REVIEW OF CO2 STANDARDS FOR HEAVY-DUTY VEHICLES

Joint UPEI-FETSA Position

GENERAL REMARKS

UPEI, the voice of Europe's independent fuel suppliers, and FETSA, the Federation of European Tank Storage Associations, fully support the decarbonisation goals behind the Commission's Proposal to revise the CO2 emission performance standards of new heavy-duty vehicles (HDVs) in the EU.

For the EU to achieve climate neutrality by 2050, all sectors need to significantly increase their efforts to reduce greenhouse gas (GHG) emissions. Road transport must be at the forefront of these efforts, as a sector responsible for one fifth of the total GHG emissions in the EU.

As representatives of the distribution and storage sectors, we want to emphasise the need to enable all sustainable options that can positively contribute to decarbonisation, and to reducing the EU's energy dependency as quickly as possible.

In the case of heavy-duty vehicles, this means encouraging, through the revised CO2 Standards, the uptake of renewable and low-carbon liquid fuels, immediately available today, alongside electrification and hydrogen. Renewable and low-carbon liquid fuels can be used at different concentrations, till 100%, to power any internal combustion engine reducing drastically CO2 emissions from both new and existing heavy duty vehicles.

Besides respecting a technology-neutral approach, this endorsement of low-carbon solutions is in line with the overall direction of the "Fit for 55" Package. The potential of renewable hydrogen and its derivate products, as well as that of advanced biofuels, has clearly been acknowledged in the revision of the Renewable Energy Directive (RED III).

There, the EU co-legislators agreed not only on an ambitious target for transport decarbonisation from the use of renewables by 2030, but also on a binding combined sub-target for the supply of advanced biofuels and renewable fuels of non-biological origin (RFNBOs).

OUR VIEWS ON THE COMMISSION'S PROPOSAL

While welcoming the Commission's initiative to update Regulation (EU) 2019/1242 in line with the "Fit for 55" objectives, we regret the persistence of the same shortcomings found in the Regulation on the CO2 performance of new light-duty vehicles. The Regulation (EU) 2019/1242 clearly stated in art. 15 letter g) that the Commission will make *"an assessment of the possibility of developing a specific methodology to include the potential contribution to CO2 emissions reductions of the use of synthetic and advanced alternative liquid and gaseous renewable fuels, including efuels, produced with renewable energy and meeting the sustainability and greenhouse gas emissions saving criteria referred to in Directive (EU) 2018/2001 of the European Parliament and of the Council"*

On the contrary, the Commission's proposal for an HDV CO2 Regulation:

- **Maintains an approach based on tailpipe emissions**, which fails to assess the carbon footprint of a vehicle's entire lifecycle.
- **Lacks, as a consequence, a consideration of low-carbon and renewable fuels.** This prevents unlocking the GHG savings potential of carbon-neutral fuels, such as e-fuels, and discourages complementary technological options to meet the CO2 emission standards.

Pierre Lucas | Secretary General | Pierre.Lucas@upei.org | T +32 (0)2 740 20 22

Ravi Bhatiani | Executive Director | Rb@fetsa.eu | T +32 (0)2 741 68 33

As the Proposal is discussed in the European Parliament and in the Council, we urge policymakers to ensure that sustainable fuels are considered for compliance in the HDV CO2 Regulation.

To this end, we recommend following two main general principles:

- **The definition of eligible fuels must be consistent across different pieces of legislation** (especially ensuring consistency with the Renewable Energy Directive), to ensure predictability, a harmonised approach and appropriate sustainability safeguards.
- **The provision taking into account the contribution of alternative fuels must be legally sound and provide certainty to industry.**

  When adopting their position on the Regulation, the co-legislators could focus on granting the Commission a "safe" empowerment to adopt technical legislation supplementing the main Regulation.

  This would pave the way for swift negotiations on the main Regulation and its targets. At the same time, it would allow consideration of the Delegated Act – which the Commission will propose in autumn 2023 – specifying how e-fuels-only vehicles would be able to contribute to the targets set in the Regulation on CO2 emission standards for light-duty vehicles.

We stand ready to support policymakers in the upcoming negotiations on this crucial file in the transition to clean mobility, and to contribute constructively to the debates.

***

ABOUT UPEI

UPEI represents nearly 2,000 European importers and wholesale/retail distributors of energy for the transport and heating sectors, supplying Europe's customers independently of the major energy producers.

They are the interface between producers and consumers, using their own infrastructure and flexibility to supply existing demand for conventional and renewable liquid fuels, as well as non-liquid alternatives as part of the energy transition. They cover more than a third of Europe's current demand. The organisation brings together national associations and suppliers across Europe.

Independent fuel suppliers bring competition to Europe's energy market and are able to respond rapidly to changes affecting supply, contributing to security on a local, national and regional level. They have developed and maintain a comprehensive infrastructure for the sourcing, storage and distribution of transport and heating fuels, with a commitment to delivering a high-quality service to all consumers, including those in remote areas.

ABOUT FETSA

Members of FETSA are businesses engaged in bulk storage and energy infrastructure across Europe. Bulk liquid and liquified gas terminals are present in ports, airports, logistics platforms and along rivers, canals and pipelines. In total FETSA represents 141 companies operating 743 terminals across Europe.

These tank storage terminals provide an essential interface between sea, road, rail, inland waterways and pipeline logistics. They are critical links in the supply chain for energy carriers, chemicals, animal feeds and fats, oils and other substances, helping to balance out supply and demand and ensure companies and consumers have access to these products.

Many tank storage terminals are designated as Critical National Infrastructure by the EU and national governments due to their importance in providing energy to society. The storage capacity represented

Pierre Lucas | Secretary General | Pierre.Lucas@upei.org | T +32 (0)2 740 20 22

Ravi Bhatiani | Executive Director | Rb@fetsa.eu | T +32 (0)2 741 68 33

by FETSA also includes strategic reserves held for emergencies (such as NATO stocks and IEA mandated reserves) and supply disruptions.

Pierre Lucas | Secretary General | Pierre.Lucas@upei.org | T +32 (0)2 740 20 22

Ravi Bhatiani | Executive Director | Rb@fetsa.eu | T +32 (0)2 741 68 33