

SETTING A STRONG FRAMEWORK FOR RENEWABLE FUELS IN TRANSPORT & HEATING

UPEI represents Europe's independent fuel suppliers, including European importers and wholesale/retail distributors of refined petroleum products and their alternatives, supplying Europe's customers, independently of the major petroleum producers. Independent fuel suppliers cover more than a third of Europe's demand, and, therefore, play a vital role in an evolving energy market.

Independent fuel suppliers are key actors in bringing renewable energy products to consumers as well as being subject to the fuel supply obligations for transport, as proposed under article 25 of the proposal to recast the Renewable Energy Directive.

Since the publication of the proposal to recast the Renewable Energy Directive in November 2016 UPEI has been following the adoption process supporting a strong framework for the uptake of renewables across sectors in Europe.

UPEI believes that the Commission's proposal could be optimised to ensure that renewable fuels benefit from a strong, yet fair, legislative framework for the coming decade. The recommendations that UPEI is making have the objective to:

- Enable independent fuel suppliers to continue to supply their customers with a diversified mix of products, ensuring **competition in the market**.
- Ensure that legislation safeguards a **level playing field** across the EU for the cross border movement of energy products, including liquid fuels, thus contributing to **greater energy security**.
- Strengthen the legal framework in order to ensure a **stable, long term vision** in order for European businesses, especially SMEs, to make the necessary investments.

UPEI and its members – independent fuel suppliers who were the first to supply renewable alternatives in Europe – are fully committed to the roll-out of products that contribute to the effective decarbonisation of transport. We also believe that a collective effort is needed, that does not discriminate against solutions that have a proven record in climate mitigation, and that all sustainable solutions should find their place. UPEI considers that, with the following approach, the objectives of the new legislation can be met without distorting and disrupting the market.

Sector specific targets

UPEI sees the merit of specific, binding targets for the share of renewable energy in transport. As proven by the current legislative framework, they can serve as an incentive to embrace renewable alternatives, as long as the market – and consumers – can support the level of ambition of legislation and an appropriate investment environment is in place.

Ambitious targets and efficient reporting systems are appropriate, but the new framework must be **built upon realistic assumptions and estimates**, especially as regards the feasibility and costs of the proposed targets for the transport sector. This is essential to create investor confidence in order to



drive the necessary investments, upon which fuel suppliers are dependent in order to meet their obligations.

The need for a harmonised approach to sustainable biofuels

UPEI believes that the Directive must consider renewable fuels based on their environmental and climate performance, rather than on their feedstocks or raw materials. UPEI therefore calls for a **definition of 'highly sustainable crop-based biofuels'**; sustainable solutions should not be discarded only because of their feedstock.

While the limitation in the accounting of biofuels from food or feed crops might be effective to limit the use of some biofuels with adverse iLUC effects, such a cap should exclude the biofuels that by definition do not represent iLUC risks, and that are objectively sustainable according to the criteria set by this very same Directive.

Moreover, the decreasing limitation for the accounting of conventional biofuels will retrospectively undermine the business models that were put in place not only by the 2009 Directive, but also by the iLUC safeguards introduced in 2015. Such a move will, in turn, undermine confidence in the sustainability of the new measures that are now proposed, which require significant investments in order to succeed. **UPEI therefore calls for the maintaining of the limitation at a constant 7% throughout the 2020-2030 period, as new, advanced biofuels are developed and brought to market across all Member States, avoiding unilateral decisions.**

In addition, '**advanced biofuels**' should not be approved according to a list of feedstocks (Annex IX), but rather on the basis of a definition based on sustainability and GHG reduction criteria. This will ensure that the legislation safeguard past investments and is future-proof, allowing the integration of new developments. With a list approach, any flexibility to remove feedstocks recognised as advanced biofuels would only serve to undermine much-needed R&D efforts as well as investor confidence.

Risk of Regulatory Fragmentation and Inconsistency

UPEI would also warn against the **risks of regulatory fragmentation and inconsistencies** that could stem from some of the amendments proposed. UPEI members suffered – and continue to suffer – from the adverse effects of unintended contradictions in the current legislative framework, creating an overlapping and sometimes contradictory decarbonisation obligation of 7% by 2030 compared to 2020 (on the overall supply obligation) alongside the mandatory supply quotas, while requiring fuel suppliers to reduce life cycle greenhouse gas emissions per unit of energy from fuel and energy supplied by up to 20 % by 31 December 2030.

Multiple Counting

UPEI also warns against the possibility for individual Member States to introduce multiple counting based on products and powertrains since these can distort the market and disrupt the supply chain. **Any multiple counting measures should be introduced in all Member States on an equal basis** in order not to artificially alter the accounting for and the achievement of the supply obligations.

UPEI supports the adoption of strong incentives for the use of renewable fuels in the aviation and maritime sector. In an effort to further deploy electricity in the road sector, UPEI also calls for additional recognition of dedicated charging stations for electric mobility.

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