

**2019**  
UPEI  
ANNUAL  
REPORT

**TOWARDS**

**2050**



**UPEI represents European importers and wholesale/retail distributors of energy for the transport and heating sectors, supplying Europe's customers independently of the major oil companies and energy producers.**

**Independent suppliers, covering more than a third of Europe's demand, play a crucial role in an evolving market by bringing competition which is vital to the economy. Their independence enables them to respond rapidly to changes in terms of market structure, products and services, contributing to security of supply on a local, regional and national level.**

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# PRESIDENT'S FOREWORD



Technological innovations, the urgent need to address climate change and tense political struggle to provide sound policies responses to environmental-related challenges are reshaping the world of energy as we know it. Transitioning to clean energy is key to tackling climate change – and it plays a central role in the European Green Deal, the ambitious plan to transition to zero greenhouse gas emissions that the European Commission presented in late 2019.

The energy industry will play a pivotal role in this transition, helping to keep the world moving, heated and cooled as we, industry and society, progress to a non-fossil future. The transport sector represents the biggest climate challenge, but at the same time, it also presents the greatest opportunity as we have to reshape the sector, together. With this being a top priority, energy suppliers need to focus on how to diversify, innovate, and maximise efficiency, sustainability and affordability altogether and how to best balance the demands of a growing requirement for energy right now.

One of UPEI's main objectives in 2019 has been making sure that independent fuel suppliers are effectively represented at the European level, in order to ensure a level

playing field for the supply of energy and to safeguard a competitive approach. This is more important than ever, as it is now against the backdrop of the energy transition and the decarbonisation agenda, and all the challenges (and indeed opportunities) that this presents.

This is why we launched our 2050 vision, which sets out concrete short- and long-term recommendations

to policymakers for a carbon neutral society. This publication was a very important milestone for us, and provides the foundation for UPEI's positioning and engagement with policymakers, together with many other initiatives that UPEI is undertaking to position the sector towards European institutions.

To make this vision a reality, a stable, predictable and technology neutral policy framework favourable to investments is much needed, and that is the reason why UPEI is working and will keep working closely with European institutions.

We will follow up on our long-term vision with tailored politics responses, outlining all the key principles that we want to be heard. This will be in fact a crucial part of our 2020 programme, and it will require intense coordination to exploit all the available synergies across UPEI members and the actors of the whole supply chain.

Let's strengthen the voice of independent fuel suppliers.

«  
**Our goal for this year: to follow up on our 2050 vision with tailored and specific responses to policy proposals.**  
 »

**Brian Worrall**

The background features a blurred laboratory scene with various pieces of equipment. A prominent feature is a blue circular graphic composed of several overlapping, semi-transparent segments, resembling a stylized globe or a molecular structure. The overall color palette is dominated by shades of blue, with accents of yellow and orange from the laboratory equipment.

# ABOUT UPEI

# STRUCTURE OF UPEI

## UPEI PRESIDING BOARD AND EXPERTS



**BRIAN WORRALL**  
(DCC, Ireland)

**PRESIDENT**

FUEL PAYMENTS | RETAIL HEATING COMMISSIONS



**Anna Bes**  
(UPI, Spain)

**VICE PRESIDENT**

RETAIL STATIONS COMMISSION



**Johan Deleu**  
(Brafco, Belgium)

**VICE PRESIDENT**

IMPORT | TRADING | WHOLESALE COMMISSION



**Matthias Plötzke**  
(MEW, Germany)

**VICE PRESIDENT**



**Erik de Vries**  
(NOVE, The Netherlands)

**VICE PRESIDENT**

BUNKERING COMMISSION

## UPEI SECRETARIAT



**Cécile Nourigat**

**SECRETARY GENERAL**



**Alice Di Pace**

COMMUNICATIONS AND OFFICE MANAGER

## UPEI EXPERTS



**Maximilian Brockmann**

COMPULSORY STOCKS OF OIL



**Johan Deleu**

SUSTAINABLE TRANSPORT



**Erik de Vries**

MARITIME TRANSPORT



**Ondřej Jančařík**

FUEL CARDS



**Teresa Sayers**

FUEL LABELLING



**Sarah Schmitt**

RETAIL SECTOR



**Inga Tölke**

TAXATION



**Uta Weiss**

FUEL QUALITY AND BIOFUELS



**Brian Worrall**

HEATING OIL

## UPEI COMMISSIONS

UPEI covers a wide spectrum of downstream activities. In order to address all the topics and issues identified at the business level by the membership, as well as developments at EU policy level that affect the business, five Commissions were created – one for each of the main business activities of UPEI membership.

### BUNKERING COMMISSION



- Decarbonisation
- Fuel quality
- Sustainable fuels
- Taxation
- Emission Trading Scheme

**3**  
MEETINGS

### RETAIL HEATING COMMISSION



- Energy efficiency
- Building legislation
- Bio heating oil

**2**  
MEETINGS

### IMPORT / TRADING / WHOLESALE COMMISSION



- Biofuels
- Compulsory stocks obligation
- Energy taxation
- Fuel quality
- Emission Trading Scheme

**2**  
MEETINGS

### RETAIL STATIONS COMMISSION



- Alternative fuels infrastructure
- Fuel labelling, blends and additives
- Technical regulations for stations
- Trends in retail sector

**2**  
MEETINGS

### FUEL PAYMENTS COMMISSION

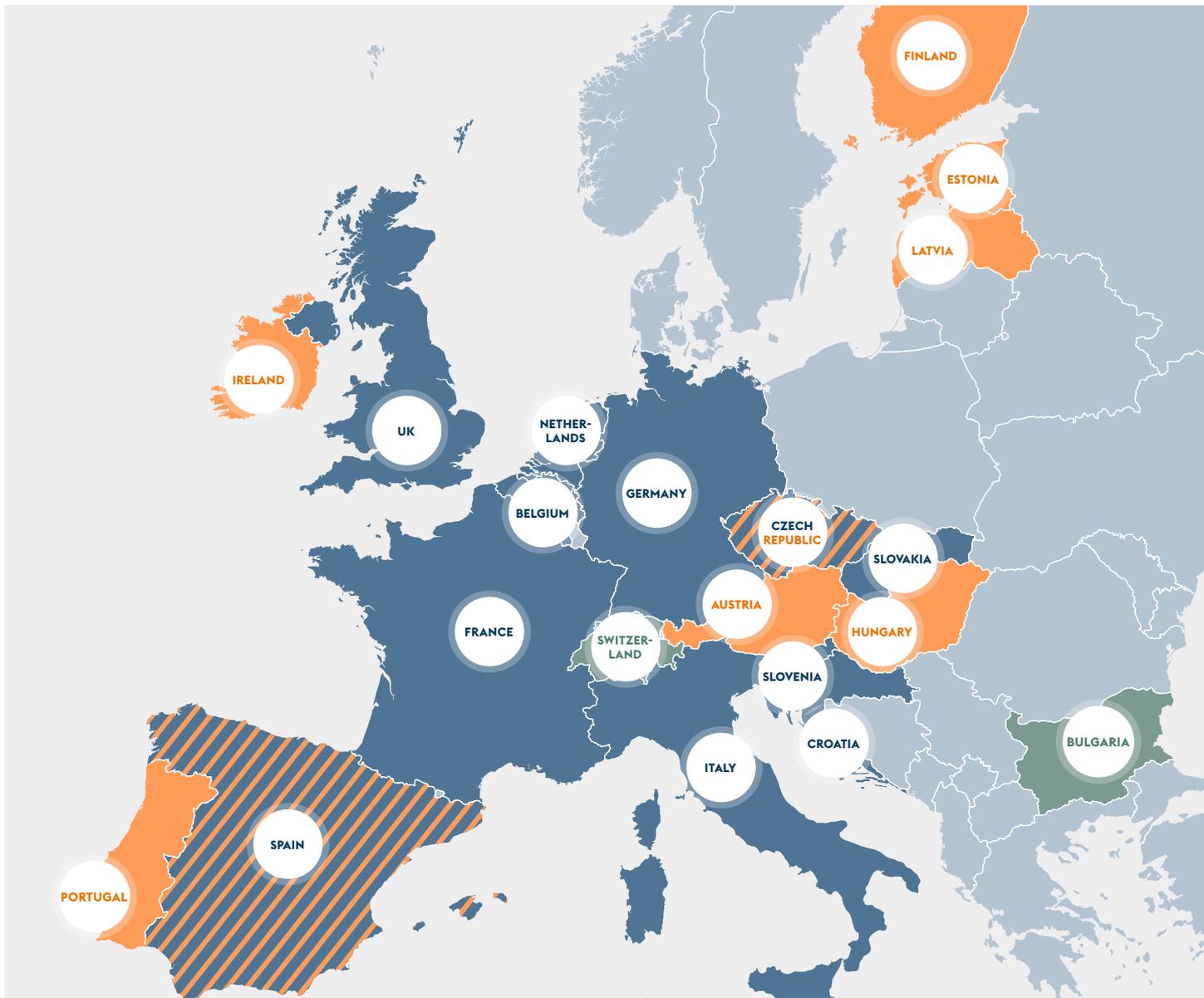


- Fuel cards and apps
- Payment services legislation
- Fraud
- Innovation
- Trends in the payment area

**2**  
MEETINGS

**= 11 commission meetings in 2019**





**NATIONAL ASSOCIATIONS**

**BELGIUM**

Brafco - [www.brafco.be](http://www.brafco.be)

**CROATIA**

HUP - [www.hup.hr](http://www.hup.hr)

**CZECH REPUBLIC**

SČS - [www.scs.cz](http://www.scs.cz)

**FRANCE**

FFPI - [www.ffpi.fr](http://www.ffpi.fr)

**GERMANY**

MEW - [www.mew-verband.de](http://www.mew-verband.de)

**ITALY**

ASSOPETROLI – ASSOENERGIA  
[www.assopetroli.it](http://www.assopetroli.it)

**THE NETHERLANDS**

NOVE - [www.nove.nl](http://www.nove.nl)

**SLOVAKIA**

SČSSR - [www.scssr.sk](http://www.scssr.sk)

**SLOVENIA**

SNNK-WPC - [www.snnk-wpc.si](http://www.snnk-wpc.si)

**SPAIN**

UPI - [www.petrolosindependientes.es](http://www.petrolosindependientes.es)

**UK**

DFA - [www.downstreamfuel.org.uk](http://www.downstreamfuel.org.uk)



**COMPANIES**

**AUSTRIA**

Stiglechner - [www.stiglechner.com](http://www.stiglechner.com)

**CZECH REPUBLIC**

W.A.G. Payment Solutions a.s.  
[www.eurowag.com](http://www.eurowag.com)

**ESTONIA**

Olerex AS - [www.olerex.ee](http://www.olerex.ee)

**FINLAND**

SEO - [www.seo.fi](http://www.seo.fi)

**HUNGARY**

Mabanaft Hungary Kft - [www.mabanaft.hu](http://www.mabanaft.hu)

**IRELAND**

DCC Energy Limited - [www.dcc.ie](http://www.dcc.ie)

**PORTUGAL**

PRIO Energy - [www.prio.pt/en/](http://www.prio.pt/en/)

**SPAIN**

OnTurtle - [www.onturtle.eu/en/](http://www.onturtle.eu/en/)  
Andamur - [www.andamur.com](http://www.andamur.com)

**LATVIA**

AS VIRŠI-A - [www.virsia.lv](http://www.virsia.lv)



**ASSOCIATES**

**SWITZERLAND**

AVIA International  
[www.avia-international.com](http://www.avia-international.com)

**BULGARIA**

Benzin Bg  
[www.benzin.bg](http://www.benzin.bg)

# CONTEXT



# THE EU POLICY CONTEXT IN 2019

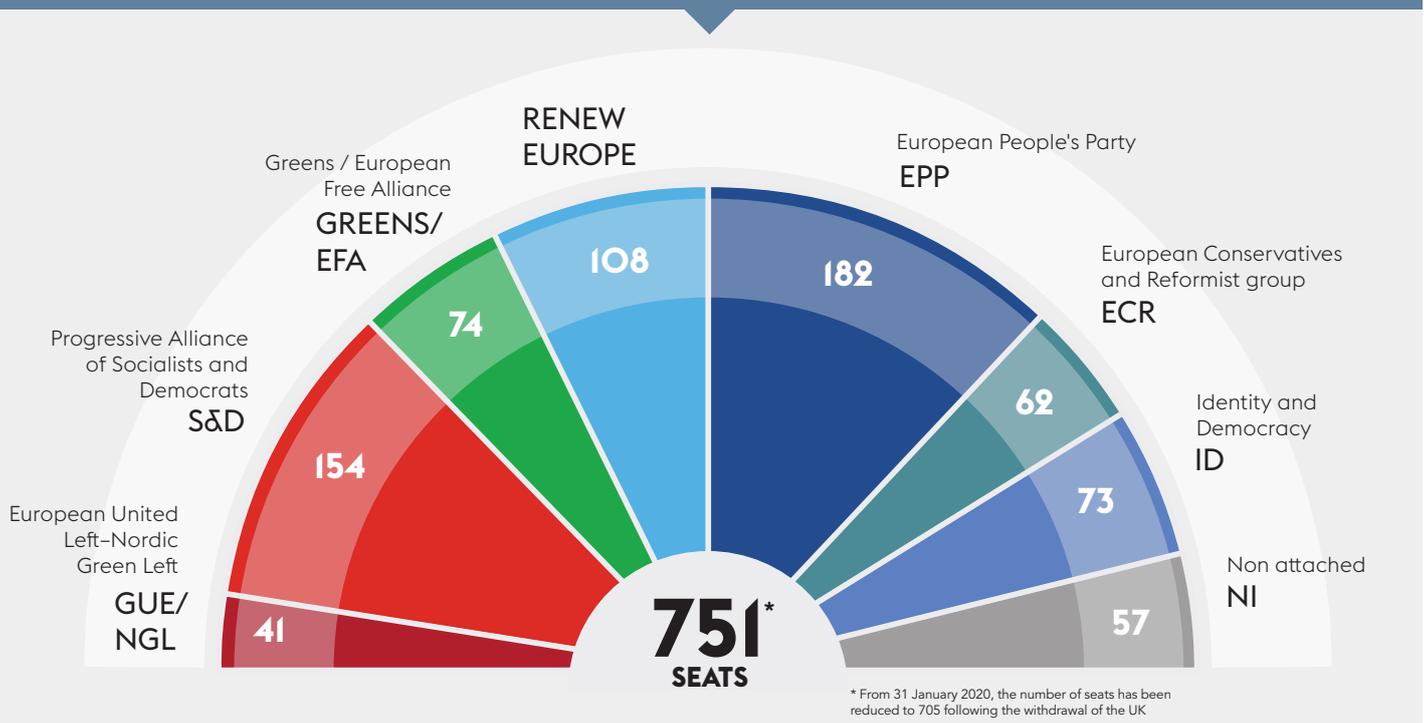
## EUROPEAN PARLIAMENT ELECTIONS

Between 23 and 26 May, the 28 Member States of the European Union held elections to elect their respective delegations to the European Parliament for the period 2019-2024.

With an average of participation of 50,95% across the EU (the highest of the last 20 years), the elections resulted in a victory of the political parties gathered under the European People’s Party (EPP) with 182 seats, followed by the Socialist & Democrats (154 seats), the Liberals now called Renew Europe (108 seats) and the Group of the Greens/ European Free Alliance (74 seats).

Overall, the European Parliament started its legislature with a deeply renovated membership: 62% of the members of the European Parliament (MEP) are new. The Parliament is also more fragmented, since the two largest groups, the EPP and the S&D, lost their majority for the first time. The liberals, on the other hand, can be seen as the winners of the election. The Greens have also come out of the elections strengthened, confirming that climate issues are likely to top policy-making agenda during the next term.

### EU PARLIAMENT ELECTIONS RESULTS



## APPOINTMENT OF THE NEW EU TOP JOBS AND NEW COMMISSION LEADERSHIP

On 2 July, European Heads of States and Governments reached an agreement on the so called EU top jobs: the Belgian liberal **Charles Michel** has been elected as President of the European Council, while French right-wing **Christine Lagarde** has been put forward as President of the European Central Bank, and Spanish socialist **Josep Borrell** as High Representative for Foreign Affairs.

On 3 July, the European Parliament elected **David Sassoli** as its President for a 2-year-and-half term.

On 16 July, the European Parliament elected the candidate proposed by Member States **Ursula von der Leyen** as President of the next European Commission in a secret ballot. She is the first woman to be President of the European Commission.

## NEW COMMISSIONERS AND THEIR PORTFOLIOS

On 10 September, the European Commission’s President-elect Ursula von der Leyen announced the allocations of portfolios to the Commissioners-designate nominated by 27 EU Member States (all Member States excluding the UK). The announced allocations were subject to the approval of the European Parliament, which hosted hearings of individual Commissioners-designate in the relevant

Committees, so that MEPs could evaluate the nominees and potentially request changes to portfolio allocations. The [von der Leyen Commission](#) was finally approved by the European Parliament on 27 November, and started its work on 1 December.

### A NEW EUROPEAN COMMISSION

							
<b>NAME</b>	Ursula VON DER LEYEN	Frans TIMMERMANS	Kadri SIMSON	Virginijus SINKEVIČIUS	Paolo GENTILONI	Thierry BRETON	Adina-Iona VĂLEAN
<b>COUNTRY</b>	Germany	The Netherlands	Estonia	Lithuania	Italy	France	Romania
<b>ROLE</b>	President of the European Commission	Executive Vice-President for the European Green Deal	European Commissioner for Energy	European Commissioner for Environment, Oceans and Fisheries	European Commissioner for Economic and Financial Affairs	European Commissioner for Internal Market	European Commissioner for Transport



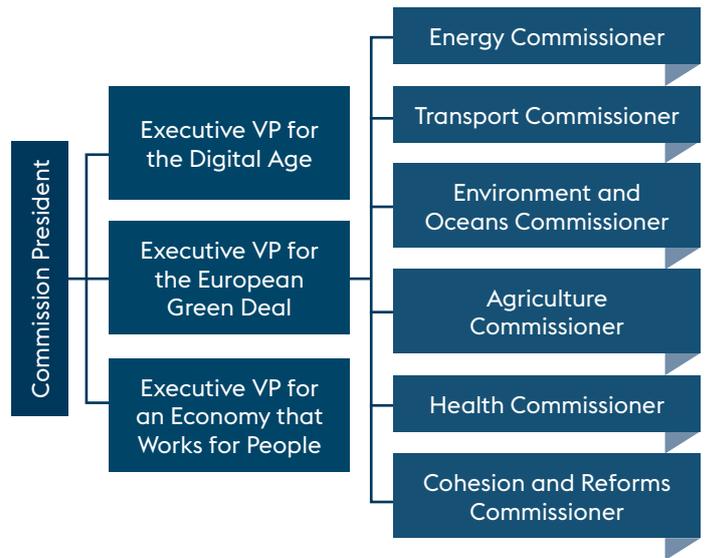
#### – The climate portfolio and the European Green Deal

In the [guidelines for her Presidency](#), von der Leyen stated that in the first 100 days of the Commission, she would put forward her European Green Deal, with more ambitious emissions reduction targets and a new climate law to enshrine the target of climate neutrality by 2050. Speaking at the press conference on 10 September, she stated: “I want the European Green Deal to become Europe’s hallmark. At the heart of our work is the commitment to becoming the world’s first climate-neutral Continent.”

**– Frans Timmermans, Executive Vice-President for the European Green Deal**

This is reflected in the portfolio von der Leyden has assigned to one of the Executive VPs, the current First Vice President of Juncker Commission Frans Timmermans (The Netherlands). Timmermans will hold a particularly important position as both Executive VP for the European Green Deal and Climate Commissioner. He will work together with several Commissioners to deliver the European Green Deal and managing climate action.

Among the specific requests to Timmermans, outlined in [her mission letter](#), boosting the EU's 2030 emissions target from a 40% reduction of "at least 50%". Timmermans committed to propose "the first European Climate Law" within the new Commission's first 100 days of office.

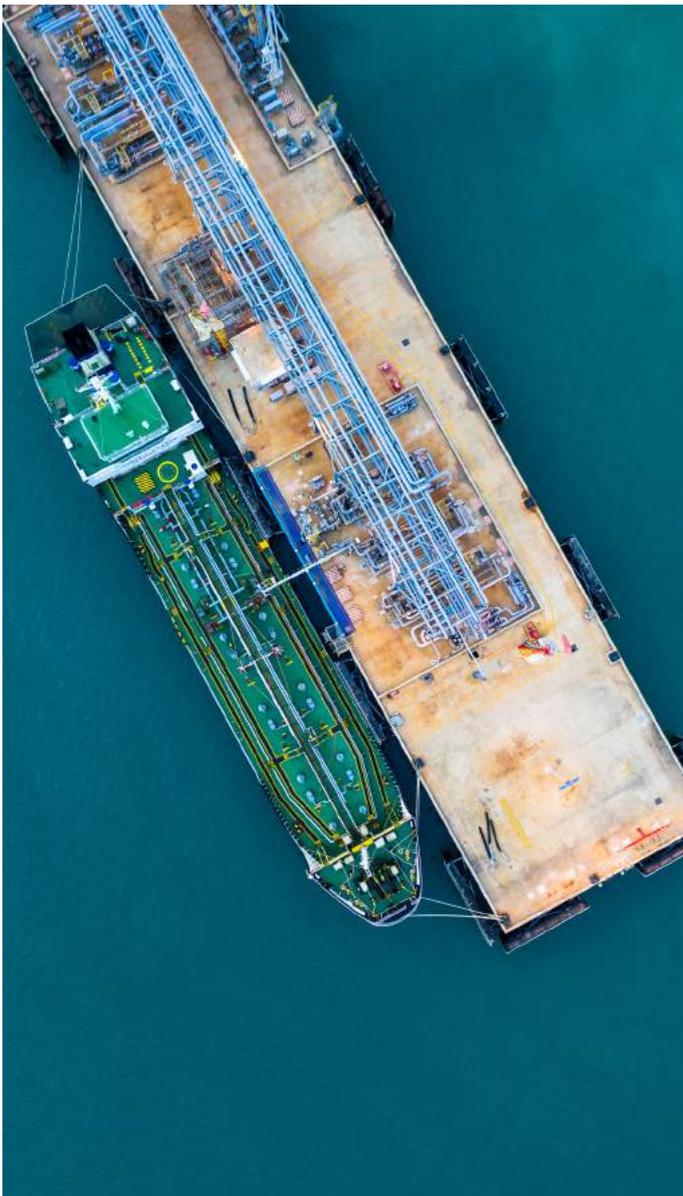


**– Former Estonian minister for energy portfolio**

Timmermans is not alone in taking the green fight. As part of his executive-president duties he will coordinate the work of Commissioners in charge of energy, transport, agriculture and even trade. Kadri Simson, Commissioner for Energy, will handle energy policy, which has been split from the climate action brief. In [her letter to Simson](#), von der Leyen tasks her with ensuring "Europe follows the energy-efficiency-first principle across the board" and boosting the uptake of renewable energy deployment. "Given the increased ambition of the European Green Deal, you should assess the need to review legislation," the new Commission chief said in her letter.

**– Carbon border tax on the agenda**

A major initiative will be the upcoming proposal on a carbon border tax, which von der Leyen attributed to the Economy Commissioner, Paolo Gentiloni. In [her mission letter](#) to Gentiloni, she says that tax "is a key tool to avoid carbon leakage and ensure that EU companies can compete on a level playing field."



## EUROPEAN GREEN DEAL

On 11 December, von der Leyen and Timmermans presented a [Communication on the European Green Deal](#), framing it as an economic growth strategy with the aim of transforming the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. The Communication shows a high level of ambition in its proposal for a radical change to our economic model and represents a clear political signal in favour of an increased climate action.

As regards to specific sectors, there is a strong focus on buildings in the Communication, with an emphasis on renovation and emission cuts, while eradicating energy poverty.

Tackling transport emissions is a major focus area of the Green Deal. Aside from proposing the extension of the emissions trading system (ETS) to the maritime sector, reducing free allowances for aviation, and considering the inclusion of road transport under the ETS, the foremost initiative is the Strategy for sustainable and smart mobility in 2020. It will create a framework to tackle all emission sources in the transport sector.

The Commission will look at how to end fossil fuel subsidies as part of the Energy Taxation Directive (ETD) review proposal, especially tax exemptions for aviation and maritime fuels. The promotion of multimodal transport is considered key and will amongst others be realised through a proposal by 2021 to shift inland freight from the road to rail and inland waterways.

Of further relevance, the Commission wants to ramp-up the production and deployment of sustainable alternative transport fuels, while securing about 1 million public recharging and refuelling stations by 2025. A dedicated funding call will be launched to fill the gaps and legislative options will be considered to boost the uptake of such fuels.

Moreover, there will also be more stringent air pollution emissions standards for combustion-engine vehicles ("Euro 7") and a proposal to revise the legislation on CO2 emission performance standards for cars and vans could be expected by June 2021.

The Commission will propose the first European 'Climate Law' by March 2020, to enshrine the 2050 climate neutrality objective in legislation and ensure all EU policies contribute to the climate neutrality objective and that all sectors play their part.



# ACTIVITY REPORT 2019



# UPEI 2050 VISION

## THE CHALLENGE

The EU long-term vision stresses that the decarbonisation of key sectors such as mobility and heating & cooling cannot be based on silver bullets.

- » **There is no single solution**  
The market introduction rate of battery-electric vehicles is not fast enough to provide the necessary carbon emission reduction, while the electrification of heating is slow. We also need to clean up the existing vehicle stock and appliances.
- » **Each challenge requires a dedicated response**  
including carbon neutral solutions for segments or applications which are difficult, or not effective to electrify.
- » **Renewable electricity production is growing**  
We need solutions to balance fluctuating generation and store energy for the long term.
- » **This is not a choice between electricity and fuels, both will be needed**  
It is a move from high carbon to low carbon, and from fossil to renewable that is required (for electricity, liquid and gaseous fuels). Not only both will be needed, but research also shows that a combination of different technologies can maximise emission cuts at the lower cost and with the best use of our resources.



2016

The Paris Agreement, a global action plan to put the world on track to avoid dangerous climate change

2018

A Clean Planet for All, the long-term vision for a prosperous, modern, competitive and climate-neutral economy published by the European Commission

2019

UPEI perspectives on the EU long-term strategy

2020

EU to adopt and submit an ambitious strategy to the UNFCCC as requested under the Paris Agreement

**UPEI vision promotes the use of existing technologies and the improvement of energy efficiency to reduce emissions immediately, while developing carbon neutral fuels to suit all needs and applications by 2050.**



**2030**

**IN THE SHORT TERM**

**THE FOLLOWING SOLUTIONS CAN IMMEDIATELY BRING BENEFITS:**

- » **Focus on energy efficiency first**  
Alongside technological and design developments to reduce fuel consumption of new appliances, more efficient supply systems will also make energy use more sustainable.
- » **Increased use of sustainable biofuels blended into conventional fuels**  
Sustainable biofuels are mature technologies and can be further deployed in an effective manner by being blended into conventional fuels, even in applications where they are not yet commonly used (aviation, non-road mobile machineries, maritime transport, heating & cooling).
- » **Increased deployment of other alternative fuels**  
All alternative fuels can bring a significant contribution to reaching climate objectives, in addition to air quality benefits. They must be largely deployed, based on their suitability for each application, and able to compete fairly against each other.

**2050**

**IN THE LONG TERM**

**CARBON NEUTRAL FUELS SHOULD BE FULLY DEPLOYED TO REACH NET ZERO CARBON AT THE HORIZON 2050, ALONGSIDE GREEN ELECTRICITY AND HYDROGEN.**

These carbon neutral fuels are advanced renewable fuels and can be produced in a number of ways:



**Advanced biofuels and biogases**

*Produced from biogenic feedstocks*

- ⊕ around 100% GHG savings compared with fossil fuel equivalents, and even over thanks to avoided emissions
- ⊕ production costs closing the gap with fossil fuels for certain pathways
- ⊕ generate wealth within the growing European bioeconomy



**E-fuels or Power-to-X**

*Advanced renewable fuels produced from renewable electricity via electrolysis*

- ⊕ carbon neutral thanks to renewable electricity
- ⊕ complementary way to store electricity, in liquid or gaseous form
- ⊕ can be distributed and used in the existing infrastructure and appliances



**Recycled carbon fuels**

*Fuels produced from industrial waste gases or based on non-recyclable plastics*

# OUR CONTRIBUTION

**UPEI, representing Europe's independent fuel suppliers, is in a unique position to offer perspectives to the EU long-term strategy.**

UPEI members are fully aware of the climate impact of the current fuel mix and are committed to provide flexible, affordable and clean energy to the consumer, to meet Europe's short- and long-term climate objectives. UPEI members can channel the transition, as critical elements of the connecting tissue that keeps the energy and mobility systems in operation. In a context where renewable energy production will become more diversified and decentralised, independent fuel suppliers have a major role to play in bringing these energies to the end users.

UPEI members will contribute by:

- » **Repurposing and investing in distribution infrastructure**  
UPEI members have an extensive infrastructure for storing and moving products across Europe and own more than a fifth of the total retail network in Europe. They are ready to re-purpose this extensive infrastructure to meet evolving consumer demands.
- » **Making the most of their expertise**  
UPEI members have developed an expertise in the supply and distribution of fuels and energies. Independents are front-runners. They have a strong track record in pioneering the supply of renewable fuels in the EU.

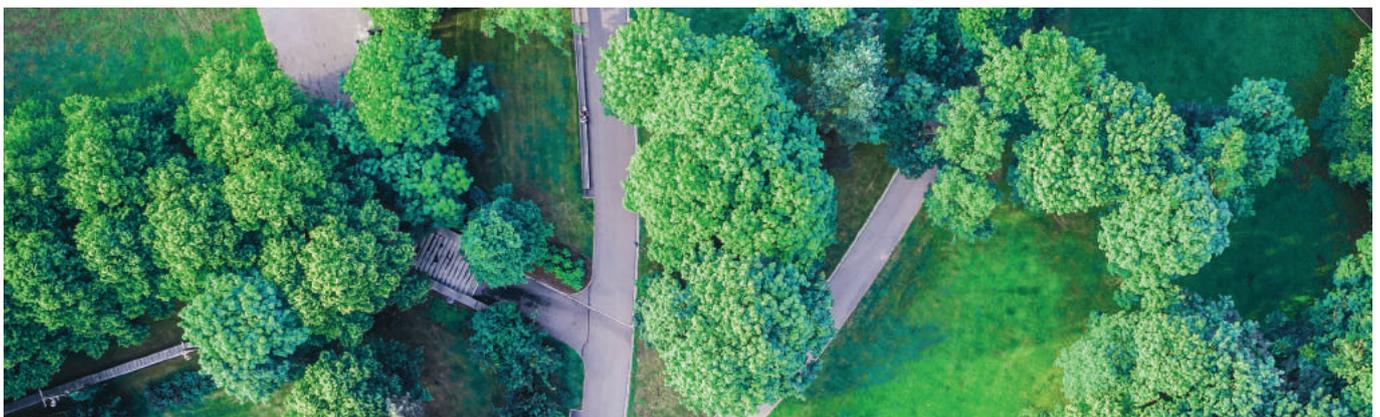
**TOP 5**

**POLICY RECOMMENDATIONS**

- technology neutral approach
- stable policy framework, favourable to investments
- long-term targets rather than market bans
- consideration of social acceptance and affordability
- support to innovation in low carbon fuels

**More details on [www.upei.org](http://www.upei.org)**

- » **Making the link with consumers**  
UPEI members are the closest to consumers, as retailers are the last elements of a long supply chain. Retail stations will therefore help communicate effectively the energy transition to consumers.
- » **Leaving no one behind**  
Independent fuel suppliers can bring low carbon solutions to consumers outside main conurbations, in mountainous and rural areas, and generally push prices down by bringing competition in the market, ensuring affordability.



# UPEI'S ENGAGEMENT ACTIVITIES 2019

**9** BILATERAL MEETINGS  
with European institutions



**5** JOINT INITIATIVES  
with Industry Partners



**25** CONFERENCES  
SEMINARS  
WORKSHOPS



**11** STAKEHOLDERS  
we interacted with



## GOVERNANCE OF THE ENERGY UNION

**Expert: UTA WEISS, Fuel Quality and Biofuels**

Under the [Regulation on the governance of the energy union and climate action](#), each Member State is required to submit a draft National Energy and Climate Plan for the period 2021 to 2030, in which they indicate, in an integrated manner, their climate and energy objectives, targets, policies and measures.

On 18 June the European Commission released the assessment of the draft National Energy and Climate Plans, in the form of an umbrella [Communication](#), complemented with 28 country-specific recommendations on each of the draft plans submitted by Member States, and annexes that set out the methodology. The Communication looks more specifically into the five dimensions of the Energy Union: decarbonisation and renewables, energy efficiency, energy security, internal market, research & innovation and competitiveness.

Throughout 2019, UPEI members engaged at national level to provide input and recommendations into the design of the final national plans and related policy measures.



## TRANSPORT & FUELS

### – Renewable Energy Directive (RED II)

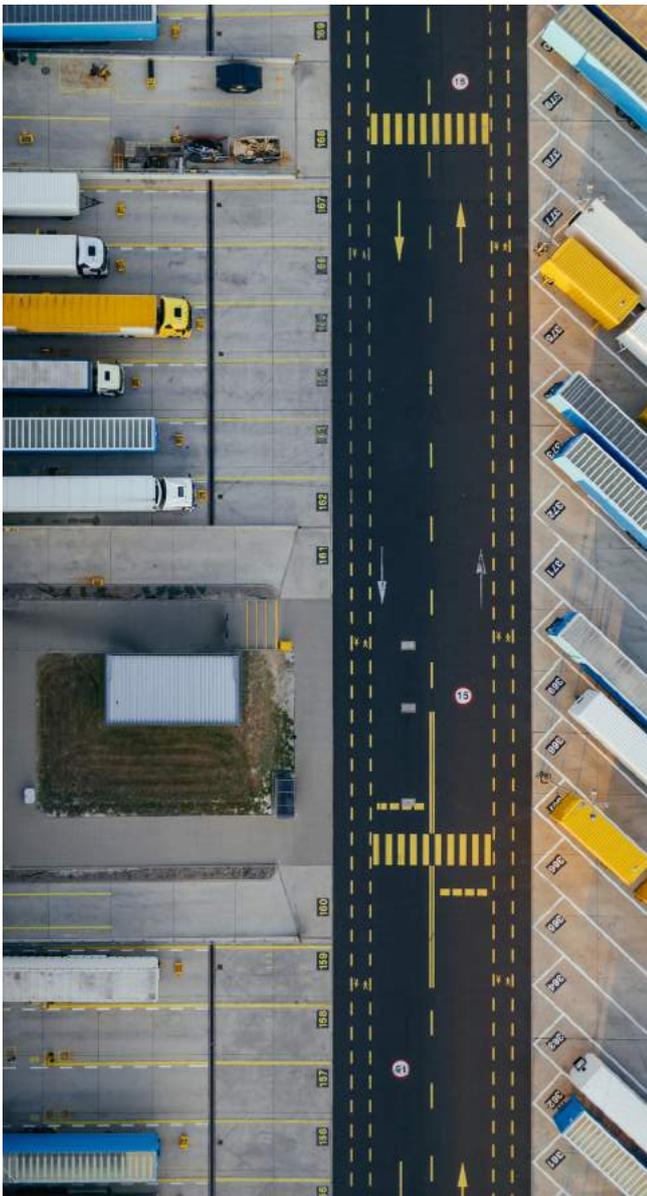
**Expert: UTA WEISS, Fuel Quality and Biofuels**

On 21 May the European Commission adopted [the delegated Regulation on the determination of high indirect land-use change-risk feedstock](#). This regulation lays down the criteria for determining the high indirect land-use change (ILUC)-risk feedstock for which a significant expansion of the production area into land with high carbon stock is observed, and for certifying low ILUC-risk biofuels, bioliquids and biomass fuels.

We welcome this decision allowing Member States to use, and import, fuels included in the category of high ILUC-risk biofuels, but without being able to include these volumes when calculating the extent to which they have fulfilled their renewable targets.

### – Project – Engine tests with new types of biofuels and development of biofuel standards

UPEI followed with great attention the progress of this project, funded by the EU under the Horizon 2020 programme. As part of it, the consultancy EMISIA ran a study on vehicle and supply chain compatibility. The cost of adapting fuel logistics to fuel blends with up to 20% bioethanol was estimated between 0.62 and 1.48 cent/litre. The study concluded that standards for higher blends should be initiated, while the Fuel Quality Directive (FQD) should be revised to allow for new specifications. UPEI members support the prompt introduction of E20 onto the European market, and call for the removal of current regulatory barriers.



### – Deployment of Alternative Fuels Infrastructure (DAFI)

**Expert: JOHAN DELEU, Sustainable Transport**

UPEI provided [feedback](#) on the Roadmap for the evaluation of the DAFI Directive, requiring Member States to set targets for the deployment of Alternative Fuels Infrastructure, which is a first step of a process leading to the review of the Directive, expected in 2021. In this paper, UPEI outlines key principles such as the need to guarantee consistent policymaking and a stable environment for investment, technology neutrality, to remove market distortion and ensure a level playing field across Europe, with equal market access and fair competition.

### – European Sustainable Transport Forum (STF)

UPEI is an active member of the STF, organised by the European Commission department for Mobility and Transport (DG MOVE). As such, we provided input for the development of a [Report on key policy needs and options for action in Alternative Fuels Infrastructure deployment and consumer services](#). This report will feed into the evaluation and review of the DAFI Directive.

### – Post 2020 CO2 Emissions Standards for vehicles

In the first quarter of 2019 the EU adopted the [Regulation \(EU\) 2019/631](#) and [Regulation \(EU\) 2019/1242](#) setting CO2 emission performance standards for new passenger cars and for new light commercial vehicles, and for heavy-duty vehicles.

[UPEI welcomes](#) the introduction of a provision mandating the European Commission to, no later than 2023, “evaluate the possibility of developing a common Union methodology for the assessment and the consistent data reporting of the full life-cycle CO2 emissions of heavy-duty vehicles that are placed on the Union market”. We are also pleased that, by 2022, the Commission shall assess the possibility to develop a methodology to include the “potential contribution to emission reductions of the use of synthetic and advanced alternative liquid and gaseous renewable fuels, including e-fuels produced with renewable energy”.

This measure sends the right signal to developers who are working on solutions in the fuels sector, that can be applied to future technologies as well as existing ones. UPEI remains engaged with the European Commission for the development of such methodology and follow up measures such as legislative proposals. UPEI and its members will continue playing a pivotal role in the transition towards more sustainable mobility, and as such will further support efficient, balanced and ambitious policy-making.

### – Fuel Price comparison

**Experts:** JOHAN DELEU, Sustainable Transport  
SARAH SCHMITT, Retail Sector

The work under the Programme Support Action for the harmonised implementation of the Fuel Price Comparison methodology, as per the article 7 of the DAFI Directive, progressed throughout 2019. The 9 Member States involved in the programme will come up with recommendations on display options by March 2020, while they need to decide how to implement the methodology by 8 June 2020. While the Directive is unclear on where the fuel price comparison should be displayed, paper posters or monitors at the shop are options under consideration. UPEI and its members engaged in the action by highlighting the point of view of fuel stations operators and implications of each of the options considered. UPEI recommendations are further detailed in [a position paper](#).

### – Fuel Quality Directive

**Expert:** UTA WEISS, Fuel Quality and Biofuels

On 31 October the European Environment Agency published a set of reports assessing Europe's progress towards climate objectives, as well as the long awaited [report](#) on the implementation of the Fuel Quality Directive, which includes data on the carbon intensity of fuels (article 7a) for the first time. It shows that the reduction of the greenhouse gas (GHG) intensity of fuels is progressing but might not be fast enough to meet the 6% reduction target by 2020, compared with 2010. Based on data from 22 Member States, the average GHG intensity of the fuels consumed in these countries in 2017 was 3.4% lower than in 2010.

While UPEI members are committed to reducing the carbon intensity levels of the different fuels they sell to consumers, they anticipate challenges in meeting the target mainly due to technical and regulatory barriers.

UPEI has informed the European Commission department for Climate Action (DG CLIMA) of these barriers, and proposed remedies, in order to improve the functioning of the European renewable and alternative fuels market.



## PAYMENT SOLUTIONS

**Expert:** OND EJ JAN A ÍK, Fuel Cards

UPEI work focused on monitoring the implementation of the provisions of the [Payment Services Directive](#) following its transposition at national level. Through its members, the role of the association is to make sure that provisions allow fuel cards companies to operate effectively across Europe, without creating unnecessary administrative burden and ensuring a level playing field.

UPEI has also been cooperating with Europol, the EU's law enforcement agency, on the issue of fuel card fraud. Sharing experience and information, UPEI members explained the challenges and opportunities of moving to online transactions in the fuel card business, as well as how blacklists and other technical measures could help prevent fraud.

Moreover, UPEI has been following the European Court of Justice decision dated 15 May 2019 in the case [Vega International](#), and its implications for national VAT systems. Certain interpretations of this decision could lead to increased burden for fuel cards operators. UPEI therefore calls for uniformity throughout the European Union, with a clear border between the sale of fuel and (financial) service in the fuel card business.



## TAXATION

**Expert:** INGA TÖLKE, Taxation

### – Energy Taxation Directive

The European Commission published an [evaluation of the Energy Taxation Directive \(ETD\)](#), ahead of the discussions of the Finance Ministers at the Informal Ecofin Council of 13-14 September 2019.

The Commission stated that the ETD in "present form no longer makes the same positive contribution" as it did at its inception. The Commission argues that a reformed ETD should promote investments into low carbon technologies and provide incentives to reduce emissions.

Least-taxed solutions should be those with the best ecological footprint and low air pollution.

UPEI engaged with the European Commission department for Taxation and Customs Union (DG TAXUD), sharing its views and recommendations. We concur that a reform is needed to ensure that the ETD remains relevant by taking technological developments in the energy sector into account, resulting in the emergence of new products which currently do not fall within the scope of the directive, and address current issues related to the functioning of the internal market.

Regarding the possible removal of the exemption for maritime fuels, UPEI calls for an approach that fully consider the risk of market distortion and protect European companies against non-EU competitors.

Recognizing the need for an ETD, UPEI welcomes the European Commission's review of the Directive and the intention to update it. Together with the European Community Shipowners' Associations (ECSA), the European Dredging Association (EUDA) and the Cruise Lines International Association (CLIA), we called the European Commission to address the lack of harmonisation across Europe.

### – Designer Fuels

UPEI organised a workshop allowing for an in-depth discussion between national authorities and fuel suppliers across Europe on practical issues with the handling of designer fuels, and in particular issues related to taxation and fraud. After an overview of the current crime situation in Europe, the group analysed different approaches (fiscal marking of diesel or extension of EMCS to other products) at national and European level and focused on future solutions to be envisaged.

### – EMCS – Excise Movement and Control System

UPEI has been following the negotiation process for the Council Directive laying down the general arrangements for excise duty (recast), through the Customs and Excise Duties Working Group (CEDWG), constituted with the Federation of European Tank Storage associations (FETSA) and FuelsEurope (Refining industry association). CEDWG stands up for uniform application of EMCS processes in Europe and a technical allowance for corrections of data in the electronic Administrative Document (e-AD) if necessary.

### – Fiscal marking of gas oil and kerosene

Following a substantial analysis of possible alternatives to Solvent Yellow, as well as the functioning of the cur-

rent Directive, the European Commission transmitted a [recommendation to the Council](#) in July 2019. We call upon Member States to promptly update the current framework.

In this context, UPEI additionally supports the introduction of specifications for one, common (red) colour marker to be applied across all Member States, as a way to ease cross border trade.



## STANDARDISATION

**Expert: UTA WEISS, Fuel Quality and Biofuels**

UPEI is represented in the CEN/TC 19 technical committee, dealing with gaseous and liquid fuels, lubricants and related products of petroleum, synthetic and biological origin, taking an active role in the working groups on specification for unleaded petrol (21), specification of distillate fuels (24) and on new fuels (38), where UPEI also contributed by raising the need for specifications.



## HEATING

**Expert: BRIAN WORRALL, Heating Oil**

UPEI has established a permanent cooperation structure in the form of a Joint Heating Commission, with the associations active in the sector, namely ECFD (European Confederation of Fuel Distributors), Eurofuel (Heating Oil Association) and FuelsEurope. With this group, UPEI seeks to promote cleaner solutions for heating appliances in light of Europe's climate objectives, through the communication of various relevant initiatives in this field.



# UPEI BUSINESS PARTNERSHIP

**UPEI Business Partnership (BP) was successfully launched in 2017 and now includes 18 Business Partners.**

## – Conclusions of BP Panel Meeting

On 7 November UPEI hosted in Brussels the High-Level Panel with its Business Partners.

The meeting provided the opportunity to examine the response of the independent fuel suppliers to Europe’s climate neutrality objective, while integrating UPEI Business Partners views and perspectives.

The presentation from CropEnergies, the current leading European manufacturer of sustainably produced ethanol was followed by a discussion around E20 and renewable targets for European fuel suppliers. Business Partners and UPEI members explored implications for the supply infrastructure, which could easily accommodate higher ethanol blends provided that technical standards are updated, e.g. in relation with water separation units. Participants further discussed options for advanced biofuels and volumes availability in the near future, considering that the production of ethanol from advanced feedstocks (e.g. lignin) is speeding up.

The meeting helped improve the understanding of the challenges that need to be faced today and at the horizon 2050 in the transport and heating sectors, and provided a common understanding of what companies directly or indirectly involved in the fuel supply business are required to do in order to remain competitive in the context of the energy transition.



### UPEI'S BUSINESS PARTNERS



HELSINKI, FINLAND • 4 APRIL 2019

## CONFERENCE “FUTURE FUELS IN EUROPE - THE FINNISH PERSPECTIVE”



After the release of the European Commission’s “Long-Term Strategy” for a climate-neutral economy, stakeholders from research, governments, fuel producers and supply chain gathered to discuss the way forward in Finland, at a conference organised on 4 April by the Finnish Energy Cooperative SEO under the auspices of UPEI. Panellists and participants exchanged views on the Finnish strategy to reach European and global climate objectives, based on a mix of solutions including electricity, biogas and renewable liquid fuels. What is the perfect mix of low carbon technologies allowing to reach emission reductions while ensuring reliable supply and affordable costs to consumers? All panellists emphasised on the need to combine various low and carbon neutral solutions to maximise climate benefits while fulfilling consumers’ needs. They should be able to compete fairly, allowing market players to make rational investment decisions to deploy the technologies they believe are most promising.

BRUSSELS, BELGIUM • 7 NOVEMBER 2019

## CONFERENCE “LOW CARBON MOBILITY – WHAT’S IN THE POLICY TOOLBOX?”



During UPEI conference, that took place on 7 November, panellists and participants discussed the policy instruments providing for the effective deployment of low carbon solutions in the road transport sector, while ensuring consumers’ acceptance. During the panel discussion, panellists explored further concrete policy measures to incentivize the deployment of low carbon technologies in the mobility sector, given the size of the challenge of curbing emissions in the sector, requiring a deep societal change and confirming the importance of choosing the right policy action.

They finally called for a life cycle assessment of vehicles emissions, on which the Commission Department on Climate Action (DG CLIMA) has started to work, the proper consideration of liquid fuels potential in a decarbonised mobility, and the need to create a business case for e-fuels and advanced biofuels with the right incentives.

14 MAY 2019

## ASSOPETROLI – ASSOENERGIA ASSEMBLY



15 OCTOBER 2019

## BRAFCO SYMPOSIUM



23-24 OCTOBER 2019

## OIL & NON OIL



# UPEI PARTNERSHIPS

## PETROFORUM

PetroForum for Europe, an event for the European fuel retail market, took place on 13-14 May in Sitges (Spain). The 2019 edition was the first event dedicated to the European market. UPEI Vice-President Matthias Plötzke delivered a presentation on CO2 Neutral Fuels for the future. The event was a good platform to promote UPEI activities to potential new members and business partners, and a perfect way to connect and build relationships while identifying new opportunities and exploring new products and new technologies. UPEI is happy to be one of the supporting partners of such a successful event, allowing UPEI members attending to build meetings around different business priorities.

## ACI'S EUROPEAN E-FUELS CONFERENCE

UPEI supported the ACI's European E-Fuels Conference in Munich (Germany) on 6-7 November.

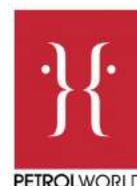
The two-day event brought together key industry stakeholders from the renewables, fuels, energy and oil & gas industry, including car manufacturers, e-fuel producers, technology providers, consultants and policy advisors.

UPEI supported the event as we strongly believe that e-fuels (power-to-X) will have a major role to play in powering the European economy in the near future. These synthetic fuels are carbon neutral, a complementary way to store electricity in liquid or gaseous form, and they can be distributed and used in the existing infrastructure and appliances. Prompt action is needed to build up the necessary production capacity, and the ACI's European E-Fuels Conference was an opportunity for a timely and enriching discussion on how to achieve it.



## PETROLWORLD

UPEI appointed PetrolWorld as its official media partner to ensure the widest audience in both Brussels and Europe. Thanks to this partnership, both parties will be able to further spread information and increase visibility on their activities.



# UPEI PUBLICATIONS ISSUED IN 2019

- » Factsheet Fuel Price Comparison
- » UPEI 2050 vision

## STATEMENTS

### FEBRUARY

- » UPEI Press Release: Deal on Post 2020 CO2 Targets for Heavy Duty Vehicle

### MARCH

- » UPEI Feedback: Evaluation of the Directive on the Deployment of Alternative Fuels Infrastructure Roadmap

### APRIL

- » UPEI Press Release: Conference "Future fuels in Europe - The Finnish perspective"

### JULY

- » UPEI Statement: Urban Vehicle Access Regulations

### SEPTEMBER

- » UPEI Press Release: UPEI 2050 vision

### NOVEMBER

- » UPEI Summary Report: Conference "Low carbon mobility – what's in the policy toolbox?"

### DECEMBER

- » Open letter on sector coupling and integration by power-to-X
- » EU Green Deal – A key opportunity to address climate change in a comprehensive manner



## CONSULTATIONS

### MARCH

- » Evaluation of the Directive on the Deployment of Alternative Fuels Infrastructure Roadmap

### NOVEMBER

- » Urban mobility in the EU

[WWW.UPEI.ORG/LIBRARY](http://WWW.UPEI.ORG/LIBRARY)

# 2019 UPEI ANNUAL REPORT

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