
System Integration and Hydrogen Strategies – positive steps towards carbon neutrality

UPEI and its members fully welcome the recently released Energy System Integration Strategy and the Hydrogen Strategy, which not only seek to create synergies across the European economy, but also to embrace a rapidly developing hydrogen sector and its underlying sustainable value chains.

There is no silver bullet on the road to climate neutrality, so developing synergies in various parts of the European economy will be crucial in reaching this ultimate goal. UPEI welcomes that the System Integration Strategy holistically identifies the many challenges that various sectors face in reaching greater circularity and energy efficiency levels. For instance, promoting the reuse of biological wastes and residue from the agricultural sector will be a key factor in achieving a sustainable and resilient European bioeconomy, and UPEI calls on the Commission to ensure that such reuse would be equally incentivised for the production of sustainable biofuels, such as advanced biofuels.

UPEI also welcomes the Hydrogen Strategy – the roadmap of a future European hydrogen economy. The Hydrogen Strategy seeks to set out extensive means of reaching massive volumes of renewable and low-carbon hydrogen. UPEI agrees that prioritising volumes, all the while ensuring rigorous and technology-neutral sustainability standards, will be essential to success. Moreover, it is welcome that the Commission will seek to incentivise both European and international supply chains, allowing this burgeoning industry to optimally use renewables in both Europe and its neighbourhood.

Similarly, UPEI particularly emphasises the important role that both strategies can play in helping decarbonise the transport sector, especially thanks to Power-to-fuels. This technology can be used for a myriad of applications, including the production of the so-called e-fuels, which have the advantage of being a drop-in solution for current fleets of vehicles, airplanes and ships, resulting in quick deployment and instant reduction of emissions.

The Hydrogen Strategy also recognises the urgent need to reform a wide range of EU legislative measures, such as the Alternative Fuels Directive, the Energy Taxation Directive and the Renewable Energy Directive, and UPEI agrees that eliminating many current inconsistencies would stimulate the effective uptake of alternative fuels and infrastructure. Additionally, proposing technology-neutral certification and sustainability criteria for renewable and low-carbon hydrogen would certainly allow for investments to be channelled to solutions that could provide business cases for drop-in solutions such as e-fuels, which could immediately result in CO₂ reductions in the transport sector.

On the other hand, while renewable hydrogen targets and quotas for certain end-use sectors such as aviation and maritime sectors may seem to be a tempting choice, UPEI warns that such an approach may inhibit the development of economies of scale, as these often require varied end-use cases and scenarios for them to exhibit their full cost-effective potential. This would be particularly limiting due to the continued need to advance technological and economic maturity of different technologies. Moreover, it would lead to investors negatively prejudging investments and research projects for technologies that would have been identified as those not most suited for a particular sector.

UPEI and its members, representing nearly 2,000 European importers and wholesale/retail distributors of energy for the transport and heating sectors, look forward to constructively working with the EU institutions and jointly working on making Europe's hydrogen story a reality.



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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.