

To:

**Hana Štulajterová**  
Chair Working Party on Tax Questions

CC:

**Member State Fiscal Attachés**  
Members of the Working Party on Tax Questions

Brussels, 8 November 2022

**RE: Ensuring Fair Taxation for Active Energy Customers Providing Flexibility to the Grid**

Dear Madam Chair and all Members of the Working Party on Tax Questions,

A combination of factors is leading more consumers to actively participate in the energy transition, by taking actions like purchasing electric vehicles to reduce their fuel costs and greenhouse gas emissions, installing home or community electricity generation assets which keep production and consumption localised, and incorporating more storage assets into their homes to protect them in the event of ever-increasing climate change-driven extreme weather events. In addition to giving them more control over and direct understanding of their energy consumption, these actions also broaden the opportunities for these active customers to provide flexibility to the electricity grid.

One example of such flexibility is bidirectional charging. Smart charging goes in one direction and enables adjustment to the charging process depending on external signals. Bidirectional charging – also known as V2X ('vehicle-to-everything') goes a step further and allows the vehicle to exchange energy with the connected asset (grid, home, building) in both directions, as well as charging or discharging for as long as it is plugged in. This means that the vehicle can offer services for a longer timeframe, as unidirectional charging stops once the battery is full.

One barrier which deters the uptake of bidirectional charging schemes and similar flexibility services in the Member States is the possibility of double taxation in the current version and under the proposed revision of the Energy Taxation Directive (ETD): double taxation still affects all facilities able to charge electricity from the grid and then reinjecting it back at a later time (namely, all kinds of batteries and energy storage systems). On the consumer side, such double taxation disincentivises the use of bidirectional charging because it costs the customer twice as much to essentially not use the energy which is fed back into the grid. This also hampers the development of prosumer business models which support the active contribution of consumers providing flexibility services to the system. On the supplier and system operator side, this creates unnecessary administrative burden.

Thanks to bidirectional charging capabilities, the electricity can flow between the EV battery and the grid multiple times between when a charging asset is activated and when it is turned off and the electricity is consumed. Having to track the amount of energy transferred and calculate the tax on each transaction must be avoided to prevent hindering V2G services: **taxes and tariffs should be applied exclusively on the amount of energy actually exploited by the final user, by means of proper metering.**

We therefore propose the following change to the current ETD proposal, to ensure these ambiguities are addressed directly in the legislation:

Current proposal text:

Art. 22.4: ...For the purposes of the first subparagraph, electricity storage facilities and transformers of electricity may be considered as redistributors when they supply electricity.

**Proposed amendment:**

Art. 22.4: ...For the purposes of the first subparagraph, electricity storage facilities and transformers of electricity ~~may be~~ **shall be** considered as redistributors when they supply electricity. **Active customers (as defined in Directive (EU) 2019/944 Art. 2(8)), including electric vehicle or battery owners participating in bidirectional charging schemes and other customers providing flexibility services to the grid, shall not be considered as redistributors, and as such shall be exempt from taxation on energy which they reinject into the grid.**

We remain at your disposal to answer any questions you may have about this proposal.

### The Signatories



*AVERE – the European Association for Electromobility, Eurelectric, EASE - the European Association for the Storage of Energy, the European Copper Institute, smartEN – Smart Energy Europe, and SolarPower Europe*