Promoting a strong EU bioeconomy
and the development of renewable fuels in the EU energy system
UPEI Position Paper

26 March 2026

Executive Summary

In its Bioeconomy Strategy published in November 2025, or in the proposed revision of the Regulation on CO2 emission standards for Light Duty Vehicles, the European Commission assigns a limited role to renewable fuels. On the contrary, UPEI wants to stress how important it is to encourage their development and deployment.

In this position paper, we argue that

- There is no lack of renewable feedstock in Europe.
- It is advantageous from an environmental and an economic point of view not to limit renewable fuels to aviation, maritime and other "hard to abate" sectors.
- Renewable fuels are also available for heating.
- Renewable fuels contribute to the strategic autonomy of Europe, including for military mobility.
- Taking the arguments above into consideration, it is mandatory to overcome specific regulatory barriers or uncertainties to the deployment of renewable fuels.

1. Introduction

Several initiatives undertaken by the European Union in 2025 and/or included in its work programme for 2026 indicate a cautious attitude towards renewable fuels, despite evidence that they contribute to the transition towards Europe's carbon neutral objective.

In November 2025, the European Commission presented a **new Bioeconomy Strategy**, in which a few actions are linked the promotion of renewable fuels. However, in this Strategy, these fuels are set to continue to play a transitional role limited to aviation, maritime and long-haul road transport, and their role it is strictly aligned with electrification, while renewable feedstock is confined to a strict hierarchy[i].

In December 2025, the European Commission presented an "Automotive Package", including a proposed revision of the **Regulation on CO2 emission standards from light duty vehicles**. While the proposal indicates that from 2035 onwards, carmakers will have the possibility to use renewable fuels, it is in practice limited to only 3% (fuel credits) and only 1% can come from part B feedstock of the RED.

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These two examples illustrate the perspective assigned by the European Commission to the development of renewable fuels, considered as a transitory energy source, limited to hard-to-abate sectors, and not as a contributor to the carbon neutral economy, notably because of an alleged lack of available renewable feedstock.

This contradicts the major role which renewable fuels play in the transition towards a carbon-neutral economy. In an analysis "**Greenhouse gas emission intensity of fuels and biofuels for road transport in Europe**" published in November 2025, the European Energy Agency calculated the role of biofuels in the reduction of greenhouse gas emission intensity of fuels sold for road transport[ii].

2. Promoting the immediate and long-term development of renewable fuels.

With this position paper, UPEI wants to demonstrate that renewable fuels can already and should continue to contribute to the energy mix which the EU needs to achieve its objective of a carbon-neutral economy by 2050.

a) Availability of renewable feedstock.

Recent studies demonstrate that there is sufficient renewable feedstock in Europe, particularly from secondary sources like residues. Two studies illustrate this:

- End 2025, the Working Group on Monitoring Methodologies (WGMM) published the outcome of a study on "**The availability of sustainable feedstocks for the production of CO2-neutral fuels in Europe**", indicating that the main constraint is not the availability of feedstocks, but infrastructure and regulatory obstacles.
- A broader cost-optimisation study from Concawe on "**Sustainable bio feedstock supply chains for advanced biofuels in Europe towards 2050**", presents a comprehensive analysis of sustainable bio feedstock supply chains for advanced biofuel production across the 27 EU Member States and the United Kingdom for 2030 and 2050..

b) Environmental and economic advantages of not limiting renewable fuels to aviation, maritime and other "hard to abate" sectors.

Renewable fuels must be allowed to play a role in road transport during the transition period, given the slow pace of electrification, while also supporting aviation and maritime sectors. While it will take 10 to 15 years before these sectors are fully addressed, renewable fuels are available now and can already replace fossil fuels. UPEI suggests a cascading approach, where renewable fuels are used in road transport during the transition to electrification and later in other sectors.

To support this immediate role, two complementary approaches must be developed:

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- A long-term, stable vision for a harmonised European framework that provides consistent rules across countries, rather than allowing each Member State to set its own rules annually.
- An answer to the challenge of scaling up processing capacity and ensuring efficient collection and transport of feedstock to the places where it is needed.

In general, not limiting renewable fuels to specific sectors can drive these economies of scale, ensure well-defined and robust supply chains, and incentivise private investors to make the system more reliable and resilient.

c) Renewable fuels for heating.

Targeting additional sectors, such as heating, could help create economies of scale and strengthen the supply chain. Slightly lower-quality diesel could be diverted for these applications, for example using B100 in certain heating applications, which has worked well[iii].

Incremental blending is less costly than fully replacing heating systems, making it a viable transitional solution, but research in this direction requires a regulatory framework that envisages renewable fuels as solution for the future.

d) Strategic autonomy aspects.

Renewable fuels could be produced in Europe, based on raw materials available in Europe or in friendly countries, thus contributing to its strategic autonomy.

The establishment of supply chains must be further supported, to overcome bottlenecks for the development and the deployment of a reliable and scalable renewable fuels sector. This can only happen if uncertainties about the future use of these raw materials are overcome[iv].

In any case, even if, so far, renewable fuels production in Europe relies on imported raw materials, it still generates domestic value, creates jobs, and contributes to the European economy. Promoting production in Europe also indirectly supports waste valorisation.

e) Overcoming specific regulatory barriers or uncertainties to renewable fuels deployment.

As an example, the most recent revision of the Fuel Quality Directive (FQD) has removed the possibility for Member States to market diesel blends above 10% FAME[v].

An opportunity to address these issues will occur with the revision of the Renewable Energy Directive and of the Energy Governance Union Regulation, both scheduled for

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2026, which could provide angles to argue for a potential reopening of the FQD. There is a structural misalignment between the FQD and RED III, where some fuels may meet sustainability criteria but are still restricted from market placement due to blend content limits. Also, an upcoming Delegated Regulation to Directive 2018/2001 (RED II) to review the methodology for high ILUC-risk biofuels and trajectory for their gradual decrease, should be drafted in such a way that it also encourages low ILUC-risk biofuels.

3. Conclusion

To overcome political and regulatory obstacles to the development and the deployment of renewable fuels, information campaigns towards the public at large might be necessary: indeed, many people are unaware that they already use such fuels, for example E10 petrol or B7 diesel, while some have concerns about quality issues. Informing the public would both increase general awareness of renewable fuel use and indirectly reach policymakers to support the sector. Renewable fuels play a crucial role in achieving current renewable energy and emissions reduction targets, and the industry is well-positioned to maintain and expand its contribution in the coming years.

UPEI remains at the disposal of the European Commission services to discuss the relevance of encouraging the development and the deployment of renewable fuels in the entire EU energy system.

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UPEI, the voice of Europe's independent energy and mobility suppliers, 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.

[i] (i) food; (ii) long-lived materials and (iii) energy (mainly secondary biomass).

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[ii] In the study, the Agency calculated that in 2023, the European Union reached its 2020 target to reduce greenhouse gas emission intensity of fuels sold for road transport to 6% below 2010 levels for the first time. Between 2010 and 2023, the emission intensity decreased by 6.3%, mostly because of the increased use of biofuels. The Report adds that in the same year (2023), 12 countries succeeded in decreasing their emission intensities by more than 6%. Sweden and Finland achieved the highest reductions (26.1% and 11.5% respectively) because their road transport fuel mixes have relatively high proportions of biofuels (29.4% and 14.3%). On average, the biofuels used have relatively low emission intensities (10g CO_2e/MJ, 15.8g CO_2e/MJ, respectively).

[iii] In Germany, industry is currently discussing an initiative to blend HVO into heating oil as a transitional measure to maintain the use of heating oil while increasing renewable content. Under the proposed approach, a small share of HVO, 1-3% initially, would be blended and gradually increased toward 2045, with technical feasibility up to 35-40% confirmed by heater producers. This approach would distribute the renewable energy requirement across all consumers rather than only those modernising their heating systems to comply with the 65% renewable energy mandate under the building energy law. The government has shown interest, though discussions are temporarily on hold as internal agreement is sought. There is a need for stable blends over time to avoid quality issues in large storage tanks, noting that any drop in HVO would not require coverage through ETS2 CO_2 certificates, effectively providing a small financial benefit.

In France, there is a practical experience blending FAME into heating oil at a 30% share, with good results and no major technical difficulties observed in the heaters. Ongoing tests are exploring blends up to 55% FAME, and the outcomes of these tests are awaited, but so far, the approach appears to be a promising solution.

[iv] An important factor that could support the development of renewable fuels is the need to enhance military mobility inside Member States and across Europe. In Portugal, industry has engaged with the Air Force, starting with a project using B100 for land and off-road vehicles at military bases, which have significant fuel consumption. While this does not involve aircraft, it focuses on support vehicles. Discussions are ongoing with the army, as they are exploring the use of renewable fuels produced domestically to help ensure supply security.

[v] In Slovakia, an operator had to halt development of higher-blend renewable fuels after seeking clarification from the national government and the European Commission, which confirmed that such blends were forbidden.

In Portugal, where the FQD and RED III have not yet been transposed, B15 blends are sold across more than 170 service stations. However, when the FQD limitation is fully implemented, these products would have to be withdrawn, even from captive fleets.

In France, historically the selling of B30 diesel and off-road B30 diesel, was authorised since 2010. However, the authorities recently informed suppliers that, in order to implement the new FQD, it is considering withdrawing the use of B30. B100 is still available for sale and that there is currently no information suggesting any changes to its availability, but this illustrates regulatory uncertainties.

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