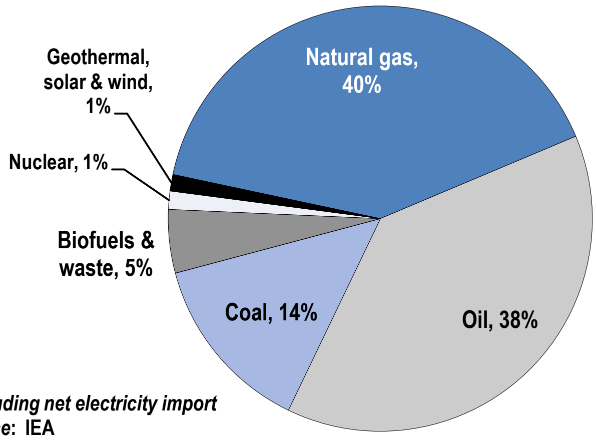
The Netherlands

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 large partner economies (Argentina, Brazil, the People's Republic of China, Colombia, India, Indonesia, the Russian Federation, and South Africa).

Energy resources and market structure

Total Primary Energy Supply* in 2016



**excluding net electricity import*
Source: IEA

The Netherlands has been a major producer and exporter of natural gas since the 1960s, when the massive Groningen field was developed. These resources are nearing exhaustion and, with smaller fields reaching maturity, domestic gas production has been declining in the Netherlands. The country's crude-oil production satisfies about half of the demand.

The Dutch energy industry is mostly private, but the state, the provinces, and municipalities retain ownership in the natural gas and electricity sectors. The upstream oil and gas sector is entirely private and liberalised. NAM, 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.

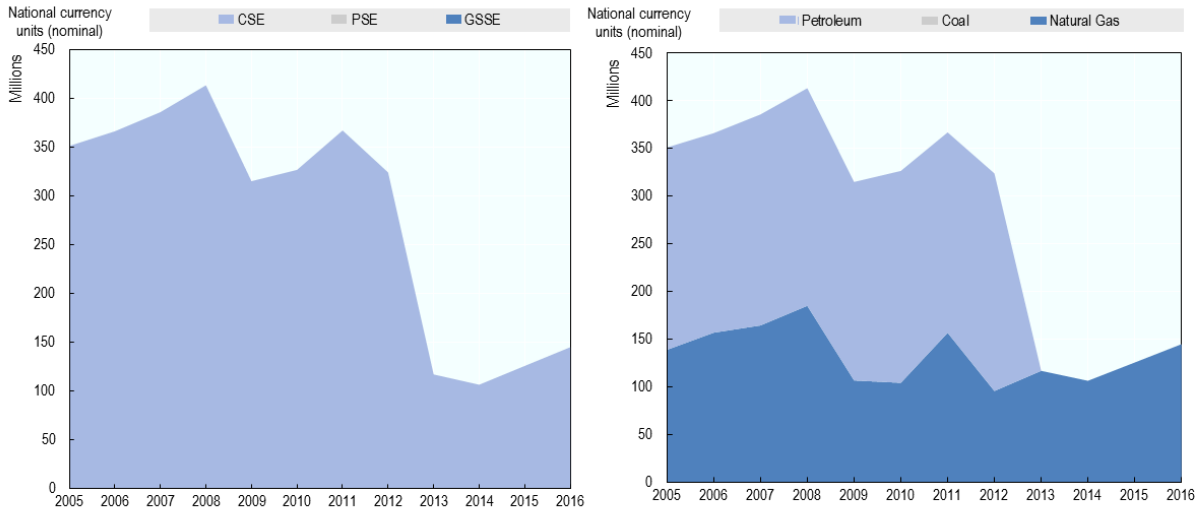
State-owned Gasunie, through its affiliate Gasunie Transport Services (GTS), owns and operates the natural gas transmission network. GasTerra, a trading and supply company, sells domestically produced gas in the Netherlands. The state owns half of GasTerra and the other half is owned in equal parts by 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

Until 2013, diesel sold in the Netherlands was taxed at different rates depending 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, the measure was terminated on the grounds that the policy was environmentally harmful, and implementation of the policy was costly as monitoring diesel use by activity was expensive. 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.