

UPEI Position Directive on the Deployment of Alternative Fuels Infrastructure

Introduction

Independent fuel suppliers have experienced a substantial impact on their business activities, as COVID-19 outbreak hit harshly fuels demand across Europe. This unprecedented challenge represents a pivotal opportunity to reshape the energy sector as we know it. To achieve this goal, an ambitious and stable policy framework is crucial. UPEI members are fully committed to provide flexible, affordable, and clean energy to consumers in order to meet Europe's short- and long-term climate objectives.

UPEI members are in a unique situation within the fuel supply market. Today's individual fuel suppliers bring expertise, sound consumer knowledge and an established, comprehensive infrastructure which already delivers low carbon, energy efficient products in an affordable and competitive manner. They have a strong track record in contributing to the EU climate protection objectives, being the first to supply renewables to Europe's fuel market as early as 1992, showing their commitment to and flexibility in embracing new policies and delivering new solutions.

Independent fuel suppliers are not producers of liquid fuels and therefore have the freedom to diversify the products that they supply. They have invested into [hydrogen, biofuel, CNG/LNG, LPG refueling and electricity recharging points](#). However, they need regulatory predictability and consumer demand as a guarantee for investments in renewable and low carbon alternative fuels.

UPEI recommendations for the AFID review

1. Scope

Maintain current alternative fuels definition

To guarantee consistent policymaking and a stable environment for investment, UPEI recommends maintaining the current definition of alternative fuels as listed in Article 2, as stressed in the European Parliament own-initiative report on the deployment of infrastructure for alternative fuels in the European Union¹.

Improve the coherence of the regulatory framework

The definition of "biofuels" should be explicitly aligned with REDII² definitions, to include food and feed based biofuels with low risk of generating ILUC, advanced biofuels from feedstocks listed in Annex IX, recycled carbon fuels, renewable liquid and gaseous transport fuels of non-biological origin, low indirect land-use change-risk biofuels, bioliquids and biomass fuels.

¹ Report on deployment of infrastructure for alternative fuels in the European Union: time to act! (2018/2023(INI))

² Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources

2. Governance

National Policy frameworks

National Policy frameworks should remain but be strengthened and harmonised, and the coordination between the EU and national level should be maximised to effectively achieve infrastructure deployment objectives. In practice, EU action should focus on the core TEN-T network to ensure availability of infrastructure for cross-border transport flows. Member states are better placed to decide whether infrastructure should be developed in other areas based on national and local circumstances, in accordance with the principle of subsidiarity, and to adopt stimulating and supporting measures.

Mandatory targets

Should mandatory infrastructure targets be preferred, they should:

- apply to Member States and not infrastructure operators
- be based on a sound methodology that recognises the needs of specific territories
- focus on the core TEN-T network, since the objective of AFID is to ensure minimum connectivity across Europe

3. Internal market and competition

Promote a smooth functioning of the internal market

As one of the players within the sector that is most affected by regulatory changes, UPEI calls on the European Commission to remove any barriers to trade and to address market distortions resulting from the adoption of incoherent measures at local and national level and affecting the natural deployment of fuels and infrastructure.

Ensure a level-playing field allowing small companies to compete

UPEI stresses the need to guarantee a level playing field across Europe, with equal market access and fair competition. The independent retail sector is composed of many SMEs. They have been instrumental in the supply of biofuels which, despite requiring significant investment, was facilitated by the fact that the existing infrastructure and vehicles could be used. It is important to ensure that further legislative requirements do not place independent players and SMEs at a competitive disadvantage in future.

The scale of investment required to provide the infrastructure for these alternative fuels (in particular for hydrogen and CNG/LNG) is major and matched in terms of risk, given that consumer demand has not yet reached a significant level. How these issues are to be addressed in order to ensure that there is sufficient investment to provide the new infrastructure will largely depend on the incentives that Member States adopt, in particular to encourage consumers to move towards alternatively fuelled vehicles.

Regarding the deployment of electric charging infrastructure, power transfer limitations and barriers to accessing the grid should be lifted to allow all players to compete fairly on this emerging market.

Other alternative fuels, however, such as synthetic fuels, can be quickly deployed with immediate and important environmental benefits, making them an efficient solution. The existing infrastructure is then re-purposed at no cost.

4. Technology

Ensure actual technology objectivity

Supporting the necessary diversification of Europe's fuel pool, we call on the European Commission to equally recognise all technologies when addressing alternative fuels infrastructure. UPEI stresses the

need to keep open all options available for every fuel that contributes to the decarbonisation of transport from a life-cycle perspective. Some of today's alternative fuels will be progressively blended and replaced by renewable-based equivalents, hence it is important to keep developing their distribution infrastructure.

Promote a gradual transition

Some lower emitting, alternative fuels are already commercially available at a competitive price. Encouraging the switch to these fuels in the short to medium-term is the most practical and effective approach to reducing carbon emissions immediately. Focusing only on solutions that will become affordable and fit for mass-market in the long-term would be a missed opportunity to reap significant short and medium-term benefits and might undermine the rising consumers' interest for alternative fuels. In addition, some of these alternative fuels (LPG, renewable fuels) have the potential to address emissions from the existing vehicle stock.

Refrain from allocating energies to specific transport segments

Most alternative fuels today are emerging technologies and demand for them is scarce. With their expected deployment, production costs are expected to fall thanks to economies of scale. In addition, their increased use will allow to collect more information about suitability, performance and compatibility with engine technologies, drivers' needs and vehicle use patterns. It is too early to decide how and where different alternative fuels should be used, ultimately market operators will decide, therefore policymakers should focus on creating the enabling conditions for all energies.

5. Consumers

Foster demand-side measures to support the deployment of AFVs

UPEI calls on the EU institutions to review policies having regard to the reality of markets: while the need to transition to low-carbon fuels is fully recognised, there are *"around 95% of road vehicles still conventionally fuelled, including renewable biofuels blends"*³. Supply and demand-side measures should go hand-in-hand, to avoid the artificial development of a refuelling infrastructure which would not be justified by consumer demand and enhancing an ecological, economical and socially acceptable transition.

Recognise communication efforts done at retail stations level and do more general, digital communication on AF benefits

The implementation of the common fuel labelling system⁴ has been a success. Surveys and pilot actions undertaken in the context of the Fuel Price Comparison⁵ initiative have clearly shown that its impact on consumers is expected to remain limited. No further step should be taken in terms of communicating alternative fuels at the level of retail stations.

However, more awareness raising on alternative fuels is greatly needed. This Directive should provide for the development of online tools and campaigns to inform consumers as part of Member States' measures to support the uptake of alternative fuels.

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³ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS, Towards the broadest use of alternative fuels - an Action Plan on Alternative Fuels Infrastructure under Article 10(6) of Directive 2014/94/EU, including the assessment of national policy frameworks under Article 10(2) of Directive 2014/94/EU

⁴ CEN standard EN 16942, "Fuels-Identification of vehicle compatibility-Graphical expression for consumer information"

⁵ COMMISSION IMPLEMENTING REGULATION (EU) .../... on a common methodology for alternative fuels unit price comparison in accordance with Directive 2014/94/EU of the European Parliament and of the Council

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.

Since 1962 UPEI has been advocating for a level playing field and fair competition to ensure an affordable, sustainable, and secure energy supply for Europe's consumers. Today, in the context of the transition to a low carbon economy, UPEI and its members are also addressing the challenges of adapting the product range and meeting consumer demand through market-oriented solutions.

With its strong track record in pioneering the supply of renewable fuels in the EU, UPEI's members remain committed to delivering and embracing new, cost effective solutions which further promote energy efficiency and reduce pollutants and emissions.