

The Energy Union Strategy

The Union of European Petroleum Independents (UPEI) welcomes the Energy Union Strategy and its aim of delivering secure, affordable and sustainable energy to Europe's consumers. UPEI calls for competitiveness to be at the heart of the approach to achieving this goal. We support actions designed to fully integrate the European energy market and to promote energy efficiency as a key dimension of future policies.

On the transition to a low carbon economy, UPEI calls for an enhanced policy dialogue which recognizes the contribution of current and future energy sources, in order to guarantee a smooth and viable transition for Europe's households and businesses.

The Union of European Petroleum Independents (UPEI) welcomes the European Commission's Strategic Framework to set up an Energy Union, and fully concurs with the need to deliver a secure, sustainable, competitive and affordable energy supply to the EU's citizens and businesses. UPEI calls on the European Commission to take full account of the reality of the EU's energy mix when rolling out the initiatives listed in the Strategy.

Europe's independent fuel suppliers (both traditional and renewable) have been working towards achieving a more sustainable, secure and affordable energy supply for Europe for more than two decades, not only because of the commitment towards achieving Europe's energy and climate goals, but especially because it makes economic sense. The sector is convinced about the need to do more - especially in light of EU climate change ambitions and recent geopolitical developments - and supports the EU institutions in their efforts to develop appropriate policies and responses to these challenges. **It particularly welcomes the emphasis on the need for mainstreaming of energy efficiency into policy at all levels.**

However, **action must be based on a realistic approach which ensures the security and affordability of the energy system on the one hand and, on the other, its sustainability, with competitiveness remaining at the heart of each.** The energy market is a global one and the EU cannot afford to act in isolation.

Specifically with regards to the oil sector, the European Commission's Strategy sees the means to reaching its goals as "[moving] away from an economy driven by fossil fuels" which it qualifies as operating on a "centralised, supply-side approach" relying on "old-technologies and outdated business models". Yet **oil has never been cleaner than it is today and it continues to play a key role in Europe's broader economy given its diverse uses. In the decarbonized 2050 scenario, oil will remain part of the energy mix. If the sector is to continue to invest in even cleaner technologies, this reality needs to be reflected in a more balanced way.**

Oil has an established, diverse and secure supply chain supported by flexible market players, reliable strategic stocks and a complete supply infrastructure. All these investments have been paid for by the customer and this should be taken into account in the context of a policy of decarbonisation. The oil production pathway is already under great environmental scrutiny. In addition, Europe's dependence on oil imports is a source of extreme criticism, despite the economic benefits in terms of trade. But as alternatives are still being developed and given the highly ambiguous policy towards the exploitation of domestic, unconventional oil, the EU needs to provide a coherent answer as to how Europe's current and future demand for oil should be met in order to deliver on its ambitions about energy security of supply and affordability.

On the other hand, oil's dominance is being rightly challenged, but the way the transition towards a low-carbon economy is managed is critical for continued security of supply and

affordability. Decarbonisation is not in the hands of the oil market alone. It also requires major technological breakthroughs resulting in economically viable and more sustainable alternatives. New technologies need to be developed and promoted, supported by the market through technologically-neutral, coherent policies so as not to disrupt current fuel supplies. Until these products penetrate the market, oil will remain a central element of Europe's energy mix, in particular in the transport sector.

Independent oil suppliers must be recognised as part of the solution and not prised out of the market at any cost, given their knowledge of the market and the customer base. They offer a secure supply infrastructure and are already engaged in offering viable alternatives to oil, bringing openness, adaptability and competitiveness to Europe's energy supply. But to stay in the market and contribute their full potential, realistic decarbonisation scenarios and signals are needed that take account of investments of the past as well as those needed in the future. **A policy dialogue is needed that addresses the place of oil in Europe's energy mix in 2050 and beyond.**

UPEI fully concurs with the European Commission that "we have to move away from a fragmented system, characterised by uncoordinated national policies, market barriers and energy-isolated areas." **UPEI calls for the Energy Union Governance process to be the mechanism that promotes greater transparency on the hidden costs – borne by Europe's consumers and businesses – of the lack of harmonised implementation and enforcement of existing EU legislation by Member States.** The costs can be both economic (barriers to trade) and political (e.g. under-performance on targets).

The members of UPEI remain committed to support the development of coherent, stable and realistic policy options to reach the Energy Strategy's goals. UPEI looks forward to receiving further details on the initiatives to be proposed under the different dimensions of the Energy Union, and to contributing to the development of solutions to these common challenges. In doing so, UPEI emphasizes the importance of keeping market competitiveness not only at the core of the Strategy, but also as the foundation of the five dimensions of the Energy Union.

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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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