

KEY DIMENSIONS OF THE ENERGY UNION

Energy security, solidarity and trust

How does UPEI contribute to securing Europe's energy supply?

UPEI's members are fuel suppliers that are independent from the major oil producers. These companies contribute towards Europe's energy security by bringing diversification to the supply of refined petroleum products to Europe's consumers by importing products from third countries, as well as sourcing them from European integrated refining companies. With regards to imported products, these can be purchased from a wide range of countries, choices being dependent principally on market conditions, thus ensuring competitive prices and the possibility to adapt supply routes in the event of crises or geo-political instability. As these companies are only involved in downstream fuel supply and distribution, independent companies can respond very rapidly to changes, be they political or economic, and therefore, have a major role to play, particularly in times of instability.

A fully integrated European internal energy market

What is needed for an integrated European energy market?

UPEI fully concurs with the need to focus on the effective implementation of existing legislation as well as its enforcement at national, regional and local levels. UPEI particularly calls for enhanced cross border monitoring of implementation and enforcement in order to bring transparency to the hidden costs that are borne by businesses due to inconsistencies in approach between Member States.

UPEI believes in the need for an integrated European energy market, which respects the principles of equal and fair competition and free market economics. It is essential to ensure a level playing field between Member States in order for businesses to operate effectively throughout Europe, bringing competition and economies of scale. This is particularly important for independent fuel suppliers who are largely SMEs and are particularly vulnerable to legislation, which creates excessive financial pressure or administrative burdens.

Energy efficiency contributing to moderation of demand

How to ensure that the most valuable resource of energy efficiency is fully tapped?

UPEI fully endorses the European Commission's identification of energy efficiency as a key priority for Europe. All available energy resources should be treated with respect and used sustainably. This not only concerns the moderation of demand, i.e. reducing our overall consumption of energy by limiting wasteful practice but also by finding the most efficient technologies.

The promotion of new energy efficient solutions through innovation and development is one path to follow. Another is the promotion of energy efficient solutions that are currently available and that maximise the impact of existing investments and available infrastructure. In

this respect, hybrid solutions which combine the benefits of renewables with the security of traditional fuels should be considered, particularly with regards to the heating sector. Until there is a technology breakthrough with regards to electricity storage, heating oil remains a real and flexible alternative that can be supplied in combination with renewable sources, guaranteeing affordable security of supply to millions of households across Europe.

Such an approach is compatible with Europe's ambitions to move towards a low carbon economy with an Energy Union that can provide a secure supply of energy that is affordable and sustainable. It also respects the essential principles of competition, consumer choice and technology neutrality.

Decarbonising the economy

UPEI as a partner in the transition process.

Independent fuel suppliers, represented by UPEI, are essential partners in the transition to a low carbon economy, notably in the transport sector. Being the closest to the consumer in the fuel supply sector, UPEI members are in a unique position to respond to today's transport sector challenges. They have been at the forefront of the introduction of alternatives to oil products in Europe, including biofuels, requiring significant investments to adapt infrastructure and distribution systems. These investments are continuing, as is the diversification of alternative fuels being supplied.

In order to safeguard and optimise the independents' continued contribution to the transition to a low carbon economy in Europe, UPEI stresses the need for new policies to have regard to the reality of markets. Substitution of oil should not be artificially imposed on consumers (or suppliers), at any price. It must take account of past investments, the maturity of alternative solutions as well as respect technology neutrality in order for demand to be met with affordable and competitive products on the basis of a level playing field. On the other hand, oil is particularly well placed to be combined with alternative energies (e.g. blending in transport fuels and hybrid solutions in the heating sector in combination with enhanced efficiency of engines) and should therefore, be recognised as part of the solution towards a European economy that wishes to achieve a sustainable and competitive energy supply.

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.