

Welcome to the 101 number of the UPEI newsletter!

Brussels News

July saw a further focusing of the EU on the current energy crisis, with the Commission initiative for a “Save gas for a safe winter”, while the European Parliament and the EU Council continued to work on the adoption of the Fit for 55 legislative package.

“Save gas for a safe winter” Package

On 20 July, the European Commission presented a [Communication](#) on “Save gas for a safe winter” taking stock of the current situation of energy insecurity triggered by Russia’s invasion of Ukraine, reviewing the steps that have already been taken (such as the REPowerEU Plan and the Gas Storage Regulation) and outlining additional actions for a coordinated demand reduction.

According to the Commission, the range of measures taken since

February, including those aimed at strengthening the EU’s security of supply framework, were already meant to manage a progressive full phase out of Russian gas as soon as possible, from an EU perspective. However, the latest disruptions of gas supply by Russia suggest the risk that a complete unilateral halt of Russian gas supplies may materialise already this year. Neither the Communication nor the accompanying documents contain any proposal on oil or petroleum products.

The Commission Communication was accompanied with two documents, and mention was made of work currently carried out in two areas: work will “move expeditiously towards coordinated and ultimately joint purchase of gas and in the future hydrogen to secure future energy needs with alternative supplies” and Member States which have not concluded bilateral solidarity agreements foreseen under the Gas Security of Supply Regulation should

finalise their preparation as soon as possible.

As far as the accompanying documents are concerned these are:

An annex containing new guidelines on a European Gas Demand Reduction Plan (see [here](#)), containing:

- Good practices and prioritisation criteria to “free up gas volumes” according to guiding principles of substitution, solidarity, and savings.
- Preventive measures and good practices are organised around fuel switching measures, market-based instruments, and savings in heating and cooling. Priority should be given to renewables or cleaner, less carbon-intensive or polluting options.



- Extending the use of existing coal-fired power plants should be considered as short-term, temporary measures and reversible, as to not to create long term carbon lock-ins.

- Postponing the phasing out of nuclear plants, where technically feasible.

Besides awareness raising campaigns, savings in heating and cooling could be achieved through targeted national obligations for buildings owned/operated by public authorities or on their behalf, shopping centers, office buildings and public spaces. After all market and non-market-based measures have been exhausted, demand reduction for “non-protected” customers may become a necessity.

A proposal for a Council Regulation on Coordinated Demand Reduction Measures for Gas, based on the regulatory emergency powers set out in [Article 122](#) of the Treaty on the Functioning of the European Union (TFEU).

This proposal was discussed at an extraordinary Energy Council meeting on 25&26 July, and a final draft agreed upon, subject to final decision by written procedure (article 122 does not require the European Parliament’s



involvement).

The agreement confirmed Member States' commitment to a voluntary reduction of their gas demand by 15% during winter 2022/23, with measures of their own choice, while the Commission had initially proposed a binding commitment.

Should voluntary demand reduction measures prove insufficient to address a substantial risk of a severe gas supply shortage, the Council is empowered to declare - upon a Commission proposal - a new Union crisis level, namely a "Union alert". The declaration of a Union alert will trigger mandatory gas demand reduction for all Member States.

- Specifically: "For as long as the Union alert is declared, overall consumption of natural gas in each Member State over a period from 1 August of each year until 31 March of the following year ('implementation period') shall be reduced by at least 15% compared to that Member State's average consumption over the period between 1 August and 31 March ('comparison period') during the five consecutive years preceding the date of entry into force of this Regulation. Any voluntary demand reductions achieved by Member States during the implementation period before the alert was declared shall be taken into account for the purpose of the mandatory demand reduction".
- To ensure that the national emergency plans reflect the voluntary or mandatory demand reduction set out in this Regulation, Member State must update their national emergency plan by 31 September 2022.
- The Council also introduced a few exemptions and possibilities to request a derogation from the mandatory reduction target (should a Union alert be declared). The Council also limited the application period of the Regulation to one year and asked the Commission to carry out a review to consider its extension in light of the general EU gas supply situation, by May 2023.

Source: Weber Shandwick.

Image Source: European Commission Representation in Ireland.

Policy updates (Fit for 55)



Image Source: European Commission Audiovisual service.

Renewable Energy Directive (RED III)

On 13 July, the ITRE Committee adopted its report prepared by MEP Markus Pieper (EPP, DE) on the revision of the [Renewable Energy Directive \(RED III\)](#)

The Committee approved all the [compromise amendments](#) (CAs) drafted ahead of the vote (CAs 1-22), [except for CA 17 on Article 27\(3\)](#).

Highlights of the adopted compromises include:

- Raising the Directive's binding overall Union target for 2030 to 45% (CA 2), in line with the Commission's 'REPowerEU' Strategy.
- In the industry sector (CA 11), Member States shall ensure that the contribution of RFNBOs is 50% of the hydrogen used in industry by 2030, and 70% by 2035.
- In the transport sector (CA 14), the 2030 GHG intensity reduction target is increased to 16%, up from the 13% proposed by the Commission and "from 2030 fuel suppliers shall deliver at least 1,2% RFNBOs to the hard to abate maritime mode" (Member States with no maritime ports in their territory may choose not to apply this provision).
- Specific rules for biofuels, bioliquids and biomass fuels produced from food and feed crops (CA 15) remain broadly unchanged from the Commission's proposal:
- Calculation rules in the transport sector and with regard to RFNBOs regardless of their use, as per CA 16 are:



- For renewable electricity, the fossil fuel comparator $EC_{F(e)}$ shall be used until 31 December 2029. From 1 January 2030 onwards, the comparator $E_{F(t)}$ shall be used (as already for biofuels and RFNBOs).
- The cap on the share of biofuels and biogas produced from feedstock listed in Part B of Annex IX in the energy content of fuels and electricity supplied to the transport sector is kept to 1,7%, except in Cyprus and Malta. However, the text explicitly mentions that if the list of feedstocks is amended, the cap shall be increased accordingly, and shall be based on an impact assessment by the Commission.
- CA 17 on Article 27(3) was rejected. The compromise would have notably deleted the requirement for the Commission to adopt a delegated act specifying rules on the production of RFNBOs from electricity ('additionality' framework). Instead, MEPs approved the CA (ACA 1) which maintains the text of Article 27(3) unchanged from the RED II.

Next steps:

- 12-15 September: Plenary vote
- interinstitutional negotiations ('trilogues') with the Member States to start in the autumn. The Council already adopted its [negotiating position](#) on 27 June.

Source: Weber Shandwick.

ReFuel EU Aviation

The Plenary of the European Parliament adopted on 7 July the report proposed by the TRAN Committee on a Commission proposal for a regulation on "Ensuring a level playing field for sustainable air transport". This follows the adoption by the Council of its general approach on 2 June. Trilogues will start as of September.

In particular:

- The proposed **definition of 'sustainable aviation fuel' (SAF) was amended to include:**
 - **recycled** carbon fuels produced from waste processing gas, and exhaust gas deriving from production process in industrial installations;
 - **until 2034**, biofuels produced from animal fats or distillates (until 2034).

- However, **feed and food crop-based fuels**, and those derived from palm oil, soy-derived materials and soap stock **remain excluded**, because they do not align with the proposed sustainability criteria.

Source: Weber Shandwick.

Summary of EU sanctions against Russia following the invasion of Ukraine



Image Source: European Commission.

Both the EU Council and the European Commission have published extensive reviews of the sanctions adopted so far by the EU against Russia (and Belarus) after the invasion of Ukraine, summarizing the six packages adopted so far.

The Council has framed its review around answers the following five questions:

1. What sanctions has the EU adopted so far, who is being sanctioned and what individual sanctions mean in practice?
2. What do the restrictive measures against Russian banks and the National Central Bank of Russia mean in practice?
3. What are the sanctions on aviation, road and maritime transport?
4. How is the EU's trade with Russia being affected by the EU measures and what kind of import and export restrictions are in force?
5. Are EU sanctions compliant with international law and are they coordinated with other partners?

The Council review is available [here](#) and is accompanied by an [infographic](#).

The Commission review is organised in the following key words, each leading to a specific link:



- [Individual listings of people and entities](#)
- [Financial and business service measures](#)
- [Energy sector](#)
- [Transport sector](#)
- [Dual-use goods and advanced technology items](#)
- [Trade restrictive measures: export and import bans](#)
- [Excluding Russia from public contracts and European money](#)
- [Visa measures](#)
- [Sanctioning disinformation actors](#)
- [Belarus](#)
- ["Freeze and Seize" Task Force](#)
- [Asset recovery and confiscation](#)
- [Related links](#)

Source: Europa Website.

UPEI NEWS

UPEI Website updates



The UPEI Secretariat has carried out some updates on the UPEI website aiming to better follow-up on the energy sector and to make the information as accessible as possible to our Members. The new UPEI website sections are:

- **Trade fairs & conferences**

UPEI Members have currently access to the most relevant events and conferences in the energy sector (not organised by UPEI) on this new homepage website section. Specifically, Members will find a brief description of the events, practical information, and the link to the official website.

- **References**

This new section available on the Members area gathers reports and official documents, providing UPEI Members a short description and the link to the website of the

authoring organisation.

- **UPEI Commissions**

With the aim of letting energy stakeholders and society know about UPEI's Commissions work, we created a new section open to the public in which to offer a general overview of UPEI's commitment to promote the transition towards a more sustainable, resilient, and community-engage sector aligned with the current needs of the market.

We invite you to make use of these tools and hope they help you on your professional activities in the future.

UPEI Publications

Joint statement of the EU industry: Pragmatic regulatory framework necessary for hydrogen market



On 15 July, UPEI, together with 17 European industry associations, signed a joint letter calling for a pragmatic regulatory framework necessary for the hydrogen market.

The joint statement welcomes the publication of the drafts for outstanding RED II Delegated Acts on Article. 27.3 and Article 28.5 (Greenhouse Gas

Reduction Methodology), appreciating the European Commission's call for feedback.

In general terms, it aims at proposing the necessary changes to the draft acts to enable the market ramp-up and fast decarbonisation. Securing a safe investment environment and sufficient planning certainty for the rapid scale-up of renewable fuels of non-biological origin, hydrogen derivatives, and underlying technologies, are also relevant topics covered.

Regarding Art. 27.3 – 'Additionality' Delegated Act, not only it is proposed to extend the transitional period for the development of renewable generation installations and grandfathering to at least 2030, but to also extend the geographical correlation requirement beyond what is currently proposed, provided there is sufficient or potential interconnection capacity between bidding



zones. In addition, a monthly time correlation is proposed as the minimum default rule for hydrogen and derivatives production to match the stable demand required by industrial consumers to operate 24/7.

As for Art. 28.5 – GHG methodology/threshold for RFNBO/RCF Delegated Act, it is recommended to reconsider the proposed sunset date (2035) in view of exploiting the significant CO2 usage potential of industrial processes. It is also stressed the importance to consider all CO2 sources from process-related and thus unavoidable, hard-to-abate, or not-to-abate emissions and further anthropogenic CO2, regardless of their country of origin, subject to the provision that no double-counting in terms of CO2 avoidance credits have already been granted in any other mechanism at international level. To use renewable PPA to replace the electricity lost due to the diversion of the rigid inputs from the original use was also mentioned.

Read more [here](#)

UPEI General Meeting



UPEI AUTUMN MEETING
& 60th ANNIVERSARY
20 & 21 October 2022
[Dublin, Ireland](#)

SAVE
THE
DATE

UPEI Diary

September 2022

23/09 (TBC) UPEI Board Meeting
UPEI Bunkering Commission meeting

December 2022

16/12 (TBC) UPEI Board Meeting
UPEI Fuel Payments Commission meeting

UPEI Circulars

08/2022 [UPEI Autumn Meeting](#)
[Hotel Reservation](#)

09/2022 [UPEI Autumn Meeting](#)
[Preliminary Details & Arrangements](#)
[Registration Form](#)