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## Evaluation of Renewable Energy Directive Annex IX feedstocks

UPEI is an association which 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.

The association wishes to submit this supporting position with regard to Renewable Energy Directive (REDII)<sup>1</sup> Annex IX Feedstock Evaluation (ENER/C1/2019-412), conducted by the E4tech consultancy. UPEI would like to provide general comments on the evaluation of the Annex IX Feedstock list and does not wish to comment on specific feedstocks at this stage.

UPEI is of the opinion that it is of crucial importance that the inclusion of new feedstocks on the Annex IX list should not deviate from the agreed set of criteria as listed in Article 28 (6) of the REDII:

*(a) the principles of the circular economy and of the waste hierarchy established in Directive 2008/98/EC;*

*(b) the sustainability criteria laid down in Article 29(2) to (7);*

*(c) the need to avoid significant distortive effects on markets for (by-)products, wastes or residues;*

*(d) the potential for delivering substantial greenhouse gas emissions savings compared to fossil fuels based on a life-cycle assessment of emissions;*

*(e) the need to avoid negative impacts on the environment and biodiversity;*

*(f) the need to avoid creating an additional demand for land.*

These criteria are fundamental for current investors and possible new investors that need to consider their investment decisions. The most important reason is that a number of companies have invested or are looking to invest to convert Annex IX feedstocks into advanced renewable fuels. The size of these investments are often substantial, hence investors need to rely on the criteria set out above to enable them to make sound business decisions and to have investment certainty in the projects that they invest in.

Removing feedstocks (which is not permitted under the Directive) would prove lethal for potential investments. However, it should also be noted that adding feedstocks to this list ultimately changes the supply and demand balance in the market, thus influencing the potential return on investments.

This could result in major market distortions if the addition of feedstocks on the list would not be based on the above criteria, if the criteria were to be changed, or should the criteria be interpreted in diverging ways.

Such distortions would fundamentally damage investor trust in the developing market for advanced renewable fuels. It is UPEI's opinion that many investors currently do not dare to invest in advanced renewable fuels, as they find the changing rules and fluid interpretations extremely risky.

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<sup>1</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast).

UPEI further argues that the addition of new feedstocks should be based on clear and recent developments on the availability of said feedstocks or in the advancements of techniques ensuring their sustainability.

In light of the above, UPEI as the voice of Europe's independent fuel suppliers would propose that the following points be considered as part of the evaluation of the Annex IX feedstock, as well as the upcoming revision of the Renewable Energy Directive (REDII). These points would allow UPEI and its members to provide solid and extensive comments on the evaluation of Annex IX, as well as to potentially contribute with proposals for new feedstocks for advanced biofuels.

The considerations are as follows:

- Criteria that are being used to accept the addition of new feedstocks on the Annex IX list are those listed in Art. 28 (6) of EU Directive 2018/2001.
- The criteria would remain unchanged at least until 2030, so as to protect investment stability and avoid excessive market distortions.
- A clear interpretation of the criteria should be agreed on and laid out as part of the REDII review process before allowing new feedstocks on the Annex IX-list.
- New feedstocks can only be eligible for the inclusion in the Annex IX list after thorough investigation and after public consultation of the published results.
- All science-based comments in the public consultation should receive publically available reactions before the inclusion or refusal to include a feedstock onto Annex IX list.

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**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 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.

Since 1962 UPEI has been advocating for a level playing field and fair competition to ensure an affordable, sustainable and secure energy supply for Europe's consumers. Today, in the context of the transition to a low carbon economy, UPEI and its members are also addressing the challenges of adapting the product range and meeting consumer demand through market-oriented solutions.

With its strong track record in pioneering the supply of renewable fuels in the EU, UPEI's members remain committed to delivering and embracing new, cost effective solutions which further promote energy efficiency and reduce pollutants and emissions.