

## **UPEI Answer to European Commission call for evidence on the Amendment Proposal to the European Climate Law (2040 Target)**

15 September 2025.

### **1. Executive Summary and Conclusions**

UPEI, the voice of European independent energy and mobility suppliers, welcomes the opportunity to provide its comments to the proposed amendment to the European Climate law.

We support the setting of an intermediary target between those set for 2030 and 2050, as it helps create a unified legal framework for Member States and economic stakeholders. To be effective and applicable, this target should:

- create harmonised legislative horizons within the EU Internal Market.
- be accompanied by a clear and gradual emissions reduction trajectory projected throughout the coming decades, with indicative annual or periodic milestones.
- be feasible and achievable, which requires that competitiveness be treated as a precondition for success, and that global realities are taken into account.
- be distributed equitably between sectors and Member States.
- be up to a strong review clause.

The revised Climate Law will be accompanied by an updated legislative architecture. For UPEI, this architecture must:

- provide a coherent, stable, and forward-looking legislative framework, including the completion of the Fit for 55 legislative package (Energy Taxation Directive) and its implementing measures (notably the Union Database for Biofuels). Changes in the existing legislation only if clearly justified. This revised legislation should be stable, coherent, consistently implemented at national level, and simplify the administrative burden.
- promote an honest and full implementation of the technology neutrality principle, which requires using a single EU definition of sustainable biofuels, embracing all proven technologies that can contribute meaningfully to emissions reduction, and rejecting any de facto bans on internal combustion engines running on carbon-neutral fuels, thus improving the EU's energy security and resilience.
- recognise international carbon credits and permanent carbon removals and carbon capture and storage (CCS), are essential for offsetting residual emissions, provided that strict fraud control mechanisms are put in place.

UPEI welcomes the 2040 climate target as a key opportunity to set Europe firmly on the path to climate neutrality while maintaining its competitiveness and industrial resilience. Its success depends on how it is constructed and how it enables action, not just ambition.

In conclusion, UPEI strongly recommends that the Commission announces a working methodology for the preparations of the architecture policy as soon as possible. This methodology should:

- Clearly list the legislation that will be subject to revision as a follow up of the revised Climate Law, including those elements already announced.
- Ensure a comprehensive consultation of all relevant stakeholders in the energy and climate sectors, guaranteeing sufficient time to provide contributions. In particular, calls for evidence and public consultations should be published or at least announced in a coherent manner and not on an ad-hoc basis.
- Organise a dialogue with the actors of the fuel industry on the model of other industry dialogues initiated by Commission President von der Leyen, as we believe that gaseous and liquid fuels can and will continue to play a pivotal role in the energy transition.
- Consider the huge complexity brought to the energy and climate equation by the need not only to take the sustainability (climate change, competitiveness, social acceptance) but also the security and defence aspects into consideration.

## **2. Introduction.**

The European Climate Law is the framework for the overall European Union's (EU) climate and energy policy and legislation. By setting targets for 2030 and 2050, and, with the July 2025 proposed revision, for 2040, it must provide the regulatory clarity, coherence, and long-term stability needed to attract sustained investments in decarbonisation across sectors but also to support its application by economic operators.

For UPEI, the setting of a 2040 target is a key moment to align ambition with realism, ensuring that the transition remains cost-effective, technology-inclusive, and secure across all sectors of the economy. We welcome the opportunity to provide feedback on the proposed amendment and encourage the co-legislators to consider the guiding principles outlined in this document.

## **3. The need for a 2040 target.**

UPEI supports the adoption of a net greenhouse gas emissions reduction target by 2040 compared to 1990 levels, as it helps create a unified legal framework for EU Member States and economic stakeholders. Such a target:

- needs to frame harmonised legislative horizons within the Internal Market. A fragmented approach to transposition and implementation would undermine the clarity which the target seeks to provide.
- should be completed by a clear and gradual emissions reduction trajectory projected throughout the coming decades, for example on the model of the Renewables Energy Directive (RED III). This trajectory, broken down into indicative annual or periodic milestones and supported by a toolbox of actionable measures within the relevant

legislative frameworks, would provide much-needed predictability to market operators.

- must be feasible and achievable, which requires that competitiveness and industrial viability be treated not as an externality, but as a precondition for success.
- has to be accompanied by a robust review clause to be built into legislation. Depending on the progress towards achieving the new target, this review - that could be scheduled for 2036 - should focus on the calibration of the target itself, rather than on revising the supporting legislative instruments, to maintain regulatory stability.
- needs to provide an equitable distribution of responsibility between the economic sectors and the Member States. While action from highly emitting sectors may be prioritised, a proportionate and cross-sectoral approach is essential. Additionally, the diversity of Member States' industrial profiles and energy systems must be considered through differentiated sectoral contributions.
- must be designed with an outward-looking perspective. The EU must account for global realities - not only the level of climate ambition in other regions, but also the carbon intensity of imported goods. This is essential to protect European industry from unfair competition and to prevent carbon leakage. The climate framework must include mechanisms (e.g. carbon border adjustment measures), international cooperation on standards, and transparent monitoring of global supply chains.

#### **4. The legislative architecture.**

##### *Regulatory coherence*

To be effective, the net GHG reduction target for 2040 must be anchored in a coherent, stable, and forward-looking legislative framework, which covers all sectors comprehensively and ensure a gradual, efficient, and predictable contribution towards decarbonisation.

First, the Fit for 55 legislative package should be completed, notably the Energy Taxation Directive (on which UPEI is issuing a separate position paper) and all implementing acts necessary for the application and the functioning of the legislation should be made operational, notably the Union Database for Biofuels.

Second, as the Fit for 55 package will probably have to be reviewed to implement the Climate law revision, we call on the European Commission to:

- introduce new legislative or regulatory measures only where clearly justified, namely when existing instruments prove insufficient to reach the 2040 target.
- develop “modern” and stable legislation that remains in line with market developments.
- ensure coherence between the EU texts: definitions should be aligned; requirements should not be contradictory. In the same vein, low-carbon or carbon-neutral fuels should be supported in a consistent manner.

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- control consistency of legislation implementation between the Member States (e.g. opt-ins should be abolished in the ETS): while leaving Member States enough flexibility to implement EU legislation, adapted to their national circumstances, the integrity of the EU Internal Market must be maintained, avoiding distortions of competition.
- simplify the administrative burden: for UPEI members, whose large majority are family-owned or SMEs, understanding and applying this legislation requires huge efforts and adjustment costs: changes to legislation should only go together with clarifications and simplification. Regulatory overlap or double counting (e.g. through simultaneous obligations in ETS2 and transport sector regulations) should be abolished<sup>1</sup>.

We call upon the European Commission not only at political but also at the level of services to make sure that reviewed legislation complies with market realities, and to embrace the “Clean Industrial Deal approach” rather than the “Green Deal approach”.

#### *Technological inclusion.*

As a start, the Commission should, in all preparatory documents and draft legislation, promote an honest and full implementation of the technology neutrality principle, allowing the market to decide which carbon-neutral fuels should be used, in particular for transport and heating, without promoting one technology over the others.

UPEI recommends using a single EU definition of sustainable biofuels and proposes the one of the Working Group on Monitoring Methodologies<sup>2</sup>.

Pricing signals and taxation will have a fundamental role to play. Targeted fiscal treatment, including rate reductions for sustainable biofuels and e-fuels, can play a decisive role in unlocking their potential.

For UPEI, ensuring environmental effectiveness requires embracing all proven technologies that can contribute meaningfully to emissions reduction, which is particularly relevant for transport and heating segments and for Member States where full electrification remains technically or economically out of reach. Technological openness must remain a cornerstone of the EU's climate policy, since the 2040 reduction target will not be met without a broad set of solutions, including sustainable gaseous and liquid fuels, where supplies and infrastructure are already available.

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<sup>1</sup> In this respect, the Regulation on the Governance of the Energy Union and Climate Action that sets Member States common rules for planning, reporting and monitoring should be streamlined.

<sup>2</sup> [Monitoring the use of CO2 neutral fuels in road transport: a cross-sectoral industry assessment](#) (2024).

Moreover, the legislative architecture should explicitly reject any de facto bans on internal combustion engines running on carbon-neutral fuels. Additionally, Life Cycle Assessment (LCA) and carbon intensity approaches, where appropriately applied, should form the basis for comparing energy carriers fairly.

Finally, the most recent geopolitical developments have highlighted the dangers of overdependence on limited supply chains. Supporting a mix of technologies enhances systemic resilience and safeguards against future disruptions.

#### *Carbon Credits and Removals.*

UPEI stresses the importance and supports the recognition of international carbon credits as a means to contribute to emissions reductions beyond EU borders. However, their use must be safeguarded by strict control mechanisms to guarantee environmental integrity and prevent fraud. International cooperation must be matched with accountability.

Likewise, permanent carbon removals and carbon capture and storage (CCS) should be eligible for recognition under the framework, both within the EU and abroad, provided that robust certification and verification processes are in place. These mechanisms are essential for offsetting residual emissions.

## **5. The Way Forward**

UPEI remains at the disposal of the European Commission, the European Parliament, and the EU Council to explain our position on the revision of the EU Climate Law.

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*UPEI, the voice of Europe's independent energy and mobility suppliers, 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 gaseous and 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.*