

Svar på konsultation om ETS Roadmap 26 november 2020

We strongly support extension of carbon pricing to the sectors outside ETS. But we are not convinced that inclusion in ETS of the heating and transport sectors are the right way to do this. We would instead prefer introducing carbon taxes on sectors outside ETS. It is a simpler and more straightforward incentive than carbon emission trading. With carbon tax the level of taxation is known to all actors in the market, and easier for the distributors of fossil fuels to handle than a carbon price varying day by day according to the traded price. A carbon tax can be gradually raised, like it is now proposed in Germany, and has been done in France and Ireland. Sweden has had a step-by-step increased carbon tax since 1991 (now the world's highest), resulting in an almost totally decarbonized heating and service sector. Industries outside ETS also pay a full carbon tax since a couple of years, and substitution of fossil fuels now takes place also in this sector.

If the heating sector is included in ETS there is a risk that the carbon price level will decrease in member states where carbon tax rates currently are higher than the price in ETS.

The best solution would be to revise the Energy taxation directive and introduce a common mandatory minimum carbon tax level for all EU member states, and leave it up to the member states to have higher rates than this minimum. The carbon tax must be based on energy content and carbon emissions, and there should be no limitations in the state aid regulation for member states to use carbon taxation to reduce emissions. Carbon tax is not a subsidy on alternatives to fossil fuels. Negative emissions from BECCS must be handled with a common framework. This is an urgent issue as a number of projects are planned and under way in the coming years. Stockholm Exergy's CHP in Stockholm, one of the world's largest using biomass as fuel, will have a BECCS unit in place before 2025, and capture around 800 000 tons of biogenic CO₂. Many other Swedish district heating utilities are also investigating BECCS solutions to offer carbon negative district heating.

We fully support including domestic transport modes like intra-EU maritime transports in ETS. For the road transport sector, we prefer to use the Energy taxation directive to introduce a common minimum carbon tax level on all fossil transport fuels.