regards surcharges:

- Core tasks of the authorities must be financed out of taxation revenues, not out of levies on energy consumption.
- Surcharges for green electricity must be reduced through correct aid measures and a coherent policy.
- Evaluate the impact on the electricity cost of the national obligations as regards renewable energy.
- Not introduce new surcharges on consumption, for example to support investments in new production capacity.
- Adapted measures to limit the impact of the passing through of the cost of the strategic reserve or of any other capacity remuneration mechanism.

¹² See

http://www.febeliec.be/web/deloitte%20study%20electricity%20prices%20%20update%202021%20_18_03_2021_/1011306087/list1187970135/f1.html.