

Welcome to the 118th edition of the UPEI Newsletter!

The policy calendar at the beginning of 2024 is marked by EU institutions' hesitations on the course to give to the EU energy transition and overall sustainability policy. With mounting claims from farmers and other parts of society that the costs of the Green Deal are too high, and its rules too numerous and too complex to apply, the EU is starting to consider - following signals from several Heads of States or Government - if not a regulatory break at least a better attention to the acceptability and implementability of the enormous corpus of legislation adopted since 2019. This happens in the framework of the upcoming European Parliament elections and national or regional ballots in several Member States.

Brussels News

Priorities of the Belgian Presidency of the EU Council



Image Source: Belgian EU Council Presidency website.

On 1 January, Belgium took over from Spain the Presidency of the EU Council and started implementing its [programme](#).

In terms of transport, the Belgian Presidency is focusing on the Greening Freight Transport Package, specifically on initiatives regarding the promotion of the modal shift, including active and non-motorised mobility, international rail transport, intermodal connectivity, and the reduction of air pollution and greenhouse gas emissions.

In terms of energy, it aims to focus on finalising legislative initiatives, facilitate the exchange of best practices, and start drafting for the future EU energy agenda. In particular:

- Assessment of the current European framework's effectiveness in planning, building, and financing infrastructures.
- Promotion of a credible certification system and market platforms on hydrogen.
- Stimulation of discussions on how to best address the remaining barriers deploy the "renovation wave". Particular attention will be given to the transition and capacity of the construction sector, circularity of building materials, financing instruments, and social and sociotechnical aspects of energy renovation.

In terms of industrial policy, the Belgian Presidency, building on an informal meeting of the Internal Market and Industry Council held in 7/8 February, will propose a set of recommendations for the attention of the next European Commission.

Source: Belgian EU Council Presidency website.

Policy updates

2040 GHG Emission Targets



Image Source: Pixabay website.



As one of its last policy initiatives under the Green Deal, the European Commission has presented on 6 February a [Communication](#) recommending a 90% net greenhouse gas emissions reduction by 2040 (compared to 1990 levels). This document aims to launch a discussion with all stakeholders before a legislative proposal is made by end 2024 (after the European elections). Such an initiative is required by the [EU Climate Law](#).

The Communication sets out several enabling policy conditions which are necessary to achieve this target, such as

- the full implementation of the agreed 2030 framework,
- a greater focus on a “just transition”, that leaves no one behind,
- a level playing field with international partners, and
- a strategic dialogue on the post-2030 framework, including with the industry and the agricultural sectors.

For the Commission, the starting point is the full implementation of the existing legislation to reduce emissions by at least 55% by 2030. The ongoing [update of the draft National Energy and Climate Plans \(NECPs\)](#) is a key element in monitoring progress.

Another aspect is for the Green Deal to become an industrial decarbonisation deal that builds on existing industrial strengths, such as wind power, hydropower, and electrolysers, and increases domestic manufacturing capacity in growth sectors such as batteries, electric vehicles, heat pumps, solar PV, CCU/CCS, biogas and biomethane, and the circular economy. Moreover, the Commission will set up a dedicated taskforce to develop a global approach to carbon pricing and carbon markets.

Also the Commission wants to put more focus on fairness, solidarity and social policies aiming at ensuring that climate policies take into account the most vulnerable, or face the greatest challenges to adapt, building on the [Social Climate Fund](#) and [Just Transition Fund](#).

The energy sector is projected to achieve full decarbonisation shortly after 2040, based on all zero and low carbon energy solutions, including renewables, nuclear, energy efficiency, storage, CCS, CCU, carbon removals, geothermal and hydro. A related initiative is the launch on 6 February of the Industrial Alliance on [Small Modular Reactors](#).

The transport sector is expected to decarbonise through a combination of technological solutions and carbon pricing.

A future enabling framework for industry decarbonisation should build on the existing [European Green Deal Industrial Plan](#).

The [EU's Industrial Carbon Management strategy](#) (see below) will support the development of CO2 supply chains and the required CO2 transport infrastructure. Carbon capture should be targeted to hard-to-abate sectors where alternatives are less economically viable. Carbon removals will also be needed to generate negative emissions after 2050.

For more information

[Communication on a recommended 2040 emissions reduction target](#)
[Impact assessment](#)
[Questions and Answers](#)
[Factsheet](#)
[Webpage – 2040 Climate target European Green Deal](#)

Source: *Belgian EU website*.

Industrial Carbon Management



Image Source: *European Commission website*.

Alongside its Communication on 2040 targets, the European Commission adopted on 6 February an [Industrial Carbon Management Communication](#), which provides details on how relevant technologies could contribute to reducing emissions by 90% by 2040 and reaching climate neutrality by 2050.

The Communication proposes a comprehensive policy approach to deliver on the targets proposed in the [Net-Zero Industry Act](#) (at least 50 million tonnes per year of CO2 storage capacity by 2030). Based on the [impact assessment on the EU recommended climate target for](#)



2040, this figure will need to grow to around 280 million tonnes by 2040.

The Communication identifies several actions to be taken at EU and national level to enable the deployment of technologies and the necessary infrastructure to establish a single market for CO₂ in Europe in the following decades. The Commission will start preparatory work on a possible future CO₂ transport and storage regulatory package, which would consider issues such as market and cost structure, third-party access, CO₂ quality standards or investment incentives for new infrastructure. The Commission's Joint Research Centre (JRC) has published a [report](#) on the future CO₂ transport network for Europe and related investment needs.

The Commission will also assess the volumes of CO₂ that need to be removed directly from the atmosphere (industrial carbon removals) to meet the EU's emissions reduction ambitions for 2040 and 2050 and assess overall objectives and policy measures to achieve them. This will include an assessment of how removals and permanent storage could be accounted for under the EU Emissions Trading System (ETS).

To help scale up the market for capture and permanent storage of CO₂ emissions, the Commission will establish guidance for project permitting processes and set up an atlas of potential storage sites. In cooperation with the Member States, the Commission will also develop an aggregation tool for matching CO₂ suppliers with transport and storage operators and CO₂ off-takers. The Commission aims to establish a clear carbon accounting framework for utilisation of captured CO₂ as a resource, which would reflect the climate benefits of using CO₂ as a resource in industrial processes. This will help boost the uptake of sustainable carbon in industrial sectors.

A series of horizontal actions which could create a more attractive environment for investments are being proposed together with the Communication:

- **Investment and funding:** the EU and Member States should further promote industrial carbon management projects under EU energy infrastructure programmes and could use Important Projects of Common European Interest (IPCEIs). The Commission will assess whether certain CO₂ capture projects can already be supported with market-based funding mechanisms such as competitive bidding auctions-as-a-service under the EU Innovation Fund.

- **Research, innovation and public awareness:** The Commission will consider boosting funding for research and innovation on industrial carbon management projects through existing instruments, notably Horizon Europe and the Innovation Fund. The Commission will also support the establishment of a knowledge-sharing platform for carbon capture, use and storage (CCUS) projects. Working closely with the Member States, the Commission will raise public awareness on these technologies, including by highlighting their benefits and discussing potential rewards for local communities.
- **International cooperation:** The Commission will accelerate work with international partners on industrial carbon management, notably on the harmonisation of reporting and accounting of carbon management activities and ensure that international carbon pricing frameworks take into account removals to address emissions in hard-to-abate sectors.

For More Information

[Questions and Answers](#)

[Factsheet](#)

[Industrial Carbon Management Communication](#)

[Press release on the 2040 climate target](#)

[Communication on the 2040 climate target](#)

[Carbon capture, storage, and utilisation](#)

[Carbon capture, use and storage](#)

Source: EU website.

Net Zero Industry Act (NZIA)

On 6 February, the European Parliament and the Council reached a provisional agreement on the Net-Zero Industry Act (NZIA). The Act aims to support the EU to become home to clean technologies and make significant programmes towards building a strong domestic manufacturing capacity of those technologies in the EU.

As a central part of the Green Deal Industrial Plan, the Act aims to ensure that the EU is well-equipped for the clean energy transition by establishing a benchmark for EU manufacturing capacity for net-zero technologies to reach at least 40% of expected EU demand by 2030. The Act will put in place regulatory conditions necessary to attract and support investment in technologies and related projects that will make a significant contribution to decarbonisation.



Image Source: European Commission website.

The agreement identifies a set of net-zero technologies that can be supported via strategic projects. These are for example solar photovoltaic (PV), onshore and offshore wind, fuel cells, electrolysers, batteries, grid technologies and sustainable alternative fuels, among others. Energy intensive industries such as steel, chemicals or cement that produce components that are used in these net-zero technologies and that invest in de-carbonisation can also be supported as strategic projects.

The NZIA will also allow to:

- Simplify the regulatory environment for clean tech in particular permitting for net zero technologies and introducing Net-Zero Acceleration Valleys, which can be set up by Member States to facilitate the creation of clusters of net-zero industrial activities and further streamline administrative procedures.
- Accelerate CO2 capture and storage by setting an EU objective to reach an annual 50 million tonnes of injection capacity in geological CO2 storage sites by 2030. These Net-Zero Strategic CO2 Storage Projects will be realised with contributions from EU oil and gas producers based on their pro-rata production. In line with the aims of the Industrial Carbon Management Communication (see above), the agreement removes a major barrier to developing CO2 capture and storage as an economically viable climate solution, in particular for hard-to-abate emissions in energy-intensive industries.
- Facilitate market access for net-zero products by requiring public authorities to consider sustainability and resilience criteria for certain net-zero technologies in procurement processes as well as in auctions for the deployment of renewable energy. For public procurement procedures, at least one additional criterion among social sustainability, cyber

security, and an obligation to deliver on time has to be used. When it comes to auctions for the deployment of renewables, the deal sets mandatory non-price criteria, namely the auction's sustainability and resilience contribution, cybersecurity, responsible business conduct, and ability to deliver projects fully and on time. These criteria will have to apply to at least 30% of the volume, or 6 gigawatts, auctioned every year by a Member State.

- Support the development of net-zero skills and innovation: Net-Zero Industry Academies will be established to support the upskilling of workers needed for the scaling up of net-zero industries in the EU and to facilitate their mobility within the European single market. The agreed Act also includes incentives for industry to invest in the education and training of Europe's workforce. To foster innovation, the new rules will empower Member States to create regulatory sandboxes for testing innovative net-zero technologies under flexible conditions.
- Set up a Net-Zero Europe Platform to serve as a central coordination hub, fostering information exchange to facilitate the implementation and supporting investment initiatives throughout the EU.

Parliament before being published in the EU Official Journal.

Source: EU Website and Weber Shandwick.

Energy efficiency

A [Joint Declaration on energy efficiency financing and the European Energy Efficiency Coalition](#) was signed on 19 December by the EU Commissioner for Energy and the Energy Ministers of all Member States. The Joint Declaration underlines the importance of mobilising private investment for energy efficiency and of creating a long-term, viable funding framework for energy efficiency investments. It marks the first step towards setting-up the new coalition, which establishes a form of trilateral cooperation between the Commission, Member States, and Financial Institutions.



Image Source: EU website.

The objective of the coalition is to create a favourable market environment for energy efficiency investments and to scale up the private funding needed to contribute to the achievement of the EU energy and climate targets for 2030 and 2050. Building on the findings and legacy of the Energy Efficiency Financial Institutions Group (EEFIG), the Coalition will be organised in three different workstreams: a political level, an expert group and national hubs, namely specific working groups to be developed at national level to identify energy efficiency financing solutions for each market. It is based on Article 30 of the Energy Efficiency Directive (EED). Article 30 aims to increase the cost-effectiveness of public budget support and sustain private investments in energy efficiency measures.

On 12 December 2023, the Commission adopted a [Recommendation to Member States](#) in order to support Member States in transposing and implementing this Article 30.

Energy emergency measures

To fight the energy crisis accelerated by the invasion of Ukraine by Russia, the EU adopted in 2022 a set of three emergency measures, which the Council has agreed to extend.

- **Enhancing solidarity**

Regulation (EU) 2022/2576 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders includes temporary emergency measures designed to bring down high energy prices and improve gas supply security. The EU Council agreed to delete article 10 on mandatory participation in demand aggregation. The emergency regulation applied from 30 December 2022, extended until 31 December 2024 ([see infographic](#)).

- **Accelerating the deployment of renewable energy**

Regulation (EU) 2022/2577 laying down a framework to accelerate the deployment of renewable energy aims to tackle the energy crisis, reduce the EU's dependence on Russian fossil fuels and further advance the EU's climate objectives by accelerating the permit-granting process for and the deployment of renewable energy projects. The regulation applied from 30 December 2022 for a period of 18 months and the EU Council agreed to extend the period of application of certain amended provisions of the regulation until 30 June 2025. Unlike the other two emergency regulations, amendments go beyond the mere extension of the period of application of the regulation ([see infographic](#))

- **Protecting EU citizens and the economy against excessively high prices**

Regulation (EU) 2022/2578 establishing a market correction mechanism to protect EU citizens and the economy against excessively high prices establishes a system of temporary measures to prevent spikes of excessively high gas prices in the EU that do not reflect prices on the world market. The EU Council agreed to prolong the period of application of the Regulation until 31 January 2025.

Source: EU website.

Euro 7



Image Source: European Commission website.

On 18 December 2023, the European Parliament and the EU Council agreed in trilogue a compromise on the Euro 7 Regulation, which will:



- Ensure that road vehicles stay clean for longer periods, to improve air quality.
- Lower exhaust emissions limits for buses and lorries.
- Introduce new measures to limit particle emissions from tyres and brakes and to increase battery durability.

For passenger cars and vans, negotiators agreed to maintain the current Euro 6 test conditions and exhaust emissions limits. The number of exhaust particles will be measured at the level of PN10 (instead of PN23, thereby including smaller particles). For buses and trucks, the agreed text includes stricter limits for exhaust emissions measured in laboratories (e.g. NOx limit of 200mg/kWh) and in real driving conditions (NOx limit of 260 mg/kWh), while maintaining the current Euro VI testing conditions.

The text foresees an Environmental Vehicle Passport, to be made available for each vehicle and containing information on its environmental performance at the moment of registration (such as pollutant emission limits, CO2 emissions, fuel and electric energy consumption, electric range, battery durability). Vehicle users will also have access to up-to-date information about fuel consumption, battery health, pollutant emissions and other relevant information generated by on-board systems and monitors. Moreover, car manufacturers will have to design their vehicles so as to prevent tampering with emissions control systems through the digitalisation of automobile monitoring.

Source: EU website.

Trans-European transport network (TEN-T)

The EU Council and the European Parliament's negotiators have reached an agreement on a revised Regulation regarding EU guidelines for the development of the TEN-T. The new legislation aims to build a reliable and high-quality transport network that ensures sustainable connectivity across the EU Europe without physical interruptions, bottlenecks, and missing links. The network will be developed or upgraded step by step with the new Regulation setting deadlines for the completion of the three-layer TEN-T network: the core network should be completed by 2030, newly added extended core network by 2040 and comprehensive network by 2050.



Image Source: European Commission website.

• Main elements of the agreement

The provisional agreement maintains the overall ambition of developing a coherent, connected, and high-quality transport infrastructure across the EU whilst considering the various starting points in Member States, as well as their priorities and approaches towards a greener transport. Member States will decide how to prioritise projects of common interest in line with realistic technical and priority requirements aiming to a unified, high-performant, and fully interoperable infrastructure to contribute to the decarbonisation of the transport sector and its multimodality. The agreement also takes into account the available financial resources of the Member States, as well as the investment needs for infrastructure development, which could be quite considerable, in particular on the comprehensive TEN-T network.

• Deadlines for the completion of the network

The three-layer approach of the Commission proposal was maintained with the TEN-T network being developed or modernised in three phases: until 2030 for the core network, 2040 for the extended core and 2050 for the comprehensive network. The new intermediary deadline of 2040 was introduced to advance the completion of large-scale, mainly cross-border projects, such as missing rail connections, ahead of the 2050 deadline that applies to the wider, comprehensive network. To ensure infrastructure planning meets real operational needs and by integrating rail, road, and waterways, the new Regulation also creates nine 'European Transport Corridors', which are of the highest strategic importance for the development of sustainable and multimodal freight and passenger transport flows in Europe.



- **Alignment of national plans with EU policy**

The agreement provides for the **alignment of national plans** with the EU's transport policy. To this end, Member States should ensure that there is coherence between their national transport and investment plans with the priorities of the new Regulation. Member States should take into account, inter alia, the priorities set out in the work plans of the **European Coordinators** tasked to ensure oversight of the nine European Transport Corridors. Member States will also provide the Commission with the relevant national plans or programmes once adopted.

Source: EU website.

Sustainable finance: Commission guidance on the implementation of the EU Taxonomy rules

On 21 December 2023, the European Commission adopted a [guidance document](#), addressing frequently asked questions on the interpretation and implementation of the Taxonomy Disclosures Delegated Act. The document is designed to help financial market participants prepare their first mandatory reporting exercise in 2024.

The guidance document considers the:

- Scope of entities subject to the reporting obligations.
- Reporting obligations of large financial undertakings and financial undertakings admitted to trading on EU markets relating to how they finance, invest in, or insure taxonomy-aligned activities.
- Taxonomy assessment of specific exposures such as to retail clients, local authorities and exposures to individual undertakings and groups.
- Rules pertaining to the verification and evidence of compliance with the EU taxonomy.

It also contains targeted questions specifically related to credit institutions, insurance undertakings, and asset managers.

Source: EU Website.

Union Database for Biofuels

On 15 January, the Union Database for Biofuels (UDB) established by the European Commission became operational. It is open for online registration by the relevant economic operators of transactions of liquid renewable and recycled carbon fuels. The database was foreseen under Article 31a of the 2018 Renewable Energy Directive (REDIII) to improve traceability of biofuels, avoid

double counting, and address concerns about fraud. The database will be opened in the next months for registration of gaseous renewable and recycled carbon fuels in the coming months.

The Union database is a global traceability tool with the aim to trace consignments of renewable and recycled carbon fuels and the respective raw materials used for their production - from the point of origin of the raw materials to the point where fuels are put on the EU market for final consumption. It will help ensure market transparency and traceability in the supply chain for such fuels, mitigating the risk of irregularities and fraud and thereby supporting efforts to meet the ambitious EU decarbonisation targets.

For more technical information, see: [Union Database for Biofuels \(UDB\) - EC Public Wiki \(europa.eu\)](#)

Source: EU website.

National Energy and Climate Plans (NECPs)

The Commission has published its assessment of EU Member States' draft National Energy and Climate Plans ([NECPs](#)) and issued **recommendations** to assist Member States in raising their ambitions in line with EU targets for 2030. The final Plans must be submitted by 30 June 2024. According to this assessment, the draft updated NECPs bring the EU closer to meeting the EU's 2030 targets and to implementing recently agreed legislation. However, there is a need for extra efforts, also considering the COP28 outcome and the global call to accelerate action by 2030.

The Commission calls on Member States to enhance their efforts on greenhouse gas (GHG) emissions reductions and set out clearer plans on how they intend to adapt to climate change. It also invites them to better prepare for an increased uptake of renewables and enhance energy efficiency measures. Additional measures are also needed to empower consumers, improve energy security, and support European companies in strengthening their competitiveness. Greater efforts will be necessary to ensure access to available sources of funding and stimulate the crucial investments required for the competitiveness of European industry.

The main Commission points include:

- At this stage, draft NECPs are not yet sufficient to reduce greenhouse gas emissions by **at least 55% by 2030**; current measures would lead to a reduction of 51%;



- Further ambition is needed to close a gap of 6.2 percentage points in the effort sharing sectors compared to the **40% target**;
- There is a gap of around -40 to -50 MtCO₂eq compared to the **-310 MtCO₂eq target** under the LULUCF Regulation, showing an enhancement of the carbon sink is necessary.
- For renewable energy, the current drafts would lead to a share of 38.6-39.3% of renewables in the energy mix by 2030, compared to the **42.5% target**;
- For energy efficiency, the current drafts would lead to 5.8% energy efficiency improvements, compared to the **target of 11.7%**.
- It is important and urgent to phase out the use of fossil fuels in energy generation, notably solid fossil fuels. In addition, the persistence of fossil fuel subsidies in all Member States, including in transport, is identified as another obstacle to the EU's pathway towards climate neutrality. Subsidies which do not address energy poverty, or the just transition need to be phased out as soon as possible and be directed instead to innovation and supporting vulnerable groups with the transition.
- Member States are encouraged to give more attention to energy security in their final NECPs and to urgently boost the competitiveness of European clean energy value chains. Final NECPs should provide clarity and predictability for businesses and investors as well as facilitate planning for the use of public funds. The Commission recommends that Member States better plan how to diversify their energy supply in a competitive manner. Better anticipating the necessary structural changes in the energy system will enable consumers to benefit from a cost-effective and flexible energy market. More attention should also be paid to reskilling and upskilling as well as employment and social impacts and measures to ensure a green transition that is just, inclusive and leaves no one behind.
- Significant further measures are also necessary to adapt to climate change and enhance resilience, including in the energy system. Final NECPs need to sufficiently address climate related impacts. The Commission made **[additional recommendations](#)** under the European Climate Law on the consistency of Member States' measures with the Union's climate-neutrality objective and with ensuring progress on adaptation.

For More Information

[Communication: An EU-wide assessment of the draft updated NECPs](#)

[Questions and answers](#)

[National energy and climate plans \(NECPs\)](#) (related documents)

[European Climate Law](#) (related documents)

Source: EU website.

UPEI News



THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

10/01/2024 | Webinar "E-invoicing updates across Europe"

Together with UPEI Business Partner Marosa, the Secretariat organised a webinar on E-invoicing updates across Europe on 10 January 2024.

Alexia García, Marosa VAT Knowledge & Learning Responsible, gave a general overview of what is and what is not an e-invoice, the four-corner model, tax reporting of e-invoices, syntax and semantics, different kinds of networks, as well as master data, and use for fuel card businesses. On a practical basis, Alexia described examples and good practices to further approach the reality of the business and how to properly proceed with it.

You may find the presentation and the recording of the webinar available on the [UPEI dedicated website](#).

17/01/2024 | UPEI Board Meeting

As agreed at the UPEI Board Meeting on 15 December 2023, the UPEI Board met online on 17 January 2024 to discuss the UPEI Membership/Business Partnership definitions and review the entire set of categories within UPEI, including the status of (Full) Member.

More information and proposed changes will be sent via UPEI circulars to UPEI Members and Business Partners.



UPEI Diary

February 2024

- 12/02 EU ETS 2 Update (online)
- 22/02 Bunkering Commission Meeting (online)
- 27/02 Energy Transition Commission Meeting (Hybrid)

March 2024

- 19/03 Retail Heating Commission Meeting
- 21/03 Board Meeting



THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

UPEI Spring General Meeting 2024



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