
UPEI Position Amendments to the Renewable Energy Directive

Independent 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 renewables.

UPEI members are committed to the EU climate objectives and have developed their own [2050 vision](#) which outlines short and long-term recommendations for a carbon neutral society and highlights their own contribution. In a context of peaking energy prices, it is crucial to follow the path of the energy transition while mitigating adverse effects on consumers and businesses alike.

After a decade a regulatory uncertainty, investments into renewable energy have stagnated, resulting in slow market penetration. It is therefore urgent to give a strong push to sustainable renewable fuels to fully reap their CO₂ benefits, by establishing a favourable and practical framework and addressing market barriers¹.

UPEI KEY RECOMMENDATIONS

- **Establish parallel sub-targets for advanced biofuels and RFNBOs for the road transport sector specifically, to boost investment and avoid a shift of renewable volumes from road to the aviation and maritime sectors;**
- **Remove the 7% cap on food and feed crops based biofuels now that strong ILUC and sustainability criteria are in place;**
- **Remove the 1.7% cap on biofuels produced from Annex IX Part B feedstocks as it is no longer relevant nor necessary;**
- **Delete the obligation for companies to publish information on the geographic origin and feedstock type of biofuels, bioliquids and biomass fuels per fuel supplier as this is commercially sensitive, while providing this information to the consumer through national authorities;**
- **Support proposed amendments to the Fuel Quality Directive and promote higher blending rates in petrol and diesel as a low hanging fruit for emission savings.**

Please find more details on UPEI policy recommendations in continuation.

¹ See report: [Obstacles to achieve an internal market for transportation fuels with bio-components](#)

Targets for the transport sector

While UPEI supports the overall increase in ambition in the transport sector, we have concerns over the likely shift of volumes of renewable fuels from the road transport sector, where there are used today, to the maritime and aviation sectors. Given the clear pathway provided in the RefuelEU aviation and FuelEU maritime proposals, as well as the 1.2 multiplier for these sectors, most volumes of advanced biofuels and RFNBOs are expected to be driven away from the road sector. However, these volumes are needed to decarbonize road transport as well, in particular the existing fleet. Fuel suppliers which operate in the road transport sector, and not in the aviation and maritime sectors, need all solutions to comply with the 13% GHG reduction target.

UPEI therefore proposes the **establishment of parallel sub-targets for advanced biofuels and RFNBOs for the road transport sector specifically**, to boost investment and avoid a shift which would bring no climate benefit. A recent analysis from [Imperial College London](#) confirms sustainable biomass will be available in sufficient quantity to produce 46 – 97 Mtoe for 2030 and 71 – 176 Mtoe for 2050 of advanced and waste-based biofuels. Similarly, recent studies² based on electrolysis projects show that RFNBOs could be produced in adequate volumes by 2030, in line with an even beyond the objectives of the European Hydrogen Strategy. With the right regulatory framework, these renewable fuels could be produced in sufficient volumes to supply the road, aviation and maritime sectors.

Caps

For various reasons, caps or maximum thresholds were set in previous versions of the Renewable Energy Directive, for biofuels produced from food and feed crops, and from Annex IX part B feedstocks.

Regarding food and feed crops-based biofuels, a number of safeguards have been introduced:

- The ILUC (Indirect Land Use Change) Regulation set out criteria for identifying high indirect land-use change-risk feedstock, for which a significant expansion of the production area into land with high carbon stock is observed.
- The REDII introduced a progressive phase-out of the use of the high ILUC risk biofuels, bioliquids and biomass fuels by 2030.
- In parallel, strong sustainability criteria are in place, including GHG emission saving criteria ensuring that food and feed crops-based biofuels reduce emissions by at least 65% compared with the fossil fuel comparator.
- Regular European Commission Renewable Energy Progress Reports found that no correlation had been observed between food prices and increased biofuel demand.

For all these reasons, we believe that the 7% cap on biofuels produced from food and feed crops is no longer relevant nor necessary. **UPEI proposes to remove this cap, or at least to maintain the cap at 7% as a flat upper limit for all Member States, while providing Member States with possibilities to derogate upwards and downwards, depending on their individual energy mix.**

Regarding biofuels produced from Annex IX part B feedstocks, a number of safeguards have been introduced:

² see <https://nkro22cl16pbxrzrpy39bezkw-engine.netdna-ssl.com/wp-content/uploads/2021/05/Aurora-Hydrogen-Service-HyMAR-Press-Release-Slides.pdf> ; https://www.now-gmbh.de/wp-content/uploads/2020/09/181204_bro_a4_indwede-studie_kurzfassung_en_v03-1.pdf

- The EU database, which role is enhanced by the Commission proposal, will soon guarantee the full traceability of waste-based biofuels, and prevent fraud.
- The double counting of waste-based biofuels provided for in REDII is now proposed to be lifted.

For these reasons, the 1.7% cap on biofuels produced from Annex IX part B feedstocks is no longer justified. UPEI therefore proposes to remove this cap.

Removing these restrictions will fully unleash the potential of sustainable biofuels and their contribution to reaching the newly proposed targets. It will also encourage investment and innovation for e.g. the further reduction of the GHG footprint of these fuels.

Reporting and verification

The Commission proposal includes an amendment (article 1 paragraph 20 b) setting that *“Information about the geographic origin and feedstock type of biofuels, bioliquids and biomass fuels per fuel supplier shall be made available to consumers on the websites of operators, suppliers or the relevant competent authorities and shall be updated on an annual basis”*

This information is considered as being a company secret and is commercially sensitive. As a result, there should be no obligation for operators and fuel suppliers to make this information available at the level of individual companies. However, we are not against making this information available to consumers if consolidated at national level by competent authorities. UPEI therefore proposes to modify this provision accordingly.

Amendments to the Fuel Quality Directive

UPEI strongly supports the deletion of the FQD articles 7a to 7e, as well as the removal of duplicating reporting obligations³.

We also support the further **promotion and roll out of higher renewable rates in blends with petrol and diesel**, in accordance with the existing standards. E10 (maximum 10% ethanol content) and B10 (maximum 10% FAME content) should be rolled out promptly across Europe to harness their GHG savings potential and their ability to decarbonise the existing vehicle fleet. While it may be justified to keep B7 as protection grade in certain cases, it should be an obligation for retail stations marketing B10 only where technically feasible. Otherwise, retail stations should remain free to market either B7 or B10 depending on their customers' needs and demands. Indeed, providing two diesel grades on the forecourt, in addition to other products, requires tanks and piping work and related costs and space implications, which is not possible at all retail stations, especially the smaller ones.

In parallel, high blends with paraffinic renewable fuels, such as HVO, which present no compatibility issue at either vehicles or distribution infrastructure levels, should be further promoted.

Calculation method

Since both renewable electricity and renewable fuels replace the use of fossil fuels in an internal combustion engine, the same comparator should be used across the board. Specific fossil fuel

³ More details here: <https://www.upei.org/library/download/1304/978/17?method=view>

comparator of 183 g CO₂eq/MJ for renewable electricity is arbitrary and artificially inflates the contribution of renewable electricity.

UPEI therefore proposes that **the same fossil fuel comparator EF(t) of 94 g CO₂eq/MJ as set out in Annex V of the REDII should apply when calculating GHG savings for all energy carriers including electricity.**

E-fuels

In order to achieve the ambitious targets for RFNBOs set out in the proposal, a massive increase in renewable hydrogen production is necessary, and this relies on a supportive regulatory framework. The requirements to prove "additionality" imposed by RED II, which are the sole responsibility of hydrogen producers, are the main regulatory barrier hindering the deployment of renewable hydrogen in Europe. In addition, these criteria lead to significant distortions of competition and discrimination, affecting not only hydrogen production but also renewable energy producers.

UPEI therefore suggest **reworking the provisions on additionality and temporal correlation for RFNBOs production** (current article 27), to kick start production at large scale.

Heating

The current proposal focuses on electrification and district heating as the sole solutions for the uptake of renewables in the heating & cooling sector. We call for adopting a technology open approach, allowing additional renewable heating solutions delivering a more user-centred transition and providing every household with the most appropriate and affordable solution⁴, to compete. UPEI therefore suggests **removing the reference to "fossil heating systems" in article 1 paragraph 12**, which could lead to arbitrary technology bans. Most importantly, this notion is conceptually incorrect: there is no such thing as a fossil heating system, as it depends on the type of energy used, and most heating systems powered by fossil fuels today can be partially or totally powered by renewable sources⁵.

Regulated entities

The Commission proposes to remove the provision stating that "*Member States may exempt, or distinguish between, different fuel suppliers and different energy carriers when setting the obligation on the fuel suppliers, ensuring that the varying degrees of maturity and the cost of different technologies are taken into account.*"

We believe that it is important that **Member States keep the possibility to differentiate among small and large companies, producers and independent suppliers**, depending on market characteristics. UPEI therefore calls against deleting this provision.

Concluding remarks

It is essential that the obligations arising from the RED review and their impact on industry and consumers be examined not in isolation but together with other 'Fit for 55' proposals, including proposals for the revision of the Energy Taxation Directive and the Emission Trading Scheme for road transport and buildings. Negotiations should be conducted with a view at the entire package to avoid regulatory inconsistencies, maximise synergies and guarantee the most cost-effective achievement of the objectives.

⁴ More details here: <https://www.upei.org/library/download/942/316/17?method=view>

⁵ More details here: [flyer field tests 2021 es.pdf](#)

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.