THE VOICE OF EUROPE'S INDEPENDENT ENERGY AND MOBILITY SUPPLIERS

UPEI'S RECOMMENDATIONS FOR THE REVISION OF THE EU ENERGY UNION GOVERNANCE REGULATION.

19 March 2026

EXECUTIVE SUMMARY

Since the adoption of the Fit for 55 package, EU Member States are implementing reinforced renewable energy obligations, carbon pricing mechanisms, infrastructure planning requirements, and sector-specific regulatory measures. The upcoming revision of the Energy Union Governance Regulation takes place in an increasingly dense and complex EU climate and energy framework.

As this regulatory framework expands, so too does the risk of fragmentation between legislative instruments and uneven national implementation. Where inconsistencies arise between targets, technical standards and market rules, investment predictability is weakened and internal market distortions may emerge.

The Energy Union Governance Regulation must therefore evolve beyond being a monitoring instrument and should function as a coordination mechanism that safeguards legislative coherence, regulatory stability, and competitiveness. UPEI considers that the revision should strengthen coherence between legislative instruments, improve forward-looking regulatory visibility within National Energy and Climate Plans (NECPs), enable systematic assessment of internal market impacts, and streamline reporting obligations to avoid duplication. Governance must ensure deliverability and investment confidence for all actors.

UPEI considers that the revision should:
- Require Member States to demonstrate alignment between renewable targets, infrastructure readiness, and applicable market rules.
- Improve forward-looking regulatory visibility within NECPs to support long-term investment planning.
- Enable systematic assessment of internal market and competitiveness impacts.
- Streamline reporting obligations to avoid duplication and unnecessary administrative burden.

RECOMMENDATIONS

Coherence across EU climate and fuel legislation

The revision of the Energy Union Governance Regulation must ensure coherence across the expanding EU climate framework. Member States are implementing reinforced obligations under the Renewable Energy Directive (RED III), alongside fuel specifications governed by the Fuel Quality Directive.

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While RED III drives renewable deployment through binding targets and sustainability criteria, fuel legislation regulates technical market placement. Where national implementation of fuel standards diverges or becomes more restrictive, renewable fuels that comply with RED III may face deployment constraints. This creates uneven market conditions within the Union.

For importers and retail distributors of energy, uneven implementation of fuel specification rules has concrete effects: fragmentation of cross-border supply chains; higher logistics and storage costs due to product segmentation; reduced economies of scale for renewable blends; underutilisation of blending and distribution infrastructure; and increased compliance complexity for operators active in multiple Member States.

The revised Energy Union Governance Regulation should therefore require Member States to assess, within their NECPs, the interaction between renewable deployment pathways and applicable fuel standards, ensuring internal market coherence and legal feasibility. Where governance assessments identify structural inconsistencies between renewable deployment objectives and fuel specification rules, these findings should feed into an evaluation of the Fuel Quality Directive. If misalignments are confirmed, a targeted and proportionate revision should be considered to ensure that fuel standards remain aligned with RED III objectives and do not unintentionally constrain the deployment of renewable fuels that comply with EU sustainability criteria.

Investment Predictability and Internal Market Integrity

Energy supply infrastructure requires long-term capital allocation. Storage facilities, blending capacity and distribution networks depend on stable regulatory conditions over multi-year horizons. Regulatory volatility increases financing risk and reduces asset utilisation. For independent suppliers operating across several Member States, divergent implementation compounds uncertainty and weakens cross-border integration.

NECPs should therefore provide greater forward-looking clarity regarding regulatory developments affecting market conditions. The Commission's assessment should systematically consider whether national measures risk creating internal market distortions or undermining investment stability and indicate which instruments the Commission will use to address these risks (including - but not limited to - the notification procedure).

Proportionate and Coherent Reporting

Operators already comply with extensive reporting obligations under renewable energy and fuel legislation, including the Fuel Quality Directive. These frameworks require detailed data on volumes, sustainability characteristics, lifecycle emissions, and compliance metrics. Any additional reporting requirements under the revised Governance Regulation should therefore avoid duplication, parallel data streams, or inconsistent methodologies. Overlapping templates, differing calculation approaches or separate submission channels increase administrative burden without improving transparency.

The revision should promote interoperability across reporting frameworks and apply a "report once" principle, whereby data submitted under sector-specific legislation can be

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reused for governance purposes where appropriate. Greater alignment of methodologies and digital reporting systems would enhance comparability, reduce compliance costs, and allow operators to focus resources on implementation rather than administrative processes.

Conclusion

In an increasingly dense and interlinked regulatory environment, the future revised Energy Union Governance Regulation must function as a stabilising and coordinating instrument. As the EU advances ambitious climate targets across multiple legislative files, coherence between renewable deployment obligations, product standards and market rules becomes essential to ensure effective and credible implementation.

Enhanced regulatory visibility, structured assessment of internal market impacts and early identification of structural inconsistencies are necessary to prevent fragmentation and avoid unintended barriers to deployment. Governance should not only track progress towards targets, but also safeguard the conditions under which investment, infrastructure development and cross-border supply chains can operate efficiently.

A governance system grounded in clarity, predictability and internal market integrity will strengthen Europe's energy transition while reinforcing competitiveness, investment confidence, and security of supply.

ABOUT UPEI

UPEI 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 low carbon 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 energy and mobility 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.

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