

## STATEMENT

Brussels, 03 April 2017

### SETTING THE FRAMEWORK FOR RENEWABLE FUELS IN TRANSPORT AND HEATING

**UPEI welcomes the European Commission's Clean Energy Package and in particular the proposal for the recast of the Renewable Energy Directive and the draft regulation on Governance of the Energy Union. Representing Europe's independent fuel suppliers, UPEI believes that these proposals should be strengthened to ensure that they are inclusive and balanced, built on realistic assumptions and keep the functioning of the internal market at their core.**

On 30.11. 2016 the European Commission presented a series of legislative proposals further cementing the 2030 energy and climate framework. Having closely followed the development of these proposals since the publication of the Energy Union Strategy in January 2015, UPEI welcomes the Package as one of the last remaining initiatives to fully deliver on the Strategy.

As part of the Package, the Commission presented its proposal for the recast of the Renewable Energy Directive, an initiative meant to project the legislative framework for the uptake of renewables in the transport and heating and cooling sector towards the 2030 horizon. UPEI welcomes many provisions in this proposal, especially when it comes to addressing the contradictions between the current Directive and other pieces of related legislation. Moreover, UPEI commends the Commission for its proposals to further support renewable energies in critical sectors such as heating and cooling, transport and power generation. On the other hand, UPEI asks whether some of the proposed measures are commensurate with progress on GHG savings achieved to date, notably in the transport sector.

The Commission also released its proposal for a Regulation setting up the new Governance system for the Energy Union, a long-awaited piece of legislation that will address the necessary simplification and streamlining of energy and climate monitoring and reporting obligations. UPEI believes that, overall, the proposed Regulation will deliver a more balanced and efficient reporting on the implementation of energy and climate legislation.

With this in mind, UPEI believes that the potential of the proposals to render specific sectors – such as transport or heating and cooling – cleaner and more sustainable resides in the following basic principles:

- The Directive and the Regulation need to be **inclusive and balanced**, supporting all sustainable products and technologies that have a proven record in delivering emissions reductions. The new legislative framework should also avoid any discriminatory measures against products – such as some conventional biofuels – that meet the sustainability and GHG criteria included in the Directive. Policy is needed that enables all players to *build on* GHG savings achieved to date. UPEI is concerned that this may not be the case with the approach proposed.

- Ambitious targets and efficient reporting systems are appropriate, but the new framework must be **built upon realistic assumptions and estimates**, especially as regards the feasibility and costs of the proposed fuel supply obligations. This is essential to create investor confidence in order to drive the necessary investments, upon which fuel suppliers are dependent in order to meet their obligations. In this respect, the limited planning horizon of 2030 is a serious constraint, notably in the transport sector. When implementing the trajectories defined in this Directive<sup>1</sup>, Member States should take into account the market realities to be included in their Integrated National Energy and Climate Plans. Implementation of these trajectories should be subject to explicit and regular review by the European Commission, and subject to recommendations if required.
- Being part of a broader legislative package, the proposals will need to **keep the correct functioning of the internal energy market at its core**. Therefore, the implementation of the most critical provisions must be done in a consistent and coherent manner across Member States in order to avoid regulatory fragmentation. Moreover, in order to avoid contradictory national frameworks any decision at national level will have to take into account its cross-border implications, as required by the proposed new Governance framework.

Supporting these unquestionable principles will reinvigorate the direction the EU needs to take in order to meet its energy and climate objectives, but will also provide the predictability and transparency needed to attract the investments required for Europe's energy transition.

**UPEI will work with all players to reinforce these principles and to address any gaps in order to ensure that the legislation enables fuel suppliers to contribute to the objectives and meet their specific obligations. UPEI calls on the co-legislators to strengthen these principles in the final legislative act.**

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**UPEI** represents European importers and wholesale/retail distributors of refined petroleum products and their alternatives, supplying Europe's customers, independently of the major petroleum 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.

**UPEI** was created in 1962 with the aim of ensuring a level playing field for the supply of energy on the European market and safeguarding a competitive approach. The organisation brings together national associations and suppliers across Europe.

Today, **UPEI** also acts as an informed and responsible partner to Europe's decision-makers on the risks and opportunities involved in the transition to a low carbon economy.

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