



# DELIVERING AN AGILE, JUST, AND EQUITABLE TRANSITION

**UPEI** EXPECTATIONS  
FROM AND OFFERS  
TO THE NEW EU  
PARLIAMENTARY TERM  
**2024-2029**

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# EXECUTIVE SUMMARY

Based on the international commitment agreed at the COP 28 in December 2023, UPEI pleads for an agile, just, and equitable transition to be the basis for the EU's energy policy over the EU parliamentary term 2024-2029.

## AN AGILE TRANSITION

Two major aspects should be considered:

- » To promote a strong investment framework supporting innovation in all carbon neutral technologies, the relevant programmes put in place by the EU to support a large area of renewable energies transport infrastructures or carbon capture and storage should be completed to cover advanced biofuels and e-fuels which currently hardly benefit from any EU support. In this respect, full usage should be made of the Net-Zero Industry Act (NZIA) and framework investment conditions should be given priority over public subsidies.
- » Relying solely on electrification of the vehicle fleet is not sustainable, competitive, or even strategic, particularly in a context of insufficient infrastructure. On the contrary, diversification in energy sources, including hydrogen and advanced biofuels and e-fuels, is crucial to meet CO2 reduction goals: such fuels can be immediately used for existing internal combustion engines (ICE), sometimes with minor technical modifications.

## A JUST TRANSITION

UPEI proposes to act in four areas:

- » For energy distributors: ensure full implementation and application of existing EU legislation, and complement it only if clearly justified to reach the 2040 targets.
- » For consumers: support to energy efficiency and carbon neutral technologies in buildings, to make them affordable.
- » As regards infrastructure, support to optimisation and conversion of energy supply transport infrastructures, notably via the Alternative Fuels Infrastructure Regulation (AFIR) and permitting rules, to make the carbon neutral fuels available to customers.
- » Support to training of energy distributors' staffs and of their customers, to make these new energy products understandable.

## AN EQUITABLE TRANSITION

A clear level playing field should be provided to all actors by consolidating the unicity of the EU internal market. Three elements should be considered in priority:

- » Consolidate the fuel (fleet) cards legal framework by ensuring the consistent application of legislation and guidelines (e.g. Payment Services Directive (PSD2), EU VAT committee's guidelines issued in September 2023).
- » Provide a future-oriented revised Energy Taxation Directive (ETD), focused on the energy content of fuels and their environmental performance, replacing a purely volume-based approach, and consistently implemented at national level.
- » Ensure that national schemes that protect vulnerable consumers from peak energy prices do not create distortions between EU Member States or between actors in the production and distribution chain.

UPEI welcomes several proposals contained in the Political Guidelines for 2024-2029 presented on 18 July to the European Parliament by the European Commission President-elect Ursula von der Leyen, notably her proposal for an Industrial Deal completing the Green Deal, her focus on the Internal Market, investments, technology neutrality and her proposal to hold regular dialogues on implementation with stakeholders. **We stand ready for such dialogues.**



# INTRODUCTION AND CONCLUSIONS

**With this policy paper, UPEI, the voice of the independent fuel suppliers' sector in Europe since 1962, aims to play a pivotal role in shaping the EU energy, climate, and economic policies over the new parliamentary term (2024-2029). We want to demonstrate our commitment to keep build upon the pieces of legislation born in the previous legislative mandate, such as the Climate Law, the "Fit for 55" and gas packages, as well as "REPowerEU", and to provide constructive proposals to take the Green Deal forward, addressing any shortcomings and demonstrating that industry interests and well defined climate policies are in no contradiction; quite on the contrary, they can be perfectly complementary.**



Independent fuel suppliers represent some 30% of the EU fuel market share. With our 1800 companies, 84,000 employees, 15,000 lorries, 21,000 service stations, 1000 depots and 30,000,000 cubic meters storage capacity, we are an essential element of the energy eco-system in Europe. As independent suppliers, we are not biased by a single offer of liquid fuels: on the contrary we are re-purposing our entire infrastructure to be able to offer all low and carbon neutral energy products. As essentially small company suppliers, we are close to the final consumers in both transport and heating: we can provide them with the most accurate information on the new energy sources and discuss their needs, without promoting any source specifically.

A competitive European economy heavily depends upon a competitive and sustainable energy sector. Such competitiveness, in turn, relies on the ability to attract investments, mostly enlightened by legislative certainty. It is in this sense that UPEI underlines the importance of drafting, developing and deploying an ambitious, coherent and predictable energy and climate policy frameworks at EU level.

According to a [report](#) issued in April 2024 by the United Nations' World Meteorological Organization (WMO) and the European Union's climate agency, the Copernicus Climate Change Service, Europe is the fastest

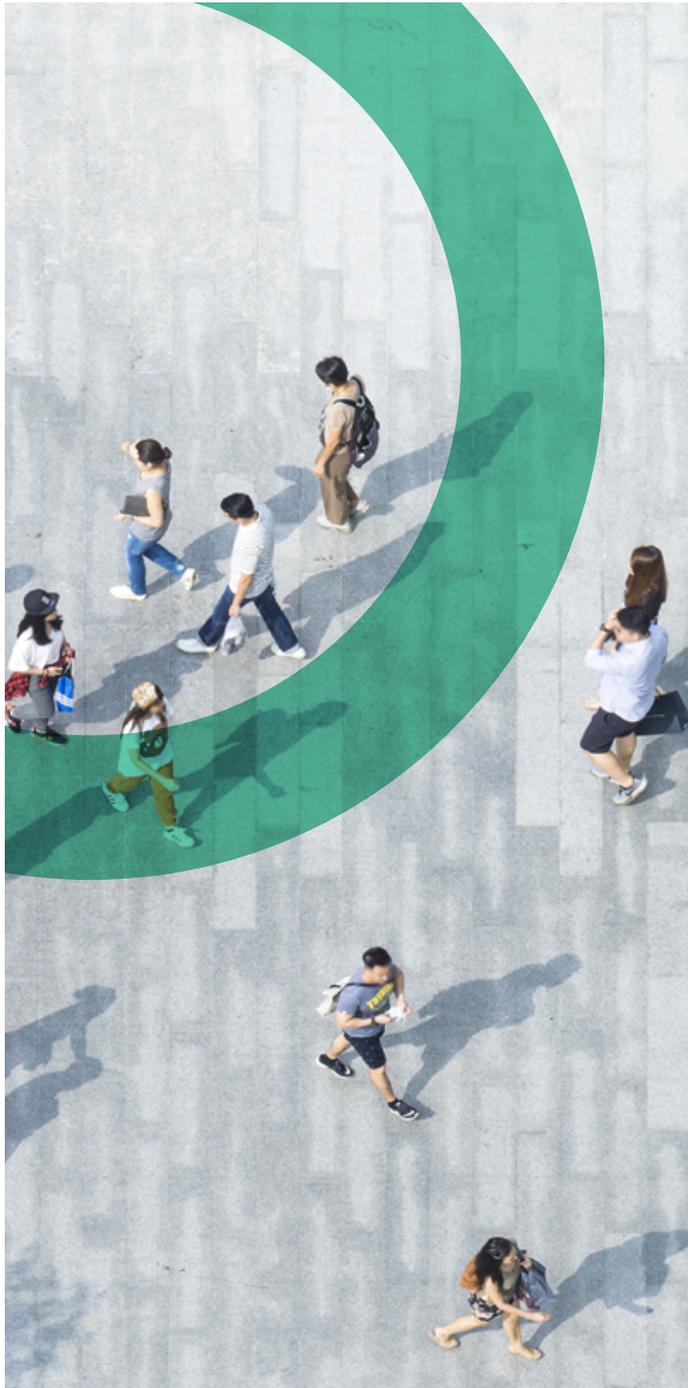
warming up continent, with extremely costly consequences - analysed by the European Environmental Agency in its March 2024 climate risk assessment.

Further fragmentation or radical shifts in EU policy-making should be avoided at all costs, as it would both endanger the functioning of the Internal Market and considerably weaken the capacity of the EU and its Member States to act at international level (e.g. Conference of the Parties - COP - or public energy contracts negotiations).

In this respect, the energy transition trajectory must continue to be defined at EU level, and the 2030 and 2040 milestones towards the 2050 carbon neutral objective implemented or designed in application of the 2015 Paris Agreement commitments. The energy sectors - and ours in particular - absolutely need long-term predictability to be able to finance the considerable investments, notably in infrastructures, required by the energy transition.

On the other hand, flexibility must become central in the execution of this trajectory. EU legislation must offer more freedom in terms of choice of technologies as long as they contribute to climate neutrality and in the way it is implemented at Member States level, while always ensuring the integrity of the Internal Market.





### In conclusion, UPEI wants to underline the following:

- » UPEI members - as independent energy suppliers - provide an existing energy infrastructure that is easily, safely, and affordably adaptable to most carbon neutral solutions, including biofuels and e-Fuels. They are also close enough to their customers to provide them with the necessary information and training to embrace the transition according to their geographies and specific needs.
- » More than ever, the challenges posed to European citizens and businesses by the climate change and geopolitical uncertainties impose a stronger cooperation at EU level. The security of energy supply and of raw materials necessary for the energy transition have become a major element of EU Member States sovereignty and their economies' competitiveness. At the same time, opportunities to cooperate with (non-EU) European neighbours and with international partners willing to do so must be further explored and developed so as to ensure the diversification of supply sources, vital from an economic, technological and geopolitical point of view. The future revision of the Oil Stocks Directive of 2009 will provide an opportunity to discuss in depth these matters.
- » Technology neutrality and clear market rules should be central to these and any upcoming discussions, if the EU truly wants to secure its place as a global economic player and ambitious advocate for net-zero.

UPEI created in 2023 an Energy Transition commission aiming to analyse and propose solutions to all obstacles posed - and grasp all opportunities offered - by this fundamental shift in their ecosystem. It will share the outcome of its work, including case studies reflecting market realities and perspectives, with other stakeholders. Particularly, it will

- » Intensify its cooperation with other European associations, including customers associations, and all independent suppliers.
- » Further develop its dialogue with the EU institutions, in a more pro-active manner, seeking for reliable transparent political decisions that give stability to the market and reduce complexity.
- » Approach and cooperate with Members States that are opened to promote all climate neutral energy solutions and to implement EU legislation with the flexibility required by their respective national situations.
- » Align the efforts of our [other commissions](#) with the UPEI Energy Transition commission's activities, to ensure that all streams of our work are motivated by our intrinsic ambition to contribute to decarbonisation.

# DETAILED PAPER

**In its press release of 13 December 2023, the United Nations Climate Change Conference (COP28) informed that it has reached an agreement “that signals the “beginning of the end” of the fossil fuel era by laying the ground for a swift, just, and equitable transition, underpinned by deep emissions cuts and scaled-up finance”. Based on this international commitment, UPEI pleads for an agile, just, and equitable transition to be the basis for the EU’s energy policy over the next five years.**

## **I. AN AGILE TRANSITION ENSHRINE THE TECHNOLOGY NEUTRALITY PRINCIPLE IN ALL EU ENERGY, CLIMATE, BUILDINGS- AND TRANSPORT-RELATED POLICIES.**

To the word “swift” that essentially refers to “speed”, UPEI prefers the word “agile” that adds to this notion more precise elements, such as “flexibility” and “adaptability”, equally important for the success of the energy transition.

The overall energy and climate policy should continue to build on the EU’s international commitments enshrined in the 2015 Paris Agreement and its annual international follow ups at the COP. This is the only way to guarantee the same international level playing field and therefore to promote European industry’s competitiveness.

The EU legislation should avoid the exclusion of any technology or fuel that drives towards achieving these commitments. The principle of technology neutrality should be systematically applied throughout the EU legislation and, where it is not yet, included at the time of the revision of this legislation. The first opportunity to do so will be the revision of the EU Climate Law to define the legal framework around the 2040 emission reduction targets, and their inclusion within new and

existing legislative elements. This moment will be key to ensure a robust framework as the baseline for ambitious, yet pragmatic, EU environmental policy in the next five years.

### **– Promoting a strong investment framework supporting innovation in all carbon neutral technologies.**

The International Energy Agency (IEA) has analysed in its 2023 Net Zero Roadmap<sup>1</sup> that 4.5 trillion USD per year are required until 2030 to limit global warming within 1.5°C: this highlights the fact that a favourable investment environment is key for the energy transition.

Over the last parliamentary term (2019-2024), specific programmes have been put in place by the EU, supporting a large area of renewable energies (wind, solar, hydrogen) and transport infrastructures or carbon capture/storage.

These programmes should be maintained and developed where necessary but should also be completed to cover advanced biofuels and e-Fuels which currently hardly benefit from any EU support. In this respect, full usage should be made of the Net Zero Industry Act (NZIA) since RFNBOs<sup>2</sup> and Sustainable

<sup>1</sup> <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

<sup>2</sup> Renewable Fuels of Non-Biological Origin



Alternative Fuel Technologies have finally been included in its scope. To ensure a fair level-playing field, framework investment conditions should be given priority over public subsidies.

### – Fuelling the mobility

In a brainstorming debate held at UPEI's Spring General meeting in April 2024, our members reflected upon the following question: *how to fuel the combustion engine of the future?*

The debate focused on the assumption that relying solely on electrification of the vehicle fleet is neither a sustainable, nor a competitive, nor even a strategically wise solution, particularly in a context of insufficient infrastructure.

Diversification in energy sources, including advanced biofuels and e-fuels, is crucial to meet CO2 reduction goals. In particular, such fuels can be immediately used for existing internal combustion engines (ICE), sometimes with minor technical modifications. Moreover, it is essential to have CO2 neutral fuels available to fill ICE vehicles that will continue to run after 2035 while meeting environmental standards.

This implies that the current focus on tailpipe emissions as the sole metric for evaluating environmental impact of vehicles must be challenged, and that broader perspectives that include lifecycle analysis should be promoted, so that both direct and indirect emissions are duly considered.

This also implies that such wrong perceptions as “the

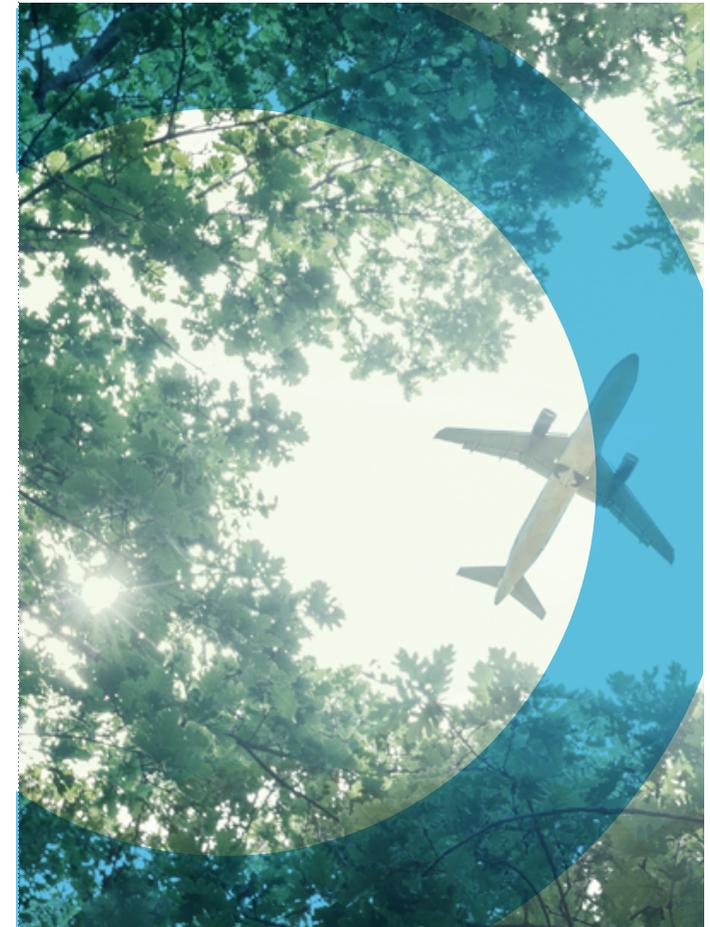
lack of availability of biomass for the manufacturing of advanced biofuels” or assumptions such as “the need to reserve CO2 neutral fuels to sectors that are less easy to electrify (maritime and aviation sectors)” should be combatted. In any case, the production of sustainable fuels is linked with economies of scale: to produce solely for the maritime or the aviation sectors would not generate sufficient revenues and therefore not attract sufficient investments.

As an example, a study was recently carried out by the Spanish “Plataforma para los Combustibles Renovables”<sup>3</sup> that includes our member Operadores Independientes Del Sector Energetico (UPI), demonstrating the effectiveness of renewable fuels to decarbonise transport, focusing on Spain. Also, reports such as those prepared for Concawe<sup>4</sup> demonstrate the availability of raw materials for advanced biofuels.

UPEI calls upon the newly elected European Parliament, the upcoming European Commission and Member States to integrate these considerations when they draft future legislation or amend existing one. In particular, at the time of the 2026 “review clause” of the Regulations on CO2 emission standards for Light-Duty and Heavy-Duty Vehicles, the de-facto ban of ICEs should be thoroughly assessed, and at least its timeline reconsidered. UPEI welcomes the opening to such solutions contained in the Political Guidelines of 18 July.

Meanwhile, UPEI members and their members will maintain a direct contact with their customers to raise

their awareness and train them about alternatives such as hydrogen, advanced biofuels and e-fuels and their benefits. This way, we aim to help shape consumers preferences towards sustainable options. UPEI will further promote cooperation with stakeholders, including customers’ associations, and different social actors to promote the respect for the technology neutrality principle from a policy-making perspective.



<sup>3</sup> <https://plataformacombustiblesrenovables.es/>

<sup>4</sup> <https://www.concawe.eu/publication/sustainable-biomass-availability-in-the-eu-to-2050/>

## 2. A JUST TRANSITION ENSURE THAT SUPPLIERS AND CONSUMERS CAN AFFORD IT.

When proposing the Green Deal, the European Commission rightly considered its social aspects and proposed that no one should be left behind. In June 2020, it presented the Just Transition Mechanism, providing incentives to finance the energy transition for regions and people disadvantaged by its costs. In 2023, the Social Climate Fund was established.

UPEI will further advocate for a more affordable - and therefore just - energy transition that puts the sole objective of carbon neutrality at the top, meaning that all carbon neutral solutions, including sustainable liquid fuels, should be allowed on the market. Since these fuels can use the current infrastructure, the availability of such fuels would help energy suppliers contribute to the just transition by providing affordable and accessible solutions to consumers across all regions of Europe, providing solutions to businesses and citizens.



### UPEI recommends four policy approaches to ensure a just and fair transition:

– **For energy distributors: ensuring full implementation and application of existing EU legislation and complement it only if clearly justified to reach the 2040 target.**

The previous parliamentary term (2019-2024) has issued a considerable corpus of legislation, most of which is currently under implementation via EU implementing acts and/or transposition in national legislation.

For UPEI members, whose majority cannot afford the support of legal departments in their companies, understanding and applying this legislation requires huge efforts and adjustment costs. It is therefore vital that the new policy cycle 2024-2029 focuses on applying, assessing, and streamlining existing legislation to make it more coherent, less complex, less administratively burdensome, and clearer. It will also have to ensure that, while leaving Member States enough flexibility to implement EU legislation, the integrity of the EU Internal Market is maintained, avoiding distortions of competition.

As confirmed in the Political Guidelines, by end 2024/ beginning 2025, the European Commission will present the European 2040 emission reduction and climate targets. This will most probably be followed by a new legislative corpus. UPEI urges EU law makers to take our remarks into account in the drafting of new or amending legislation, and to make it more predictable, setting realistic goals for reliable political decisions. With competitiveness and strategic autonomy of the EU market being a distinct priority for all co-legislators, UPEI is cer-

tain that significant steps will be taken to reduce the burden on independent European enterprises, and we stand ready to support policymakers in making this aspiration a reality, while pushing for an ambitious implementation of the EU Green Deal.

– **For consumers: supporting energy efficiency and carbon neutral technologies in buildings, to make them affordable.**

In May 2024, a group of 15 EU Member States published a non-paper<sup>5</sup> on the role of the cooling and heating system in the EU 2040 energy and climate framework, asking notably for an evaluation of current measures, their implementation, as well as the financing and enabling investments.

As distributors of heating fuels, UPEI members have a direct experience with these systems and want to have a say in the future shaping of the EU heating policy. They already have reflected upon it. In particular, as regards the twenty million oil-heated homes in Europe, they recommend the following measures to achieve zero-carbon emissions:

- » Establishing a technology-open pragmatic approach that recognises the potential of renewable fuels. Policy objectives should include all heating technologies and all potential fuels that offer the opportunity to reach the emission targets.

<sup>5</sup> [https://www.kem.gov.lv/sites/kem/files/media\\_file/the-role-of-the-heating-and-cooling-sector-in-2040\\_14.05.2024.pdf](https://www.kem.gov.lv/sites/kem/files/media_file/the-role-of-the-heating-and-cooling-sector-in-2040_14.05.2024.pdf)

- » Applying a “full life cycle” approach to emissions’ calculations at the point of use that encompasses the upstream emissions to all the assets involved in the production of different energy pathways and deduct the emissions of the circular carbon used as feed-stock in the manufacturing of low-carbon liquid fuels for heating from their combustion emissions.
- » Stimulating innovation: specific fuel or technology bans will stop research and development by industry which could bring an essential contribution to a successful energy transition and could help sustain the resilience of the European energy system.
- » Considering the social implications of the energy transition and its affordability for those on lower incomes and the practicality of converting to zero-carbon liquid fuels in older and remote rural homes instead of enforcing a completely different system at the expense of higher life-cycle emissions and capital cost to society, using the potential of the new Energy Performance of Buildings Directive (EPBD).
- » Improving efficiency standards of buildings, including heating, in a socially acceptable way. Energy poverty remains critical in the definition of the European Green Deal. Incentives for energy-efficient solutions should therefore be driven by such principles. Currently, there is a lack of affordable low or zero-carbon heating alternatives in rural areas due to the lack of infrastructure connections and the irrelevance of their extension.

**– Supporting conversion of energy supply transport infrastructures, notably via the Alternative Fuel Infrastructure Regulation (AFIR) and permitting rules, to make the carbon neutral fuels available to customers.**

The application of the AFIR mainly relies on the Member States, with possible but limited financial support from the EU. It is essential that Member States swiftly deploy the objectives fixed in the Regulation.

At the same time, UPEI would like to insist that the use of existing energy infrastructures should be promoted to channel the energy transition as they can carry many carbon neutral products without major or costly adaptation. A detailed analysis of the infrastructure changes required was provided by UPEI and our sister association FETSA (Federation of European Tank Storage Associations) in a report on the [“Implications of the energy transition for the European storage, fuel supply and distribution infrastructure”](#) issued in 2021.

**– Supporting upskilling & awareness-raising: carbon neutrality cannot be achieved without customers being aware of their carbon footprint and understanding new energy products.**

UPEI members have committed, notably in their reviewed 2050 Vision, to educate and train their staff on the technical aspects of the new carbon neutral products put at the disposal of their customers. Meanwhile, they will also continue to pay attention to their customers’ needs and motivate them to take part in the energy transition by offering them a wide range of sustainable alternative energy solutions.

Simplification and better communication of existing and new legislation will not only benefit those in its scope but will also allow for consumers and businesses to reap the benefits of the Single Market. Consumer acceptance can be ensured by making EU legislation comprehensible and accessible, by ensuring transparency in the legislative process, as well as by supporting awareness-raising schemes and education for energy distributors.





### 3. AN EQUITABLE TRANSITION PROVIDE A CLEAR LEVEL PLAYING FIELD FOR ALL ACTORS BY CONSOLIDATING THE UNICITY OF THE EU INTERNAL MARKET.

In its report to the European Council on the modernisation of the EU Internal market, “[Much More Than A Market](#)”<sup>6</sup>, former Italian Prime Minister Enrico Letta included a chapter insisting that a deepening of the EU’s Energy Union is a key priority, while national governments must retain the right to choose their own energy mix.

**For UPEI, a true Energy Union will not be complete unless solid rules are established in the three following areas:**

#### – Consolidating the fuel payments legal framework.

Fuel payments and fuel card companies play a particularly significant role in the energy eco-system, and their deployment throughout the EU is a key facilitator of the energy transition. In this respect, UPEI recommends focussing on two areas:

**Legislation:** The on-going revision of the Payment Service Directive (PSD2) – to be split between a PSD3 and a PSR - should consider the specificities of the fuel cards sector, which operate in a small, often family-business environment requiring a light administrative burden, and for which payment and non-payment services should be distinguished depending on their contractual regime.

<sup>6</sup> <https://www.consilium.europa.eu/media/my3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

#### Application of the Case Law of the EU Court of Justice:

A diverging interpretation of the European Court of Justice’s Vega International case (C - 235/18 of 15 May 2019) created years of legal uncertainties to fuel cards issuers. In close cooperation with the stakeholders including UPEI, the EU VAT committee issued in September 2023 a set of guidelines that clarifies the application of VAT rules depending on the nature of transaction between the fuel distributor, the fuel card supplier, and the customer. These Guidelines are a starting point to ensure that legal certainty and consistency is achieved across the EU and UPEI urges Member States authorities to duly implement these guidelines. Obviously, in those Member States where stakeholders already have rulings in place for a supply of fuel through the chain for VAT purposes, no further action should be undertaken, since the Guidelines do not change the position of these Member States. However, in Member States where the situation is not clear or in those who were waiting for the VAT Committee Guidelines on this topic, it might make sense to use the current momentum and take the Guidelines as a reference point to establish a binding ruling ensuring legal certainty and a consistent treatment across the EU.

#### – Providing a future-oriented energy taxation directive, focused on the energy content of fuels and their environmental performance, replacing a purely volume-based approach, and consistently implemented at national level.

As anticipated, one piece of the “Fit for 55” legislative package was and remains extremely difficult to negotiate between the Member States, namely the

revision of the Energy Taxation Directive (ETD), on minimum taxation levels for energy products. Its adoption is still due, and, in UPEI's view, overdue.

The adoption of a revised ETD is a crucial step towards achieving the EU's ambitious climate goals, in particular by incentivising the uptake of advanced biofuels and e-fuels.

The current energy taxation framework, established in 2003, is outdated and no longer aligned with the EU's climate and energy policy goals. Its scope and taxation levels no-longer reflect the energy markets' reality and do not sufficiently support the transition to clean energy as they fail to adequately set taxation levels for low-carbon fuels. The current framework, which has led to a fragmentation of energy taxation levels across Member States, is a significant obstacle on the EU's path to becoming the world's first climate-neutral continent by 2050, but also to remaining a competitive economy.

The adoption of the revised Directive is not only a matter of environmental necessity but also of economic opportunity. It would stimulate investment in clean energy technologies, create jobs, and promote economic growth by sending a powerful price signal for alternative energy sources.

The EU institutions should consider this file as an absolute priority, with an active role of the European Commission to foster an ambitious compromise and a more pro-active political role of the new European Parliament and its relevant committee (ECON), even if it only has a consultative role.

**– Ensuring that national schemes that protect vulnerable consumers from peak energy prices do not create distortions between EU Member States or between actors in the production and distribution chain.**

The economic recovery following the COVID 19 pandemic and subsequent geopolitical turmoil have destabilised energy markets. Consequently, Member States then started to develop and deploy urgent measures to protect the most vulnerable companies and citizens.

Unfortunately, some of these measures, adopted without any coordination among the Member States, created distortions across the EU Internal Market and within the supply chain. A recent example is given by the revision in May 2024 of a [Slovenian Decree on the pricing of certain petroleum products](#) (published on the Slovenian official journal of 17 June 2024), which harms fuel distributors by further reducing their margins compared to neighbouring Member States.

To avoid such situations from resurging and to make sure that there are equal opportunities for operators to work on a fair and free competition market, it is very important that the EU State aid rules are strictly implemented and that any further solidarity contributions requested from fossil fuel companies clearly make a distinction between the producers and the distributors.

**UPEI stands ready to further develop its dialogue with the EU institutions**, in a more pro-active manner, seeking for reliable transparent political decisions that give stability to the market and reduce complexity, and to

approach and cooperate with Members States that are opened to promote all climate neutral energy solutions and to implement EU legislation with the flexibility required by their respective national situations.



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UPEI EXPECTATIONS FROM AND OFFERS  
TO THE NEW EU PARLIAMENTARY TERM  
**2024-2029**

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