

## UPEI Position Amendment of the Regulation setting CO<sub>2</sub> emission standards for cars and vans

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. 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.

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. 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 calls for incentivising all technologies for reducing CO<sub>2</sub> 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 CO<sub>2</sub> standards for vehicles in a technology open manner.

We have serious concerns about the definition of zero emission vehicles used by the European Commission and the de facto ban of the internal combustion engine (ICE) with the proposed 100% target by 2030. 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.

### UPEI recommendations for the revision of CO<sub>2</sub> standards for light-duty vehicles

- It is important to already lay the conditions for switching from an approach focusing solely on tailpipe emissions to an approach that also considers the nature of the energy powering vehicles on a "well-to-wheel" basis in the short term, which could then include the account of production and end-of-life emissions of the vehicles.
- In the meantime, a mechanism encompassing the contribution of sustainable renewable fuels (i.e. sustainable and advanced biofuels, synthetic fuels (eFuels) and recycled carbon fuels according to the Renewable Energy Directive) when determining manufacturers compliance with their CO<sub>2</sub> emission targets is needed.
- Such mechanism could take the form of a crediting system, by which car manufacturers can voluntarily use additional volumes of sustainable renewable fuels to comply with their fleet emission reduction targets.

Please find more details on our proposals in continuation.

## Why the contribution of renewable and low carbon fuels should be recognised in the CO2 emission standards for cars and vans

- It would establish the principle of technology neutrality;
- By allowing multiple solutions to compete, it would maximise the efficiency and the cost effectiveness of the energy transition;
- Sustainable and renewable fuels can complement the EU's efforts on electrification of cars during the transition to zero-emission mobility until favourable conditions for battery-electric and hydrogen mobility are not fully and equally in place across all EU Member States.
- It would hasten emission reductions, by taking advantage of additional and immediate CO2 savings that renewable and low carbon fuels could achieve;
- It would provide a sustainable option to those who cannot yet afford electric vehicles, typically small businesses, medium and low-income families, especially in many Central, Eastern and Southern EU countries, or those for which they would not suit the need due to constraints related to geography, climate or use patterns;
- It would provide an attractive business case for producers of renewable fuels and customers and foster investment, which are urgently needed to scale up production of sustainable renewable fuels. It would be complementary to the Renewable Energy Directive (RED), which focuses on the supply side of fuels, by fostering demand in the light duty vehicle segment. Road transport can play a critical role as a lead and already regulated market could promote the swift scale up these fuels for the benefit of aviation and maritime.

### Consideration around availability

The technology to produce renewable fuels, including biofuels and synthetic fuels is available and ready use. Various studies quantify the potential for production of sustainable renewable fuels, e.g. Concawe, a fuel research institute, projects sufficient volumes to realise climate neutral transport on roads and to supply half of the fuel needed for aviation and shipping by 2050, building on biomass and production of synthetic fuel<sup>1</sup>. What is more, renewable fuels are easy to store and transport, and can be distributed through the existing infrastructure.

Production of sustainable renewable fuels and investments therein are primarily governed by political and regulatory decisions, which is currently limited by the design of the CO2 standard for vehicles. The introduction of the proposed mechanism in the CO2 fleet regulation could make a substantial difference by creating a business case complementing the rigid quota in the RED with its dependence on subsidies from public budgets.

### A forward-looking mechanism

A balanced mix of strict CO2 emission standards and a level-playing field among all emission-reduction technologies will have the most positive impact on the climate. To determine the real contribution to climate protection a technology can make, the carbon footprint of a vehicle must be assessed over its entire life cycle.

A mechanism such as a crediting system for renewable fuels is a first step towards such a life-cycle approach. It can maximise emission reduction at low cost, boost the production of renewable fuels and generate jobs. It avoids over-reliance on one technology option, reduces

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<sup>1</sup> [Concawe, Sustainable biomass availability in the EU, to 2050](#)

the need for expensive subsidies and allow to use of multiple solutions to achieve climate targets, irrespective of the end use sector.

Proposals for the practical implementation of such a crediting system are ready to use and available, in particular the report '[Crediting System for Renewable Fuels in EU Emission Standards for Road Transport](#)' by Frontier Economics, a consultancy, and Flick Gocke Schaumburg, a law firm, from May 2020, drafted for the German Federal Ministry for Economic Affairs and Energy (BMWi).

### Concluding remarks

It is essential that the obligations arising from the CO2 emission standards 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 Emission Trading Scheme and the RED. 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.

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.