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## Renewable Energy Directive II - post 2020

***UPEI, the voice of Europe's independent fuel suppliers, calls for the RED II to provide a clear framework for the further promotion of renewable energy. It should adopt an inclusive approach, allowing all market players to contribute, including independent fuel suppliers, predominantly SMEs. This requires policies which facilitate solutions that are sustainable, technology neutral, empower the consumer, build on existing infrastructure and are not heavily dependent on subsidies.***

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, predominantly SMEs, cover more than a third of Europe's demand, and, therefore, play a vital role in an evolving energy market.

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 target for renewables, being the first to supply biofuels to Europe's energy 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. However, they need regulatory predictability and consumer demand as a guarantee for investments in the renewables sector. Equal access to funding is one of the prerequisites for independent fuel suppliers to be able to invest in the sector.

UPEI recognises the progress achieved in the renewable energy sector and the need for further development but stresses that these developments must be introduced in an inclusive manner, to allow *all* energy sources and players to contribute to future targets for renewables. Independent fuel suppliers are in a position to respond quickly and flexibly to new developments but need to have an appropriate timeframe for their implementation as well as investment security. UPEI therefore looks to the European Commission for robust evaluation of its proposals for the RED II, based on available data<sup>1</sup> in order to identify risks and avoid unintended consequences. Thus UPEI supports research and investments in advanced sustainable biofuels to secure the achievement of RED II goals without compromising other 2030 targets.

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<sup>1</sup> JRC Well to Wheel analysis of future automotive fuels and powertrains in the European context.

**Oil and its refined products are expected to remain a central feature in Europe's energy system**, as stated by the Commission in its Energy Roadmap 2050<sup>2</sup> and estimated by the International Energy Agency in 2015<sup>3</sup>. The JRC Well to Wheels analysis concludes that “no single fuel pathway offers a short term route to high volumes of low carbon fuels” and that a **mixed energy solution** is needed. This reality needs to be reflected in the new RED II proposals, in order to allow independent fuel suppliers to continue to bring security of supply and competition based on today's energy mix whilst adapting products to an increasingly low carbon demand.

**Technology neutrality is essential** to support an orderly transition, recognising the contribution that low-carbon liquid fuels can play in promoting renewables either through blending or hybrid technologies. Continuous improvement of renewable fuel quality is also playing an increasingly important part in clean energy solutions. This also takes account of **consumers' freedom of choice** and protects against energy market distortions. The role of the consumer must be central to energy and climate plans, if they are to succeed.

The Renewable Energy Directive (RED) has been successful in stimulating the market for renewables, in particular the introduction of biofuels. It has been effective as a policy driven process but its efficiency in achieving the objectives has been limited as it is not market driven. Therefore, UPEI is proposing **ten key points to be addressed in the RED II** (attached).

To conclude, UPEI calls for the RED II to provide a clear framework to promote renewable energy. It should adopt an inclusive approach allowing all market players to contribute, including independent fuel suppliers, largely SMEs. This requires policies which facilitate solutions that are sustainable, technology neutral, empower the consumer and build on existing infrastructure and are not heavily dependent on subsidies.

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

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<sup>2</sup> COM/2011/0885 final: “Oil is likely to remain in the energy mix even in 2050 and will mainly fuel parts of long distance passenger and freight transport”.

<sup>3</sup> IEA World Energy Outlook Special Report on Energy and Climate Change

## UPEI'S 10 POINT PLAN FOR THE RED II

1. UPEI stresses the need for **regulatory stability**, which is the basis for a secure investment environment in the renewables sector.
2. In order to achieve the EU-wide target of at least 27% for renewables by 2030, UPEI calls on the RED II to establish, at minimum, **common mandatory standards/measures** for Members States, providing them with incentives for reaching the common target, including in this transport sector.
3. The new RED II should **recognise the role that non-renewable energies** can play in bringing renewables to the market through blending and hybrid solutions (including in the heating sector) in the transition to a low carbon economy.
4. In the transport sector, biofuels are currently responsible for the highest cuts in GHG emissions. Therefore, UPEI believes that it is important to **promote appropriate rate of life cycle sustainable bio-components** in conventional fuels as this can have an immediate impact on cutting GHG emissions in the transport sector and reaching the 2030 renewables target.
5. UPEI calls for **clear definitions** on renewable terminology, in particular on advanced biofuels.
6. The existing, well-functioning infrastructure for the distribution of liquid fuels already delivers affordable, lower carbon, renewable fuels, notably in the transport sector. Representing multi-billion euro investments, this must be acknowledged as an asset, and recognised for its future potential as the market penetration of renewables increases. This means that in promoting renewables, the impact on existing distribution systems and infrastructure and the need for their adaptation must also be considered. This is essential to avoid additional costs and to preserve competitiveness and jobs in the fuel supply sector.
7. UPEI is of the position that widespread and unlimited subsidies will create distortions in the market. **Support for research, development and innovation** in the renewables sector (including sustainable advanced biofuels) is appropriate and necessary in order to stimulate investments and expand the market.
8. UPEI calls for greater **transparency** and asks the EU Commission to regularly disclose hidden costs and barriers, which are the result of the lack of harmonisation between Member States leading to market fragmentation.
9. UPEI underlines that the current methodology for **biofuels sustainability criteria** should be maintained, updated with new scientific evidence and developed as appropriate in the interest of consolidation and stabilisation.
10. UPEI calls on the European Commission to thoroughly evaluate its proposals for the RED II, notably with regards to affordability, competitiveness and sustainability, in order to identify risks and avoid unintended consequences.