
Region-EU: Possible introduction of CO2 emissions tax for Energy Community members

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Energy Community member states have taken over key EU acquis in energy in recent years, but the Union has intensified its decarbonization policy over the last two years, and the EnC contracting parties have not taken the step, said Janez Kopac Director of the Energy Community (EnC). He also warned of the possible introduction of a tax on CO2 emissions in EnC member states.

The EnC analysis has shown that coal receives significant market-distorting subsidies, consumption patterns and the long-term sustainability of energy systems in the Western Balkans, which are all heavily dependent on coal, with the exception of Albania.

Kopac stress that direct subsidies reached more than half a billion euros in 2015-2017 period, and even worse, these are much higher than fees for renewable energy per installed MW. He added that given the high level of subsidization, electricity producers from EnC member states have a comparative advantage in the European market, which is why the EU is considering a kind of carbon offsetting mechanism to eliminate this inequality.

If such a measures were introduced, it could halt all efforts to integrate Western Balkans electricity markets into single European market and would return the whole process run by the EnC to the beginning.

He said that security of supply was often cited by local authorities as a reason for continuing production at obsolete power plants.

The EnC study also showed that the adequacy of the system would not be compromised if electricity markets were fully integrated and a transitional CO2 emissions taxes were gradually introduced.