
UPEI Position Revision of the CO2 standards for light-duty vehicles

Independent fuel suppliers have experienced a substantial impact on their business activities, as COVID-19 outbreak hit harshly fuels demand across Europe. This unprecedented challenge represents a pivotal opportunity to reshape the energy sector as we know it. To achieve this goal, an ambitious and stable policy framework is crucial. UPEI members are fully committed to provide flexible, affordable, and clean energy to consumers in order to meet Europe's short- and long-term climate objectives.

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 climate protection objectives, being the first to supply renewables to Europe's fuel 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. They have invested into hydrogen, biofuel, CNG/LNG, LPG refueling and electricity recharging points. However, they need regulatory predictability and consumer demand as a guarantee for investments in renewable and low carbon alternative fuels.

UPEI recommendations for the revision of CO2 standards for light-duty vehicles

General comments

UPEI calls for incentivising all technologies for reducing CO2 emissions from the road transport, by focusing on defossilising energy instead of promoting certain technologies. To do so, we suggest removing current limitations on the contribution of renewable and low carbon fuels in the design of the CO2 standards for vehicles.

We question the definition of zero emission vehicles used by the European Commission. While it has contributed to increase the energy efficiency of engines, with the ongoing diversification of powertrains it is time to move away from a tailpipe approach, towards an LCA/Well-to-Wheel approach, to guarantee a level-playing field. In the meanwhile, regulatory bridges such as a new mechanism that encompasses the contribution of sustainable renewable fuels when determining manufacturers compliance with their CO2 emission targets, are needed.

Concrete proposal for a crediting system

A carefully designed and voluntary system to account for the contribution of renewables and low carbon fuels can boost synergies, create more options for compliance and avoid negative effects:

- This system could boost the availability of renewable and low carbon fuels (RLCF), by creating a stable, long-term secured market, which would lead to increased volumes for other modes such as maritime and aviation.
- Double counting can be avoided through the establishment of a tracking system in line with the Renewable Energy Directive (REDII).
- It is a common and globally recognised practice to count emissions produced from the combustion of renewable fuels as zero.
- Full coherence with REDII, regarding the definition of eligible fuels and sustainability criteria, should be ensured.
- The price of RLCF will decrease but remain higher than conventional fuels, therefore maintaining a strong incentive for energy efficiency improvement. Similarly, it would not affect OEMs incentive to place electric vehicles on the market as they cannot meet their target without it.
- This system would leave the division of responsibilities between fuel producers and OEMs untouched, but provide a mechanism to ensure a variety of vehicle types remain on the market.

Emission reductions from road transport cannot be achieved at the speed required by the climate emergency simply by improving the performance of new vehicles. Accelerating the production of renewable and low carbon fuels with the continued development of a range of new vehicles optimised for these fuels, can have a climate-positive impact today via the existing and future vehicle fleet, for light-duty but also heavy-duty vehicles and other applications such as aviation and maritime transport.

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 to make Europe's climate policy a success.

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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.