

## Ensuring Fair Taxation for EV Owners Providing Flexibility to the Grid

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By purchasing more and more electrified assets, which can produce, store, or send electricity to the grid, consumers are actively participating in the energy transition. In the transport sector, Electric Vehicles (EVs) is the mean to decarbonise the sector. However, more than mere transport assets, EVs can become energy assets, ‘battery on wheels’, if they unleash their flexibility, providing benefits to the consumers and to the grid.

How? With smart and 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 deter 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). On the EV owner side, such double taxation disincentivises the use of bidirectional charging because it costs the driver twice as much to essentially not use the energy that is back-fed to the grid. It also hampers the development of prosumer business models supporting the active contribution of consumers in providing flexibility services to the system. On the energy supplier 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 the moment the EV is plugged and the one when the electricity is consumed for driving. 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 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 be exempt from taxation on unused energy which they reinject into the grid.**