

## PRESS RELEASE

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### **In 2020, industrial companies will pay 1 billion € of taxes on electricity** *Febeliec: "High electricity prices make Belgium unattractive for industry"*

*In 2020, an average Belgian company will pay 3 to 4 times more taxes on the electricity price. In total, this bill will amount to 1 billion of euro's in 2010 for all industrial companies, as is demonstrated in an analysis by Febeliec, the federation of industrial energy consumers. The energy bill for a SME will thus cost between 100.000 and 1 million € extra. For a large company, the bill can even amount to 24 millions €. It concerns federal as well as regional taxes. The electricity price is already for one fifth composed of all kinds of taxes, and in 2020 this will increase to one third. "Belgium is one of the most expensive energy countries. If surcharges continue to increase in the upcoming years, Belgium will no longer be competitive for industrial investments", says Peter Claes, manager of Febeliec.*

Federal levy, financing of offshore wind parks, systems of green certificates, ... : besides the cost of energy and its distribution, the additional costs on the electricity bill keep increasing. In our neighboring countries, the authorities also charge surcharges, but there is a clear limit set for the industry or a compensation if these surcharges exceed a certain level. In our country, however, this is almost not the case, with all the consequences that go along with it for the bill.

#### **How expensive will the bill be?**

What does this mean specifically for a company? Let us take for example a SME in the Flemish region with about 10 workers and an annual electricity consumption of 10.000 MWh. In 2009, it had to pay an additional 81.349 € extra on its bill due to all kind of taxes. In 2020, this already amounts to 254.231 €. The situation is even worse for this same SME in the Walloon region. The SME had to pay 94.508 € of surcharges last year, whereas it will pay 306.559 € in 2020.

Even more striking is the example of a large industrial company. It employs thousands of people and consumes 1.500 GWh. Such a company in Wallonia paid about 3,5 millions € of taxes in 2009. In 2020, it will pay slightly more than 15 millions € of taxes. In Flanders, a similar company will pay even more: about 6 millions € in 2009, and almost 24 millions € of surcharges in 2020.

#### **Who will be able to keep paying for this?**

"In the overview of the costs for an industrial company, about 20% is spent in energy costs, and for some manufacturing companies, this can even amount to 60%. If the bill continues to increase as we forecast, it will become unaffordable. In our neighboring countries, measures are taken to keep the electricity bill within reasonable limits. A lot of companies will ask themselves where they should best invest and generate jobs", says Claes.

Febeliec calls upon the different governments in our country to bring about moderate and affordable electricity prices. Claes: "One could ask oneself if it is feasible and justified that social measures are financed by means of levies on the electricity consumption? We ask the federal government to adapt the federal levy and to limit the levy in euro's, instead of in megawatt hours, because this is disadvantageous for medium-sized companies."

Febeliec also requests the introduction of degressive tariffs and ceilings on levies aimed at financing offshore wind parks. The federation also asks to thoroughly reform the certificates' systems at regional

level. Claes: “We ask for an efficient policy that does not lead to windfall profits for the suppliers, and which limits the impact on the electricity cost for the industrial consumers.”

“The different authorities in our country continue to finance all kinds of aspects of the policy, a.o. by means of levies, taxes and certificates’ systems at the expense of the electricity consumer. The energy cost becomes, thus, besides the salary cost, a still increasing handicap for companies. Affordable electricity prices are thus more than ever necessary”, Febeliec concludes.

#### Overview of costs

Febeliec calculated how the different surcharges that come on top of the electricity price today, will strongly increase in the upcoming years, if policy remains unchanged:

- The federal levy, which amounted to 1€/MWh when it was introduced in 2003, would again increase heavily in 2011 and amount to around 5€/MWh. Although there is a ceiling when consuming 250.000 MWh or more, lots of companies would pay levies exceeding 700.000 €. In the upcoming years, the levy would even continue to increase.
- The costs for financing the offshore wind parks will explode in 2011. The levies for financing the cable and the certificates, which were limited until this year incl. to about 0,27€/MWh, would exceed 1€/MWh next year, more than 3€/MWh in 2015 and even exceed 7 to 8€/MWh in 2020. For consumers, there are no digressive tariffs or ceilings applied to these levies.
- At regional level, in Flanders as well as in Wallonia, the costs of the certificates’ systems would increase substantially. Due to the rapid increase of the objectives for green electricity and cogeneration, the costs of the certificates’ systems would increase to exceed 7,5€/MWh in Flanders next year and even 12€/MWh in Wallonia. The increase would even progressively continue in the subsequent years; for the costs of these certificates’ systems, a limited digressive tariff exists for industrial consumers, but not a ceiling.
- In addition, other surcharges exist in Flanders as well as in Wallonia, of which the impact is currently quite limited. Dependant on the policy of the upcoming years, the impact on the electricity cost of companies can increase heavily as well.

In addition, the extrapolations of Febeliec does not take into account the costs of certain public services obligations, which are passed through in the transmission or distribution tariffs. Hence, the obligation for distribution grid operators in Flanders to buy in solar energy will lead to a strong increase of the distribution tariffs in the upcoming years.

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