

Energy Union Governance The need for a balanced and proportionate framework

UPEI, the voice of independent fuel suppliers in Europe, represents European importers and wholesale/ retail distributors of refined petroleum products and their alternatives, supplying Europe's customers independently of the major petroleum producers.

Since the publication of the Framework Strategy for a Resilient Energy Union in February 2015, UPEI has consistently supported the Commission's work to roll out its Strategy. UPEI believes that having a well-designed Governance Framework is indeed of paramount importance, especially when it comes to setting a positive investment climate, and ultimately ensuring the success of the Energy Union as a whole.

As regards the Energy Union Governance, UPEI fully welcomes the Commission's intention to translate the five dimensions of the Energy Union, together with its specific objectives, into national plans for the 2021-2030 period to be developed by Member States. Representing members from across the EU, UPEI recognizes the need to give flexibility to Member States when they implement EU policies and legislation in view of attaining our common goals and objectives.

Nevertheless, UPEI warns that such flexibility should not contribute to the regulatory fragmentation that many market players face today across the EU, causing market barriers and distortions. This is essential if a true internal energy market is to be achieved across the EU for all products. While each Member State must be given the option to adapt EU legislation to its own specificities, transposition and, in particular, implementation of EU legislation must be assured in a coherent manner across the EU. This is not always the case today.

We have already seen evidence of protectionism in the way that certain Member States have implemented the EU targets on renewable energy in transport, notably in the biofuels market. There are many other initiatives by Member States that have a direct impact on the competitiveness and security of fuel supply in Europe. A recent example is the French obligation on fuel suppliers ensure that 5% of petroleum products supplied are transported under the French flag. There are others.

Market operators can only play their full roll in achieving EU energy policy objectives on the basis of a level playing field across Europe. This must be considered when appraising the degree of flexibility that Member States should be allowed to determine cost effective policies for achieving agreed EU objectives and targets.

UPEI therefore calls on the Commission and Member States to use the Energy Union Governance as an opportunity to create the instrument to monitor how EU legislation is implemented and enforced by Member States. This would provide the means to identify imbalances, in particular those that lead to market distortions between Member States. UPEI believes that this is a

necessary counterbalance to the flexibility for Member States that the Energy Union Governance foresees.

Furthermore, in the transition towards a low-carbon economy, UPEI emphasizes that the principle of technological neutrality must remain at the core of the Energy Union Governance framework. Ensuring a level playing field for all available technologies will not only avoid market disruptions, but will also contribute to a more competitive and innovative European Energy Union. UPEI therefore calls on the Commission and Member States to guarantee market openness to all technologies and solutions that can demonstrate a contribute to the achievement of the EU energy and climate objectives.

UPEI welcomes the intention of the Commission and Member States to ensure that the national energy and climate plans will be developed in a transparent and open fashion, ensuring consistency with the objectives of the Energy Union Strategic Framework and facilitating the full consolidation of the European internal energy market for *all* energies.

Lastly, UPEI commends the Commission's efforts to streamline energy and climate reporting obligations. Our experiences point out that the effectiveness of EU legislation can be undermined by disproportionate – or even unachievable – reporting requirements, both for Member States and market operators. For that reason, we call on the Commission to propose energy and climate monitoring and reporting systems that ensure the full implementation of Energy Union initiatives while avoiding imposing additional burdens on companies (especially SMEs) and public authorities.

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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.

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