

**2015**  
**UPEI**  
**ANNUAL**  
**REPORT**



**COUNTRY**  
**REPORTS**  
**2015**



# THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

**UPEI** represents European importers and wholesale/retail distributors of refined petroleum products and their alternatives, supplying Europe's customers, independently of the major fuel 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 the transition to a genuine European Energy Union.

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# BELGIUM

**BRAFCO : FEDERATION BELGE DES NEGOCIANTS EN COMBUSTIBLES ET CARBURANTS  
BELGISCHE FEDERATIE DER BRANDSTOFFENHANDELAARS**



(National Association)

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2013	2014	
Diesel	8 236	8 316	-0.97%
Gasoline	1 643	1 761	+6.7%
Heating Oil	6 548	4 283	-34.6%

Source: Belgium Federation of Major Oil Companies (figures for 2015 are not available)

will start commercialising E10 and 98. In order to avoid consumers switching from E5 to 98, the administration is preparing, together with the fuel sector, an important information campaign on the use of E10.

## HEATING OIL

For the third consecutive year, weather temperatures were rather warm in Belgium. Therefore, energy consumption was very low. Notwithstanding that, heating oil distributors had a good year as the prices dropped from 65 \$ per barrel in July 2015 to below 30 \$ per barrel in January 2016. This meant that the end consumer took advantage of the low prices to fill up tanks instead of ordering smaller quantities, as they did when prices were higher. Belgium decided to lower the sulphur content of heating oil from 1000 ppm to 50 ppm as from 1 January 2016.

## ALTERNATIVE FUELS

As in most countries, the FQD and RED are defining the liquid fossil fuel market in Belgium. However, Belgium is not yet on a “decarbonisation basis” but is still working on a “drop-in biofuel basis”. As mandatory blending is related to the standards (EN590 & EN228; max biofuel content – 1%) the obligation is still 6% on diesel and 4% on gasoline.

Following the ruling of the Belgian constitutional court, operators are finally allowed to use alternatives to Fame and Ethanol, as long as the mandatory equivalent of the energetic value is reached. The Belgian Government has decided to increase the bio obligation on gasoline up to 8.5% by 1 January 2017. This means that all operators

## BELGIAN FEDERATIONS

There are 3 federations involved in oil business in Belgium: Fédération Pétrolière Belge, representing the major oil companies; Union Pétrolière Belge, representing the independent importers and distributors; and, BrafcO, representing the distributors. In 2015, the Union Pétrolière Belge and BrafcO merged, in order to represent the entire independent, family businesses, active in distribution, transport and storage of liquid energy, coal, pellets, bunkering, butane, propane. The merged entity is named BrafcO. ●

# CROATIA

**HUP : HRVATSKA UDRUGA POSLODAVACA-UDRUGA ENERGETIKE**



(National Association)

Croatia is a net importer of crude oil. The country processes about 3 million tonnes of crude oil, of which approximately 20% is domestic production and the rest imported. Croatia has a crude Adriatic pipeline connected to the Omišalj seaport so most crude comes in by sea. The country’s own production covers 60-65% of inland fuel consumption and the rest is imported. Diesel fuels account for the largest proportion of imports, although

Croatia also imports some auto gas and gasoline. There is a continuing downward trend in gasoline consumption and an ongoing increase in diesel fuel consumption. LPG consumption is relatively stable, but use for heating is decreasing because of increased consumption as auto gas. For environmental reasons the consumption of heavy fuel oil is marginal. Croatia’s electricity is produced by hydropower, natural gas and, increasingly, by wind and solar energy.



CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	1,464	1,499	+2%
Gasoline	542	530	-2%
LPG	138	139	+0.4%
Heavy Fuel Oil	33	33	0%
Heating Oil	147	172	+18%

Source: CEA – Croatian Environment Agency

### RETAIL STATIONS

There are about 800 retail stations in Croatia. Roughly 55% of filling stations are operated by INA Plc, the national oil retailer. The others are medium-sized market players

(ranked by number of filling stations) and include Petrol Ltd, Crodex Ltd, Tifon Ltd and Lukoil Croatia. Smaller retailers own up to 16% of retail stations.

### HEATING OIL

Heating oil consumption increased by 18%, due to lower prices in the second half of 2015, just in time for the heating season. Consumers who in previous years had abandoned the use of household heating oil (in favour of other sources like wood, gas and coal) because of high prices are now slowly coming back. However, the quantities are not yet back at the level of a few years ago.

### COMPULSORY OIL STOCKS

Since 2012 the Croatian Compulsory Oil Stocks Agency, HANDA, has been responsible for maintaining compulsory stocks of oil and petroleum products at a level equal to 90 days of consumption. The Agency's work is financed from the State budget, but the market price of petroleum products includes a fee for compulsory stocks funding as well as excise duty and other levies. ●

## CZECH REPUBLIC

**SČS : UNIE NEZÁVISLÝCH PETROLEJÁŘŮ ČR, Z.S.**

(National Association)



**EUROWAG : W.A.G PAYMENT SOLUTIONS A.S**

(Company)



CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2013	2014	
Diesel	4144 (incl. bio components)	4359 (incl. bio components)	+5.1%
Gasoline	1570 (incl. bio components)	1577 (incl. bio components)	+0.4%
LPG	234	271	+15.8%
Heavy Fuel Oil	76	58	-23.7%
Heating Oil	25	15	-40%

Source: Ministry of Industry, Czech Republic (figures for 2015 are not available)

### RETAIL STATIONS

In 2015 there were 7,010 petrol stations operating on the Czech market, 3,844 of them are public, 637 with limited access and 2,529 private.

The biggest change on the market is the rebranding of Agip and Lukoil networks under the MOL brand. Due to this change in 2015, the biggest networks were Unipetrol (Benzina brand) and MOL (Mol, Slovnaft and PapOil brands), both operating 350 sites, followed by Shell and OMV with about 200 sites followed by Eurooil (owned by Cepro, 100% state company) with 180 sites.

### COMPULSORY OIL STOCKS

In the Czech Republic, compulsory oil stocks are regulated by a Government based agency (SSHR – Administration of State Material Reserves).

### TAXATION

Taxes for diesel and gasoline remain on the same level as last year, i.e. 10.95 CZK/litre for diesel and 12.84 CZK/litre for gasoline. There was a significant change in biofuels taxation as of 1 January 2016: from 1 January 2016, B100 will increase from 0 to 4.59 CKZ/litre, B30 will increase from 7.665 CKZ/litre to 9.265 CKZ/litre. The result of this taxation is that these types and blends of biofuels disappeared from the market by the beginning of 2016. ●

# ESTONIA

## OLEREX AS

(Company)



100% of the oil products consumed in Estonia are imported mainly from Lithuania and Finland. The strong competition between these two refineries keeps the market very competitive, creating high barriers for other possible players and keeping wholesale premiums low.

produces slightly off-spec diesel classified as heavy fuel oil with 26 times lower excise tax. There is a direct risk to the fuel retail market in case such a product should find its way to the petrol stations.

### RETAIL STATIONS

Olerex became the market leader in 2015 after the purchase of Lukoil with the largest petrol station network and 30% of retail volume share. The four largest operators are Olerex, Statoil, Neste and Alexela, which together operate 65% of all stations. The remaining filling stations are either operated by small retailers or are family owned, many of them unmanned. In terms of volumes sold, the top four retailers together control approximately 85% of the retail market.

### ALTERNATIVE FUELS

In the alternative fuels sector, the focus is continuously on fast growing market for LPG. CNG is not very popular due to the direct dependence on the natural gas network, which is not available everywhere.

The biofuels obligation has been drafted and will enter into force on 1 May 2017. In contrast to the mass-balance system, mainly in use in Europe, the Estonian Government is proposing a system requiring biofuels per litre. There is concern that this will result in an inflexible system. ●

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Gasoline	242	239	-1,3%
Diesel	635	666	+4,8%
LPG	8,4	10	+19,0%
Heavy fuel oil	1,3	3,6	+181,0%

Source: AS Estonian Oil Stockpiling Agency

The consumption of heavy fuel oil has increased by 181% as a result of the ban on the use coloured diesel for heating purposes since 1 May 2015. Derived from normal diesel blended with different oil products (e.g. base oil), this



# FRANCE

## FFPI : FÉDÉRATION FRANÇAISE DES PÉTROLIERS INDÉPENDANTS

(National Association)



Petroleum consumption in France showed a slight growth of 1.7 % in 2015. Laws and regulations related to climate change are likely to affect the business (constantly-increasing environmental concerns related to greenhouse gas: negative impact, increase of operational costs and decrease of profitability).

### HEATING OIL

Domestic fuel oil (FOD) has been the most competitive heating solution in 2015. As an example, the savings were about € 600 for a 2 000 L full tank of fuel. During this period, oil consumption has increased by 1.6 %, to reach 6.7 million tonnes in 2015.

### TAXATION

Two taxes introduced on 1 January 2015 carried a lot of weight. The consumption tax on energy products (TICPE) on diesel increased by 2 cents. On the other hand, the Climate and Energy Contribution, also known as "carbon tax", causes an additional increase of 2 cents per litre for diesel and about 1.8 cents for unleaded gasoline (excluding VAT).

### Obligation to import petroleum products by vessels under the French flag

In France, 5.5% of crude oil import volumes are required to be chartered on ships under the French flag. The French Government introduced this obligation, based on the volumes of refined products placed on the consumer market.

### Energy Saving Certificates (ESC)

To fight energy poverty, a new energy savings obligation was applied to all energy suppliers set at 150 TWhc for 2016-2017, since January 2016 (added to the 700 TWhc target for this third period of the ESC (2015-2017)). The additional 150 TWhc would represent a financing volume of up to € 900 million over two years, according to the Ministry of Ecology (in case of violation of this obligation, sanctions may be imposed: e.g. 1 cent / litre of fuel). ●

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	38 751	39 934	+3.05%
Gasoline	7 073	7 159	+1.22%
LPG	1 804	1 802	-0.11%
Heavy Fuel Oil	610	572	-6.23%
Heating Oil	6 386	6 612	+3.54%

Source : Comité Professionnel du Pétrole

### RETAIL STATIONS

Last year the number of retail stations increased by 6 units on French motorways, to reach 431 units by the end of the year: Total leads the field with up to 128 stations, followed by Shell with 68 stations, then comes in third position Avia with 66 stations.

### TRANSPORT

Introduction of B8 oil in France. By Ministerial Order, the specification for diesel sold in France has been modified to increase the level of FAME (Fatty Acid Methyl Ester) to a maximum of 8% by volume. This is not in conformity with the existing EU standards and specifications for diesel fuel EN590 which sets the maximum FAME content at 7% and is designed to ensure coherence throughout Europe, guaranteeing consumer protection.

### ALTERNATIVE FUELS

Total's La Mède Conversion (Near Marseille, South of France) : An investment of €200 million has been made to transform the La Mède refinery, creating France's first biorefinery, which will be one of the biggest in Europe, to meet growing demand for biofuels. Crude oil processing will be halted end 2016.

**"UPEI's members are committed to continuing to play their part towards a secure and sustainable energy supply, which serves the consumer in a competitive and affordable manner. In order to do so, we need a well managed transition to a low carbon future."**

Thierry De Meulder, President

# GERMANY

**MEW : MITTELSTÄNDISCHE ENERGIEWIRTSCHAFT DEUTSCHLAND E.V.**

(National Association)



The overall petroleum consumption in Germany showed a slight increase of 0.3% up to 109.5 million tonnes in 2015. While gasoline sales slightly declined (-1.4%), there was a considerable increase in diesel sales (4%). The upward trend in diesel sales is mainly related to a rise in demand, notably by the transport as well as the building sector. Not only did gasoline sales decrease along with the declining stock of cars running by petrol-engine, but also heating oil sales fell by 3.7% to 16.2 million tonnes despite the price advantages (see below). This was due to the fact that consumers were able to cover their increased demand mainly by stock that was already available. The overall sales of gasoline and diesel altogether amounted to over 55 million tonnes. The refineries in Germany continued to operate profitably producing 102.6 million tonnes of petroleum – slightly more than in the previous year. The overall product imports rose from 37 million tonnes in 2014 by 0.5% – to 37.2 million tonnes. Generally all upward trends can be traced back to a strong economy and a comparatively low unemployment rate.

## HEATING OIL

In 2015, light heating oil was cheaper than at any time since 2009: on average, prices were about 24% below the previous year's level. Thus the downward trend in prices that has been observed for some time was maintained. Last year the price advantage compared with natural gas was 28 %. In 2015, the cost of 100 litres of heating oil averaged €58.16 including VAT. The figure for 2014 was €76.64.

## ENERGY AND CLIMATE POLICY IN GERMANY

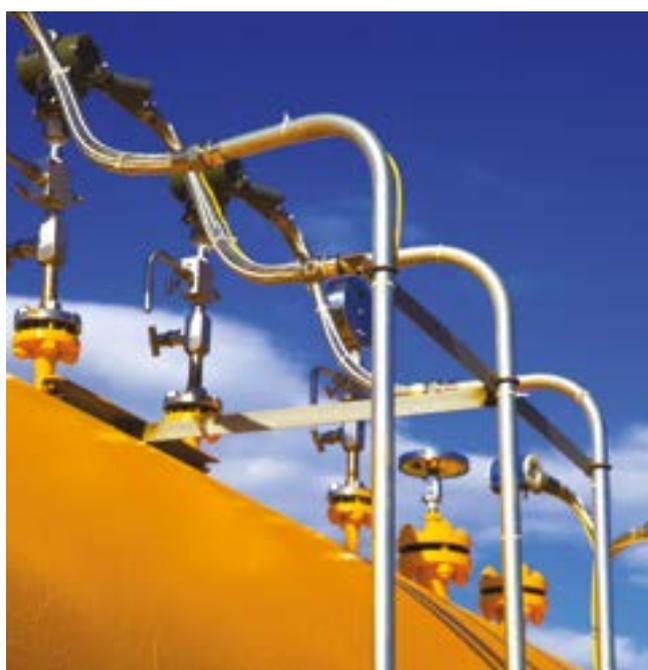
The German government feels under a special obligation to engage in climate change mitigation. As a result, numerous energy and climate policy objectives have been laid down in recent years. These are independent of international requirements and are not coordinated at European level. This increasingly gives rise to inconsistencies in the measures, and to multiple pressures and high costs. By the year 2020, greenhouse gas emissions in Germany are to be reduced by 40% compared with 1990, and by 2050 the reduction is to be as much as 80 to 95%. It is questionable whether this will be achieved. Under the lead management of the German Environment Ministry, plans for climate change mitigation measures are being drawn up for the periods to 2020 and 2050. However, the measures proposed are being criticised as one-sided and threaten to endanger Germany's competitive position as an economic and industrial location. ●

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	35,587.08	36,998.67	+4.0%
Gasoline	18,526.64	18,264.79	-1.4%
LPG	2,845.70	3,008.99	+5.7%
Heavy Fuel Oil	4,296.36	5,228.95	+21.7%
Heating Oil	16,806.63	16,187.30	-3.7%

Source: BAFA - Federal Office for Economic Affairs and Export Control

## RETAIL STATIONS

Two factors dominated the market situation on the German motor fuels market in 2015: reduced buying prices, and also much reduced selling prices. The second factor was due to increasingly keen competition. This was triggered by the "Market Transparency Unit for Motor Fuels" (Markttransparenzstelle für Kraftstoffe – MTS). For most of the year this unfortunately resulted in an unsatisfactory situation regarding margins, which did not ease until November and December. By contrast, the Shop/ Bistro and Car Wash operations which are important for many filling stations showed a slight increase on the figure for 2014.



# HUNGARY

## MABANAFT HUNGARY KFT

(Company)



Crude oil represents about 25% of Hungary's primary energy source. Only some 10% of the almost 6 million tonnes of crude oil processed each year at the local refinery is domestic production. The rest is imported, mainly from Russia through the Friendship pipeline, but also some from the Adriatic seaport of Omisalj through the Adriatic pipeline. Due to its logistical advantage, domestic refinery coverage is about 85%, i.e. motor fuel imports account for only roughly 15% of total consumption.

The market is dominated by MOL Hungarian Oil and Gas Co. Ltd., the owner and operator of the only refinery and both the crude and the product pipeline systems. Therefore, the Hungarian wholesale market aligns prices to the wholesale prices quoted by the pacesetter and based on import parity: FOB ROT and CIF Med Platts quotations, adding in all import costs (including freight, storage, financing, USD/HUF exchange rate, excise duty and VAT).

### RETAIL STATIONS

Hungary has roughly 1 950 filling stations. After almost a decade of depression, the consumption of motor fuel is slowly returning to the level of 2008.

Major market players are members of the Hungarian Petroleum Association ([http://www.petroleum.hu/index\\_en.html](http://www.petroleum.hu/index_en.html)). They include EniHungária Zrt., Normbenz Magyarország Kft. (owner of the LUKOIL brand in Hungary), MABANAFT HUNGARY Kft., MOBIL PETROL Hungary Zrt., MOL Magyar Olaj- és Gázipari Nyrt., MOL-TRADE-Mineralimpex Zrt., OMV Hungária Ásványolaj Kft., OPAL Tartálypark Zrt., Shell Hungary Zrt. and Terméktároló Zrt. The table opposite shows their aggregated consumption.

### ALTERNATIVE FUELS

Fuels must contain a yearly average bio-content of 5.3 volume percent concentration, although the National Standard sets a content ranging between 0% and 7%.

### HEATING OIL

Heating oil consumption fell to marginal a decade ago due to excise duty (equal to diesel motor fuel) and the extremely high natural gas pipeline coverage of the country.

### COMPULSORY OIL STOCKS

As a member state of the European Union and a member of the International Energy Agency (IEA), Hungary has an obligation to hold at least one-quarter (90 days) of its annual net imports of oil products as strategic stock. The Hungarian Hydrocarbon Stockpiling Association (HUSA, <http://www.husa.hu/en/>) – as the central stockholding entity – acquires, maintains and sells emergency stocks. Strategic stocks are the property of the Association and are stored in storage facilities in Hungary. Market players engaged in the trading of petroleum products are obliged by the stockpiling laws to register as members of the Association. They have to pay contributions based on monthly turnover. ●

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Gasoline	896	922	+2.9%
Diesel	1449	1609	+11%

Source: Annual Report of Hungarian Petroleum Association



\*National Tax and Customs Administration

Retail motor-fuel prices in 2015\*

# IRELAND

## DCC ENERGY LIMITED

(Company)



The total fuel market in Ireland is estimated at 6.4 billion litres for 2015, up 5% on the previous year and -9% on 2010(1). Auto diesel and petrol represent 48% and 22% of the overall market respectively, the remainder comprising marked gas oil (MGO) (13%), kerosene (16%) and fuel oil (1%). Between 2010 and 2015, the market saw a continued decline in overall volumes of fuel oil (-52%), MGO (-25%), and petrol (-27%). The decline was lower in kerosene (-22%) and growth increased in diesel volumes by 20% since 2010.

Comparison between 2015 and the previous year showed a 10% drop in the consumption of fuel oil. The decrease in MGO volumes had slowed to -2% on previous, due to the culmination of the Irish Revenue Commissioner's efforts to enhance controls on the supply chain of MGO since 2013, in an effort to combat fuel laundering, which was a particular issue in the Irish market.

Kerosene volumes for 2015 increased on year previous (16%) due to a factor of lower market prices despite a significantly milder end of year winter. In terms of transport fuels, diesel and petrol, which accounted for 70% of Ireland's primary energy requirement, 2015 volumes changed by +9% and -5% respectively.

stood at 4.166%. This percentage is likely to increase to 8% from 1 January 2017.

### HEATING OIL

Kerosene volumes comprised 16% of the overall fuel market in Ireland in 2015. Typically volumes are extremely reactive to seasonal temperature levels, and total market volumes for 2015 at 1017 million litres reached over a 1000 million litres for the first time since 2010. 43.7% of households in the country use oil to heat their homes.

### COMPULSORY OIL STOCKS

Ireland is obligated under EU legislation and IEA rules to maintain a minimum of 90 days stock of oil in the event of a physical shortage of supply. This is managed by the National Oil Reserves Agency (NORA). The obligation is met by a combination of stocks owned by NORA and stored in Ireland and in other EU member states through bilateral agreements, including short term commercial contracts ("Stock Tickets"). The Department of Communications, Energy & Natural Resources (DCENR) determines the volumes of oil stock NORA is to hold on an annual basis. The current minimum for 2015 was 1.529million tonnes of refined product and 70,000 tonnes of crude oil.

### TAXATION

Excise Duty on oil, Mineral Oil Tax (MOT) varies by product as shown below. Light oils including petrol, have the highest rates. Diesel is taxed at slightly lower rates. The MOT rate on MGO is just under a fifth of the auto diesel rate. Carbon charges are an integral component of MOT and are shown separately here for information purposes. VAT is applied on the sale of oil, at the standard rate (23%) except for 13.5% on MGO and kerosene. VAT applies on the excise inclusive price. ●

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	2,820,661	3,070,193	+9%
Gasoline	1,489,275	1,418,173	-5%
Heavy Fuel Oil	54,943	49,192	-10%
Heating Oil	880,118	1,017,839	+16%

Source: based on NORA returns 2010-2015

### RETAIL STATIONS

There are an estimated 1700 retail sites operating in the Republic of Ireland in 2015 largely unchanged since 2013.

### ALTERNATIVE FUELS

The Biofuels Obligation Scheme (BOS) came into effect on 1 July 2010. The BOS places an obligation on suppliers of mineral oil to ensure that 6.383% (by volume) of petrol and diesel which they place on the market in Ireland is produced from renewable sources e.g. ethanol and biodiesel. The above percentage came into effect from 1 January 2013, and still stands, having previously

€/1000 LITRES	NON-CARBON	CARBON CHARGE	TOTAL MOT RATE
Petrol	541.84	45.87	587.71
Aviation Gasoline	541.84	45.87	587.71
Auto-Diesel	425.72	53.30	479.02
Off Road Diesel /Marked Gas Oil	47.36	54.92	102.28
Fuel Oil	14.78	61.75	76.53

Source: Revenue Commissioners

# ITALY

## ASSOPETROLI – ASSOENERGIA

ASSOCIAZIONE NAZIONALE COMMERCIO PRODOTTI E SERVIZI ENERGETICI

(National Association)



In 2015, diesel sales amounted to 23,230,000 tonnes (+1.8% compared to 2014), while sales of gasoline decreased to 7,803,000 tonnes (-1.2% compared to the previous year).

Sales of gasoline in the wholesale market registered a +10.5% compared to 2014. A positive trend was registered also in diesel sales, reaching the record level in the last ten years of 10,204,000 tonnes. Sales of heating oil in 2015 amounted to 1,199,000 tonnes, +5.4% compared to 2014.

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	22.820,0	23.230,0	1.8
Gasoline	7.901,0	7.803,0	-1.2
LPG	1.564,0	1.642,0	5.0
Heavy Fuel Oil	905,0	1.091,0	20.6
Heating Oil	1.138,0	1.199,0	5.4

Source: Ministry of Economic Development (Ministero Sviluppo Economico)

## ALTERNATIVE FUELS

With the National Decree (10 October 2014), Italian authorities set new compulsory biofuels mandates for the timeframe 2015-2022, as follow:

In 2014, 1.205.994 tonnes of biofuels have been released for consumption. Biodiesel accounted for over 99 % of total consumption of biofuels, bioethanol for 0.1 % and Ethyl Tertiary Butyl Ether (ETBE) for 0.9 %.

BIOFUELS	TONNES	ENERGY (KTEP)
Biodiesel (also HVO)	1.193.955	1.055,1
Bioethanol	1.483	1,0
ETBE	10.556	9,1
TOTAL	1.205.994	1.065,2

Source: Gestore Servizi Energetici - Ministry of Economy and Finance

## TAXATION

At the national level, in the fuel sector, the tax component for gasoline (national excise duties + VAT) reached the level of 71.64% of the average consumer price, while for diesel the level of 69.77%. ●

PRODUCTS	NATIONAL LEVEL	MINIMUM LEVEL OF TAXATION (ETD 2003/96/CE)
Gasoline	728,40 (€/1000l)	359 (€/1000l)
Diesel fuel	617,40 (€/1000l)	330 (€/1000l)
LPG fuel	267,77 (€/1000kg)	125 (€/1000kg)
Heating oil	403,21 (€/1000l)	21 (€/1000l)

Source: Customs and Monopoly Agency (Agenzia delle Dogane e dei Monopoli)

Compulsory biofuels mandates %



# SLOVENIA

## SNNK-WPC :

SLOVENSKI NACIONALNI NAFTNO-PLINSKI KOMITE SVETOVNEGA NAFTNO-PLINSKEGA SVETA

(National Association)



CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	1.542	1.486	-4%
Gasoline	600	584	-3%
LPG	75	82	+10%
Heavy Fuel Oil	65	69	+5%
Heating Oil	308	277	-10%

Source: SNNK-WPC internal statistics

## RETAIL STATIONS

Slovenia had 549 (+3) filling stations in operation at the end of 2015. The SNNK-WPC association represents six retail organisations, running 492 (+4) filling stations. The members' market share in terms of the number of filling stations, is 89%.

## ALTERNATIVE FUELS

The biodiesel consumption in Slovenia decreased from 43 000 tonnes in 2014 to 27 000 tonnes in 2015. The reason for this decrease is unreasonable tax policy.

## COMPULSORY OIL STOCKS

A larger portion of the compulsory stocks of petroleum products of Slovenia in 2015 was held as physical – real stocks owned by the Agency, and a smaller portion was maintained as delegated stocks.

## HEATING OIL

Consumption of domestic heating oil is permanently decreasing and being replaced with LPG combined solar systems and heating pumps.

Heavy fuel oil is used only for industrial purposes. Heavy fuel oil for heating is planned to be replaced almost everywhere by natural gas.

## TAXATION

The value-added chain of the Slovenian oil retail business is clearly put at risk by increased “hidden taxes” (communal fees, fulfilment of other technical and environmental requirements, etc.) without any provision for fiscal incentives. Nothing has changed in comparison with the situation in 2014.

## SLOVENIAN ENERGY CONCEPT

In autumn 2014 the Ministry of Infrastructure – Energy Directorate started the process of creating a new Slovenian Energy Concept for the period up to the year 2030, respectively to 2050. The preparations are not running in accordance with expectations – the final version will not be ready for adaptation at the Parliament before autumn 2017. ●



# SPAIN

## UPI : UNIÓN DE PETROLEROS INDEPENDIENTES

(National Association)



Spain's total oil product consumption (gasoline, all gas oils, heavy fuel oil, kerosene, LPG and others) increased by 2.5% in 2015 compared with 2014, the first positive figure for several years (2014 finished with a slight decrease of 0.5%).

Automotive fuel consumption (gasoline and diesel) amounted to 26418 kt. The recovery of automotive fuel consumption, which began in 2014 with a 1.4% rise, continued more robustly and increased by 3.4%.

A pocket of fraud -mainly with VAT- remains in the Spanish market due to a lack of administrative control and coordination between administrative bodies, the long duration of administrative procedures, insufficient penalties, etc. UPI is very involved in lobbying for joint action by all responsible administrative bodies.

and oil products, is being achieved in Spain by means of an obligation for companies, based on internal consumption (as opposed to net imports) of the main categories of products. This means that all operators are charged with part of the obligation generated by refiners, in particular that part which comes from production and trade of asphalt, coke, lubricants, etc.

This situation was reported by UPI during the Emergency Response Review carried out by IEA in November.

### ALTERNATIVE FUELS

Compulsory annual targets were set for the period of 2016-2020, rising from 4.3% for 2016 to 8.5% for 2020, but without individual targets for gasoline and diesel as previously existed. A 7% cap of first generation of biofuels (specifically biofuels produced from certain food crops and crops on agricultural land) was set for transport and must be achieved in 2020. Additionally, an indicative target of advanced biofuels will be set before 6 April 2017, as well as the list of such biofuels and the multiplying factor of the energy content of each of them as for the compulsory target (implementation of Directive 2015/1513). Double-counting of certain biofuels, approved in 2014, remains devoid of implementing regulations and is thus inapplicable.

### COMPETITION

In order to promote competition, two controversial measures were adopted by the Spanish Government. Firstly, retailers were allowed to sell to other retailers but these sales are not legally recognized as wholesale trade and are, therefore, not subject to the same legal requirements that apply to wholesalers. This results in distortion of competition. Secondly, unbranded retail stations were allowed by law to inform on the origin of the product they sell (i.e. their suppliers) including the brand (subject to prior authorisation of the brand owner). This regulation does not respect branding policies as a competition tool and can lead to the provision of misleading information to the consumer at unbranded retail stations. ●

**"Consumers remain at the heart of Europe's energy transition. Affordability and efficiency are the key."**

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	20932	21772	+4.0%
Gasoline	4617	4650	+0.7%
LPG	1654	1876	+12.8%
Heavy Fuel Oil	8946	8231	-8.0%
Heating Oil	2008	1992	-1.5%

Source: monthly publication HYDROCARBONS STATISTIC BULLETIN from Cores (stocks agency).

### COMPULSORY OIL STOCKS

Positive regulatory changes were introduced, particularly to create greater flexibility in the possibility to have compulsory stocks kept by the agency. The objectives were to allow companies to optimise the costs arising from the obligation and to reduce excess stock. This now stands at more than 20% due to the long-lasting consumption decline. The remaining product excess will be sold with a six-month delay and this will reduce storage facilities. From now on, the agency will avoid surplus stocks as far as possible.

Despite these regulatory improvements, the Spanish model remains unchanged in terms of implementation of Directive 2009/119. The new EU obligation for Member States, which is now based on net imports of crude oil

# SWITZERLAND

## AVIA INTERNATIONAL

(Company)



\*Courtesy of Erdölvereinigung Switzerland

In 2015, sales of the main petroleum products in Switzerland totalled 10.0 million tonnes. This is an increase of 3.0% on the year before. The increase is largely due to the higher sales of heating oil, showing increase of 15.9% in 2015. Roughly, 68% of total sales were due to motor fuels (gasoline, diesel, aviation fuel). The abolition of the minimum rate of the Swiss franc on 15 January 2015 resulted in sharp decline in sales of gasoline and diesel in Swiss border regions, despite an increase of 1.8% in the number of vehicles on the road (2015: 5,125,579).

Due to the continuous improvement of energy efficiency of new engines and the trend towards buying less powerful cars, demand for motor gasoline has been declining in recent years. However, the decline in sales (-6.7%) last year was above average.

Sales of diesel fuel, a large proportion of which is used in the construction and transport sectors, showed a slight decrease of -0.6% in 2015. However, the trend continuously shows that more diesel than gasoline was sold during the previous period. The main reasons were the stable domestic economy, and the increasing number of diesel-powered cars (their share of new registrations averaged out at around 38.9% in 2015).

Sales of jet fuel were up 3.4% on the year before to 1.63 million tonnes. Both Zürich and Geneva airports recorded an increase in scheduled and charter flights compared with 2014. As during the previous period, both airports reported new passenger records.

Oil sales (extra light heating oil) showed the highest increase from 2014 of 15.9%. After an exceptionally mild winter last year, the number of heating degree days increased again in 2015 (+ 10.5%). Given the further increase in CO2 levy on heating fuel as of 1 January 2016, oil sales have again increased significantly, as customers took advantage of low prices for fuel oil to fill in their tanks.

### RETAIL STATIONS

On 1 January 2016 there were 3461 publicly accessible branded stations in Switzerland. This represents a decrease of 86 petrol stations (-2.4%) compared with 1 January 2014. The AVIA companies continue to have the largest network with 604 stations, followed by Agrola (430), BP (361), Ruedi trunk (339) and Migrol (310). The changes observed in the course of the year are due to the dynamic state of the market.

At the end of 2015 a total of 1344 filling station shops offered their customers the opportunity to combine smaller purchases with refuelling. In 2015 filling stations with

shops accounted for 72% of total fuel sales and thus are

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	2 701	2 684	-0.6%
Gasoline	2 694	2 514	-6.7%
Kerosene	1 582	1 636	+3.4%
Heating Oil	2 738	3 170	+15.8%

an important factor in competition between the branded companies. It is also clear that, on average, outlets with larger shops sell considerably more fuel than those with a smaller shop.

Meanwhile, customers tend to fill up with diesel in addition to gasoline at almost all gas stations. Sales of fuel per filling station averaged 1.41 million litres in 2015, almost unchanged from the previous year's figure. The average quantity sold varied depending on the kind of service provided and the equipment and location of the filling station. Motorway service stations sold the most fuel, at 3.2 million litres per year, and unmanned filling stations sold the least, at 0.66 million litres. Sales per station has been declining for years, this trend continued in 2015. ●



# THE NETHERLANDS

**NOVE : NEDERLANDSE ORGANISATIE VOOR DE ENERGIEBRANCHE**  
(National Association)



The Dutch market performed relatively well in 2015, particularly after a period of decline in the preceding years. However, volumes are not expected to reach a new peak, mainly because of improved car efficiency. Another reason for lower sales is the difference in excise duty compared with neighbouring countries. The Netherlands has the highest tax on gasoline within the EU.

We have also seen a wider variety of products in the market, such as Gas to liquids, LNG and CNG. These products are available at a growing number of outlets. Independent suppliers are also engaged in these new activities.

Electric vehicles are continuing to penetrate the Dutch market, but the rate of growth is likely to slow in 2016 due to a reduction of Dutch government tax incentives for semi-electric vehicles. Tax incentives for full-electric vehicles remain in place.

## ALTERNATIVE FUELS

The number of electric vehicles (full and plug-in) in the Netherlands increased from 46,000 in 2014 to 90,000 in 2015, mainly due to tax incentives. The number of charging points for electric vehicles went up from 12,000 in 2014 to 18,000 in 2015. The tax incentives were scaled back at the start of 2016, which will dampen demand.

Several LNG filling stations were built in 2015, all for road transport. More projects are scheduled for 2016. At year-end 2015, the Netherlands had around 130 locations for CNG, and this network is growing.

## TAXATION

In mid-2015 the Dutch Tax and Customs Administration announced the abolition of excise refunds on vapours returned to depots with loading trucks. This caused an estimated loss of income of € 8 million for independent fuel suppliers and oil companies with an excise-free warehouse/depot. The step seems to have been taken solely for budgetary reasons, because the Ministry of Finance was unable to provide a thorough explanation. The rule came into force on 1 January 2016, but independent suppliers and majors are challenging the decision.

Another issue is the use of red diesel for agriculture purposes. The Netherlands discontinued excise relief on this product back in 2014, but in Belgium this product remains available with lower tax. Apart from legal imports (i.e. the machine can fill up the standard tank in Belgium), there is evidence of illegal imports of cheap red diesel, which disturbs the level playing and deprives the State of income. NOVE is working with Dutch authorities to gather more information on this matter in order to improve enforcement.

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	5593	5583	-0.2%
Gasoline	3835	3895	+1.6%
LPG	204	182	-10.8%
Heavy Fuel Oil	10420	10421	0%
Heating Oil	-	-	-

Source: Central Bureau of Statistics, the Netherlands (CBS)

## TRANSPORT

After three years of declining figures for road transport fuels, the overall Dutch market stabilised in comparison to 2014. Differences exist within the products: sales of gasoline went up by 1.6%, mainly because most semi-electric cars have a petrol engine. Sales of these cars peaked in 2015. Sales of diesel decreased slightly compared with 2014, but almost recovered compared with the preceding years on the back of a better economic situation. Sales of LPG dropped dramatically, due to the Dutch government's tax policy. Higher taxes on LPG mean many people fill up their tanks in Belgium or Germany. Moreover, an amendment to regulations covering old-timers led to massive exports of old-timers with LPG engines.

## MARINE

Sales of inland marine bunkers went up, whereas sales of seagoing bunkers stabilised. More low-sulphur bunkers were sold for the SECA area. ●



# UNITED KINGDOM

## DFA : DOWNSTREAM FUEL ASSOCIATION

(National Association)



Total indigenous UK production of crude oil and Natural Gas Liquids (NGL) in 2015 was 13.4% higher compared with 2014. New fields including Golden Eagle have contributed to the growth. Production of petroleum products was slightly up by 0.7% despite the closure of the Milford Haven Refinery in 2014. This is the first annual increase since 2011 against a background of low crude prices.

In 2015 net imports of primary oils (crude, NGLs and process oils) made up 27.6% of UK supply, down from 37.7% in 2014. The UK was a net importer of petroleum products by 9.3 million tonnes, the highest annual figure since 1984 when industrial action in the coal sector led to greater demand for oil products. The UK is a net importer of road diesel and aviation turbine fuel but a net exporter of gasoline.

In 2015 final consumption of petroleum products was up by 2.5% compared with 2014; this was driven by increases in non-energy use and transport fuel consumption. After excluding these factors final consumption was down 2.2% in 2015, continuing the long-term trend of decline in consumption.

### RETAIL STATIONS

In 2015, the proportion of road fuels sold at supermarkets increased to 43.6% from 42.9% in 2014. The proportion of fuel sales at supermarkets have been increasing over the last 10 years -supermarkets accounted for 30.3% of retail sales in 2005. In 2015, 45.6% of retail sales of motor spirit were at supermarkets compared to 44.4% in 2014, whilst 42.0% of diesel retail sales were at supermarkets compared to 41.7% in 2014.

### ALTERNATIVE FUELS

788 million litres of renewable fuel have been supplied, which is 3% of total road and non-road mobile machinery fuel. 752 million RTFCs (Renewable Transport Fuels Certificates) have been issued to fuel meeting the sustainability requirements, of which 517 million were issued to double counting feedstocks (source: UK Department for Transport).

CONSUMPTION OF OIL PRODUCTS (IN KT)	YEARS		TREND (%)
	2014	2015	
Diesel	23,525	23,525	+3.1%
Gasoline	12,971	12,713	+2.0%
LPG	2560	3340	+30%
Fuel Oil	554	510	+8.0%
Heating Oil	3179	3150	+5.7%

Source: UK Government Statistics and Reports.

### TRANSPORT

In 2015 total deliveries of key transport fuels increased by 1.6% compared with 2014. Road diesel deliveries increased by 4.3%, aviation turbine fuel was up by 1.2%, while motor spirit deliveries decreased by 2.0%. The increased consumption of transport fuels can be placed in the context of lower prices for road fuels, and a 2.2% increase in the number of vehicle miles in 2015. Transport use accounts for more than three-quarters of UK final consumption.

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With regards to E10, the UK Government has set up an Industry Stakeholder Task Force to review how to meet the RED 2020 obligation. This review includes how best to introduce E10 into the market and draws from experience of E10 introduction in other EU Member States. Government Ministers have yet to respond on the findings of the Task Force.

### HEATING OIL

Final consumption in the oil sector is slightly seasonal with different products peaking at different times of the year. Consumption of domestic fuels for heating peaks in Q1 and Q4 each year, and consumption of aviation fuels is higher in Q2 and Q3. Domestic use of oil was higher by 0.7% in 2015 compared with last year. Domestic consumption of oil is mostly used for heating and the average daily temperature was lower in 2015 across the whole year, and the average number of heating days was up by 0.4 days compared with 2014.

### COMPULSORY OIL STOCKS

UK is currently in non compliance by up to 2% due mainly to market (Refiner) exits. Since 2012 cover by international tickets has increased by 100% to +/- 5 million tonnes, netting has increased by 200% to +/- 3 million tonnes,

and domestic tickets have fallen by 75% to +/- 1 million tonnes. Stocks held are in the proportion of +/- 50% gas/diesel oil, +/- 22% gasoline, and +/- 20% aviation fuel. Biofuels account for +/- 2.0% of the gas/diesel oil and +/- 2.2% gasoline.

### TAXATION

Taxation / Duty rates remain stable over the last few years:

<b>PETROL, DIESEL, BIODIESEL AND BIOETHANOL</b>	<b>57.95 PENCE PER LITRE (MORE THAN HALF OF CURRENT RETAIL PRICE)</b>
Liquefied Petroleum Gas	31.61 pence per kg
Natural Gas	24.70 pence per kg
Fuel Oil (for burning)	10.70 pence per litre

Source: UK Government  
Value Added Tax (VAT) is also applied at 20%, or the reduced rate of 5% on domestic heating fuel (for the UK and Ireland this is kerosene).



# 2015 UPEI ANNUAL REPORT

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