UPEI

Union Pétrolière Européenne Indépendante
Union of European Petroleum Independents

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Directive on the Deployment of Alternative Fuels Infrastructure

UPEI, the Union of the European Petroleum Independents, represents the independent downstream oil sector, principally SMEs whose main business is to source and supply oil and other energy products in Europe.

In light of the adoption by the Council of the European Union of the Directive on the Deployment of Alternative Fuels Infrastructure on 29 September, UPEI wishes to draw attention to the challenges that this legislation brings, and to confirm its intention to engage constructively with all parties to meet these challenges, whilst taking account of the cost implications and the evolution of the fuels market in Europe.

UPEI recalls that currently alternative fuels represent only 6% of the transport fuel market[1]. The transition towards a greater uptake of alternative transport fuels does not depend uniquely on the development of infrastructure. This must be paced with increased consumer acceptance as well as the maturing and availability of the alternative fuels themselves.

Independent fuel suppliers and retail stations have always been proactive and quick to respond to new challenges and market requirements. Independent oil companies were at the heart of the introduction of biofuels at the pump, facilitated by the fact that no new infrastructure was required. However, the deployment of the alternative fuels directive comes at a time when independents are already facing the ever increasing challenges of, on the one hand, improving fuel quality and on the other, reducing oil consumption. Whilst the new directive provides a clear policy direction, consumer demand and technology neutrality remain key forces which will determine SMEs' ability to access investments to turn the infrastructure from policy to reality. Without consideration for these factors which will be key in determining the sustainability of the new alternative fuels, the capital investments required will be high risk and potentially crippling in particular for SME suppliers.

Alternative fuels often require distribution and storage requirements that differ from those in place for conventional fuels. Many independently owned service stations are not able to accommodate the addition of multiple grades of diesel and petrol, let alone the addition of alternative fuels without substantial investment throughout the supply chain. This should also be seen in the context of a number of EU countries where an established decline in the number of service stations has been identified – a reflection of the current pressures on the fuels market.

UPEI calls for the need to address the medium and long term sustainability of the various fuel options that are promoted as well as consumer behaviour and demand if major progress is to be achieved in the implementation of this directive. Market trends are essential to assess which alternatives are the most likely to succeed in order to avoid unintended costs and burdens for both suppliers and consumers

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[1] COM(2013) 17 final "Clean Power for Transport: A European alternative fuels strategy"