

# UPEI POSITION PAPER

## SOLVING THE FUELS POLICY CONUNDRUM: RECOMMENDATIONS FOR A HOLISTIC AND AMBITIOUS “FIT FOR 55” FRAMEWORK

### SUMMARY

UPEI and its members have embraced the EU’s ambition to reach a climate-neutral economy by 2050, and as such are fully committed to contributing to achieving this target through the supply of carbon-neutral fuels by 2050. In this regard, we welcome the Commission’s recognition of fuel suppliers’ and distributors needs’ for clear policy signals on the value of sustainable renewable and low carbon fuels, as stated in the Commission’s [Climate Target Plan](#) and [Sustainable Mobility Strategy](#).

Europe’s climate neutrality ambition will need to be built on coherent, clear and predictable regulation to allow businesses to make the investments needed to achieve a fully sustainable transition. In its previous policy paper “[Avoiding regulatory inconsistencies in future policy frameworks](#)”, UPEI and its members identified inconsistencies amongst existing legislation that hinder investment certainty and limit the decarbonisation potential.

The EU legislative framework needs to fully embrace the potential that sustainable renewable fuels can provide by setting out a consistent regulatory environment that equally recognises the contribution of diverse solutions and promote them in a technology open manner. These energies and fuels are opposed to conventional fossil fuels, e.g. gasoline and diesel, that need to be replaced to achieve carbon neutrality in across all sectors.

UPEI would like to present its paper “[Solving the fuels policy conundrum](#)” on finding the right balance of measures and policies

in the upcoming “Fit for 55” Package to remove inconsistencies and build bridges between pieces of legislation affecting the fuel sector in particular, in order to maximise synergies and effectively attain the intended objectives.

First, the Package will need to ensure that any leeway provided to EU Member States to adapt to local conditions does not inherently lead to less consistency in the functioning EU fuels market, hence the Commission should develop necessary implementing legislation and provide clear guidelines for the implementation of the Package. Moreover, UPEI recommends that the Commission focuses on stimulating the demand for sustainable renewable fuels in the road transport sector.

Second, achieving the increase of the 2030 transport target will require a complete alignment of legislation and maintaining existing key principles, notably in the Renewable Energy Directive (REDII) and the Alternative Fuels Infrastructure Directive (AFID). Many investors have already made investments based on these principles (e.g. sustainability criteria), and their reversal could prove highly problematic for future investments. On the other hand, certain areas in the REDII and the Fuel Quality Directive (FQD) need to be aligned together, i.e. by reworking the way targets and multipliers are expressed.

Third, the upcoming Package needs to recognise the role that renewable fuels can make in reducing emissions from current and future fleets.



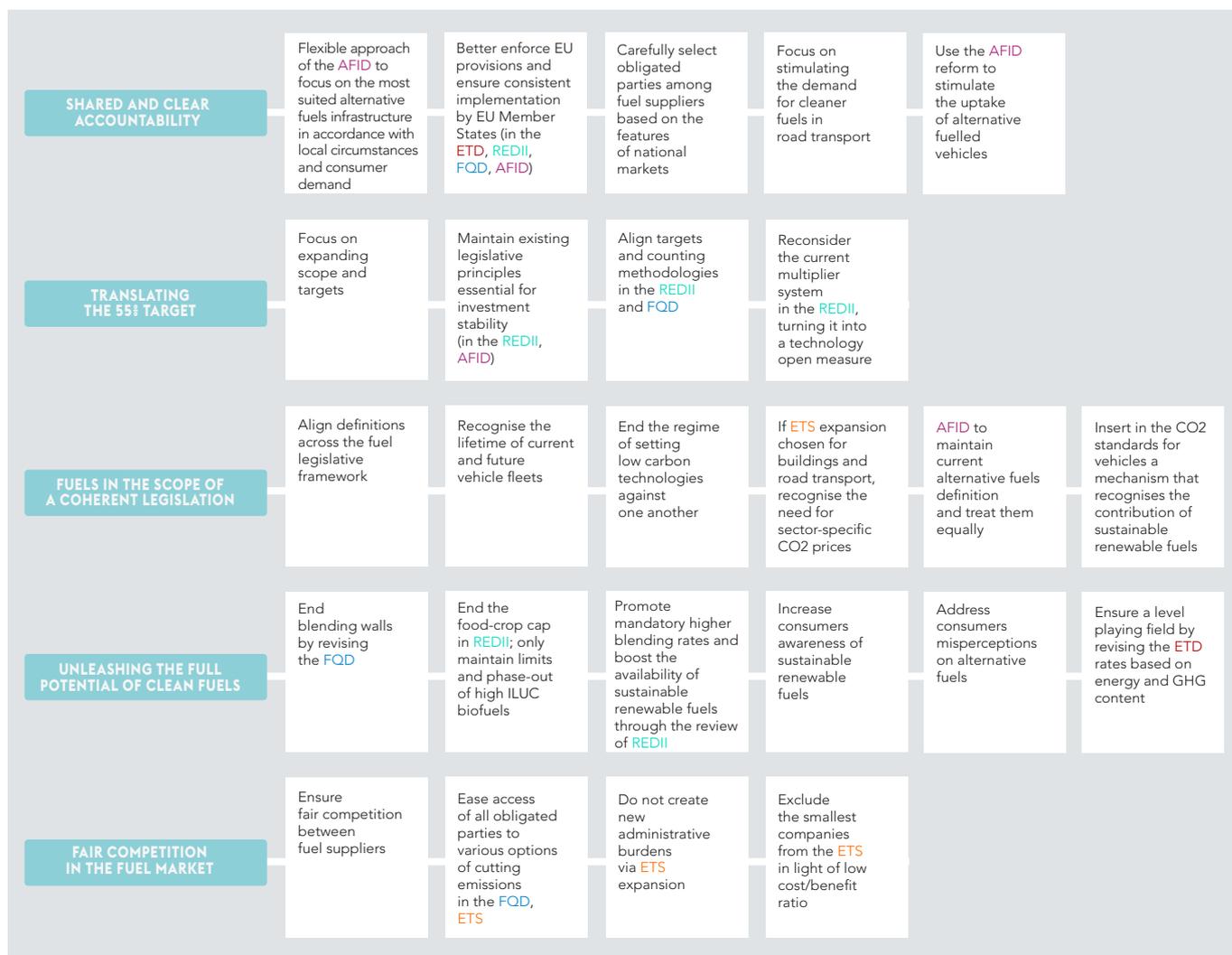
A consistent regulatory environment will need to be based on aligned definitions, without putting low carbon technologies at odds with one another, but rather allowing them to compete on a life-cycle or Well-to-Wheel basis.

Fourth, the Package needs to remove current obstacles that limit cleaner fuels from being fully unleashed. A clear example can be seen in the ongoing blending walls for biofuels in the FQD, not allowing these fuels to be blended adequately to achieve higher fuel decarbonisation. The Package should encourage the greater use of renewables including through mandatory blending rates, and lifting the food-crop cap of the REDII when risks of Indirect Land Use Change are low. Additionally, the success

of this framework can only happen if there is public acceptance – this should be achieved by addressing consumers’ misperceptions and introducing favourable pricing and taxes.

Lastly, the Package will also need to recognise that the current framework is not fit for purpose in maintaining and promoting fair competition between small suppliers and integrated energy companies in supplying sustainable renewable fuels. Independent fuel suppliers should not be required to undergo excessive administrative burdens in light of their small resources and be allowed to compete with refiners for availability of supplies of advanced biofuels and other means of reduction their emissions, such as credits for Upstream Emissions Reductions.

## CREATING A HOLISTIC AND AMBITIOUS “FIT FOR 55” FRAMEWORK



→ [READ HERE](#) THE FULL VERSION OF UPEI POSITION PAPER

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