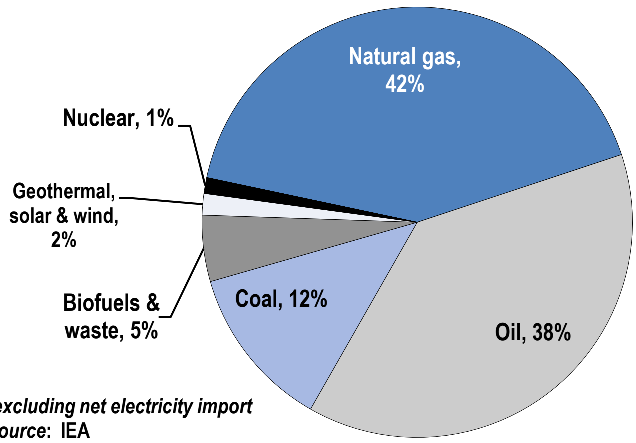
# The Netherlands

*The OECD Inventory of Support Measures for Fossil Fuels identifies, documents and estimates direct budgetary support and tax expenditures supporting the production or consumption of fossil fuels in OECD countries and eight partner economies (Argentina, Brazil, the People's Republic of China, Colombia, India, Indonesia, the Russian Federation, and South Africa).*

## Energy resources and market structure

The Netherlands has been a major producer and exporter of natural gas since the 1960s, when the massive Groningen field was developed. Though its share has been decreasing for several years in profits of renewable energy, natural gas still covered 40% of the total energy supply in 2016. These resources are nearing exhaustion and, with smaller fields reaching maturity, domestic gas production has been declining in the Netherlands. In 2016, domestic production still largely covered the demand for gas.

**Total Primary Energy Supply* in 2017**




***excluding net electricity import**
***Source*: IEA**

The country is a major hub in European oil trade with oil refineries and storage located in its big international ports such as Rotterdam. It has also become a producer with the discovery of the oilfields near Schoonebeek in 1943. This production has been declining (-50% between 2002 and 2012), partly due to some technical difficulties to extract the remaining reserves.

The Dutch energy industry is mostly private, but the state, the provinces, and municipalities retain a structural role and ownership in the natural gas and electricity sectors. The upstream oil and gas sector is entirely private and liberalised. NAM (*Nederlandse Aardolie Maatschappij*), jointly owned by Royal Dutch Shell and Exxon Mobil, operates Groningen and hence is the largest producer of natural gas. Smaller onshore and offshore fields are operated by a variety of private oil and natural gas companies. All the refineries and distribution and retailing networks are privately owned.

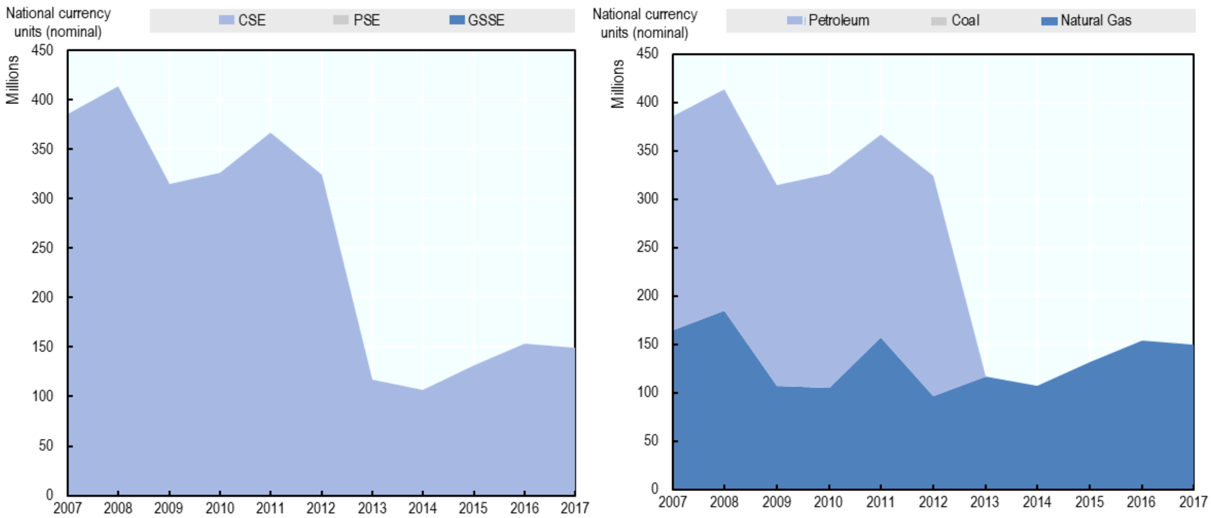
State-owned Gasunie, through its affiliate Gasunie Transport Services (GTS), owns and operates the natural gas transmission network. GasTerra, a trading and supply company which is owned by 50% by the state, sells domestically produced gas in the Netherlands. The other half is owned in equal parts by Shell and Exxon and is the dominant player in the wholesale market with a share exceeding 70%. Three large supply companies – Eneco, RWE-Essent, and Vattenfall-Nuon – dominate the retail market. Under a 2006 law mandating ownership unbundling of distribution companies, distribution assets must be fully separated from supply activity, and cannot be sold to private companies or investors. Competition in the retail natural-gas market is thus well developed. Unlike in most other EU countries, a relatively large proportion of small consumers have hence switched away from the incumbent suppliers.

Electricity-generating assets are partly privately owned and partly owned by provincial or municipal governments. However, foreign energy companies have overtaken a few major players over the last years. The country's transmission system operator, TenneT, is fully owned by the state.

## Energy prices and taxes

The prices of fuel and energy services in the Netherlands are entirely set by the market. Retail electricity and natural gas tariffs, however, are subject to regulation so as to provide a safety net to consumers. The national regulator, the Office of Energy Regulation (*Energiekamer*) within the Authority for Consumers and Markets (ACM), is responsible for approving all tariffs and for ensuring that prices charged to consumers are reasonable. In addition to VAT, excise taxes and a special compulsory storage fee (COVA) are levied on the sale of petroleum products, and an energy tax is levied on the supply of electricity and natural gas (with tax rates decreasing with the level of consumption).

**Total support by for fossil fuels in Netherlands by support indicator (left) and fuel type (right)**




Note: CSE=Consumer Support Estimate; PSE=Producer Support Estimate; GSSE=General Services Support Estimate

## Recent developments and trends in support

The Netherlands successfully phased-out a large part of their supports to fossil fuels in recent years as part of an Energy Agreement designed with key stakeholders. Until 2013, the taxation rate on diesel highly depended on its end use. Diesel attracted a higher tax rate when used as transport fuel while diesel used in non-transport activities, such as heating and off-road machinery, was taxed at a lower rate. The differentiated rate on tax fuel cost the government EUR 228 million in 2012. On 1 January 2013, tax breaks relative to diesel and heating were phased-out because of their negative impact on the environment and public finance. This explains the large fall in consumer support in 2013. Netherlands currently only provides consumption tax concessions for natural gas and electricity used in heating the buildings of non-profit organisations.

| Examples of measures | |
|---|---|
| **Energy-Tax Rebate for Religious Institutions** (2000-) | Residents of buildings that are primarily used for public religious services or for philosophical reflection can apply for a 50% energy-tax rebate for both natural gas and electricity. |
| **Energy-Tax Rebate for Non-Profit Organisations** (2000-) | Natural gas and electricity used in heating the buildings of non-profit organisations in the Netherlands receive a 50% energy-tax rebate. Since 2006, community buildings used by non-profit organisations for over 70% of the time can also apply for the rebate. |