UPEI
THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

CONTRIBUTION

Brussels, 20 March 2019

UPEI Feedback
Evaluation of the Directive on the Deployment of Alternative Fuels Infrastructure Roadmap

UPEI welcomes the opportunity to provide feedback on the Roadmap for the evaluation of the Directive on the Deployment of Alternative Fuels Infrastructure (DAFI).

The relevance of the independent fuel suppliers' sector

UPEI represents European importers and wholesale/retail distributors of refined petroleum products and their alternatives. As retailers, the independents that UPEI represents have a market share of on average over one third of the European market, however, in some countries this can rise to 50% or higher. Being the closest to the consumer in the fuel supply sector, UPEI members are in a unique position to respond to today's transport sector challenges.

Independent suppliers are at the forefront of the introduction of alternatives to oil products in Europe: UPEI members were amongst the first to supply sustainable biofuels on their domestic market, a business that has continued to develop over the past 15 years. Moreover, a number of companies within UPEI's membership are already involved with the deployment of hydrogen, electricity, synthetic and paraffinic fuels, natural gas and LPG stations.

Key principles

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"*[1]*.* 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.

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 deployment of infrastructure for alternative fuels in the European Union[2].

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

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Supporting the necessary diversification of Europe's fuel pool, we call on the European Commission to keep a technologically neutral approach when addressing alternative fuels. 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, without favouring one option over the other.

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 national level and affecting the natural deployment of fuels and infrastructure.

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) 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. Other alternative fuels, however, such as synthetic fuels, can be quickly deployed with immediate environmental benefits, making them an efficient solution. The existing infrastructure is then re-purposed. This consideration should be further taken into account in the evaluation.

Our recommendations for the evaluation

In the context of the evaluation, we recommend the European Commission to:

- Consult extensively the fuel supply side to understand the technical and market barriers to alternative fuels infrastructure development;
- Take stock of existing market distortion due to potentially inconsistent implementation of the Directive among Member States;
- Analyse consumer behaviour when it comes to alternative fuelled vehicles and consider developing demand-side measures as a way to facilitate infrastructure development;
- Review the level of support within Member states for both alternative fuels infrastructure and vehicles deployment;
- Analyse the impact of any new measure in terms of consumer costs;
- Carefully review the beneficiaries of funding schemes such as CEF to check whether independent companies and SMEs have had access to support mechanisms for infrastructure development.

I hope that these indications are useful in preparation for the evaluation, and I remain available for further information if required.

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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.