MEMBERS' NEWSLETTER

UPEi
THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

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Welcome to the 105 number of the UPEI newsletter!

Brussels News

Image Source: Pixabay

November was marked by new developments related to the agreement reached in October on the revision of the Regulation on CO2 Emissions Standards for light duty vehicles.

EU Commissioner Thierry Breton, in charge of the Internal Market and Industry announced at a speech on 16 November to car industry leaders the creation of a "*Route 35*" working group, tasked with monitoring the transition to clean road transport mobility. To this end, this group will monitor indicators on charging infrastructure rollout (currently only deployed at scale in a few EU Member States), on grid efficiency, and on sourcing the provision of raw materials necessary for producing Electric Vehicles in the EU. The working group will start in December 2022 and meet every three months.

This announcement was based on the Commissioner thoughts about the "gigantic disruption" that the expected ban on combustion engines will bring to one of the EU's core industries. The switch to electricity will have so many implications for upstream and downstream companies that the EU cannot afford to fail. Should there be issues in the process, the EU will need to review its phase-out date "without any taboos. The review clause to be activated in 2026 will act as an emergency brake which will allow the 2035 phase-out date to be pushed back, if necessary". Commissioner Breton highlighted the following arguments:

- Some 600,000 jobs will be destroyed in the process of switching from combustion engine to electric cars. We are not just talking about the big car manufacturers - who will surely manage - but we are talking about the entire ecosystem and the production of electricity.
- To produce all those electric cars to replace traditional ones, we will need 15 times more lithium by 2030, four times more cobalt, four times more graphite, three times more nickel. So we will have an enormous consumption of raw materials, and we need to study all this.
- If we want all cars to be electric, we will need 150GW more electricity production per year - that means 20 to 25 percent more electricity than we produce today in Europe. So, we will have to massively increase electricity production. But it will also have to be carbon-free electricity — if we do it with coal or gas it makes no sense. By 2030 we want 30 million electric vehicles on Europe's roads. That means we need around 7 million charging stations. But today we only have 350,000, of which 70 percent are in only three countries — France, Germany, and the Netherlands.
- To be successful, focusing on "key KPIs" will be necessary, from the roll-out of charging stations across the EU, to the ramp-up of raw material production, and these should be developed by Commissioner Breton's team together with stakeholders.
- Electric cars are dirty too and must also become cleaner. There are additional emissions, which are very important - those from tires and brakes, which emit particles that are very damaging to health. So even after 2035, when we will no longer sell combustion-engine cars, there will be emissions. Electric vehicles are around 40 percent heavier than traditional ones, because of the batteries, so they

emit much more particles from brakes and tires than combustion cars.

- The EU should not give up on non-EU markets that will continue to buy combustion engine vehicles, notably Africa.

Image Source: Unsplash

Meanwhile, the European Commission presented on 10 November a proposal to reduce air pollution from vehicles), tightening exhaust emission standards for cars and vans and placing limits on particles shed from brakes and tyres. This Euro VII/7 proposal is based on the need to cut combustion engine pollution while taking into account the extra costs that such a measure impose on the car industry already focused on the 2035 zero-emission target.

For the Commission, the new Euro VII/7 standards can be achieved using technology already available; moreover, these standards will impose up to a 0.6% increase in the price of a new car or van. The impact on lorries and buses is expected to be greater, with up to a 3.1% rise. The standards are also necessary to rein in emissions from brakes and tyres, which will not be curtailed by the switch to an all-electric fleet.

In the proposal, the lowest exhaust emission values possible under the current Euro VI/6 are made mandatory for cars and vans. These standards will better consider real driving conditions in cities, such as frequent stopping and starting. Trucks, however, face stricter limits, as they are expected to rely on combustion engine technologies for longer. Cars and vans will need to comply with the Euro 7 rules for twice as long as was the case under Euro VI/6, with the compliance window extended to 10 years and 200,000 kilometres driven.

The legislation proposal also tackles electric vehicle batteries, which must meet new durability standards, and obliges vehicle manufacturers to provide sensors to measure emissions throughout the vehicle's life. This information will be available to the driver, alerting them when their vehicle is in breach of emission standards.

Source: Euractiv, Politico.

Policy updates

"Fit for 55"

Image Source: European Commission

The Council and the European Parliament continued their trilogue negotiations on a number of files, aiming at adopting as many "Fit for 55" legislative texts as possible under the Czech Presidency of the Council. In particular:

- Revision of the Renewable Energy directive (RED III) : a second trilogue took place on 15 November, with a second one expected in December.
- Alternative Fuels Infrastructure Regulation (AFIR): a second meeting is planned for 30 November.
- FuelEU Maritime: a second meeting is scheduled for 8 December.
- ReFuelEU Aviation: a third meeting is scheduled for 8 December.
- Revision of the Emission Trading scheme (ETS): a 4th and a 5th trilogues took place on 22 and 29 November.

A "super-trilogue" is envisaged for the last working week of December, aiming at finding compromises on the ETS, on the Carbon Border Adjustment mechanism (CBAM) and on the Social Climate fund.

Source: Weber Shandwick

UPEI News

Future revision of the Emergency Oil Stocks directive (2009/119/EC)

UPEI has been contacted by consultants Trinomics and Insight Global, working for the European Commission DG ENER to prepare a review of Directive 2009/119/EC in the light of the Green Deal objectives and lessons learnt for the oil sector from the Covid pandemic and from the Ukraine war.

Image Source: European Commission

The study will be used by the Commission for its ongoing reflection and provide input to future legislative proposals to improve resilience and better guarantee the security of oil supply in a cost efficient and sustainable manner.

The consultant's brief includes:

(a) a review whether the current rules can be improved, in particular concerning the eligibility of stocks (Annex III), the accuracy/completeness of definitions or the suitability of the provisions on crisis management;
(b) a study of the compatibility of existing obstacles to cross-border stocks with the Internal Market rules;
(c) an analysis of the reliability of emergency stocks held in the form or "tickets" and
(d) an assessment of the usefulness of including new tools, such as joint regional oil stockholding, coordinated demand restraint and joint purchase of emergency oil stocks, as well as the role of biofuels and e-fuels.

To prepare their report, the consultants have circulated a long questionnaire amongst the relevant stakeholders, including UPEI. Since many questions are tailored to the Member States, the Secretariat has distributed it to our 11 national associations with an invitation to answer directly.

Fuel Payments Commission – International Vega Case

The Fuel Payments Commission held an emergency meeting on 8 November to discuss new developments in the Vega International Case of the EU Court of Justice (case C-235-18).

A draft working document (n° 1046) prepared by the European Commission DG TAXUD was tabled end October, based on the preliminary work of the EU VAT Experts Group

Based on the identification of two main business models (the buy/sell model and the commissionaire model, the draft working document, which is not in favour of UPEI members interests and contrary to the VAT Expert Group conclusions, states that fuel cards are to be considered as a financial service under the buy/sell model, but as a purchaser/supplier of fuel delivers goods under the commissionaire one.

The Fuel Payments Commission agreed that UPEI should work at a position paper, to be discussed both with DG TAXUD and Member States authorities: in line with the VAT Expert Group's conclusions, the aim would be to make Members States understand that the Vega International business model does not represent the generally accepted and applied fuel cards business.

DG TAXUD answered to stakeholders request for a meeting by inviting all relevant stakeholders to an online discussion on 14 November, insisting on the need to fully respect the ruling of the EU Court of Justice, but agreeing to further discuss its working document before it becomes a set of guidelines on how to apply the Vega International ruling. At the meeting it was agreed that stakeholders and the VAT expert group would further work at the matter, notably by elaborating a set of criteria.

Bunkering Commission: RLCF Industrial Alliance

RLCF Alliance

Image Source: European Commission

Following the acceptance of UPEI as member of the Renewable and Low-Carbon Fuels (RLCF) Value Chain Industrial Alliance established by the European Commission in April 2022, our colleague Kathleen Kollowe, Manager, Climate Policy and Communication at MEW, was accepted as UPEI expert in one of the four Roundtables, namely the Roundtable 3 on "Production pathways and value chain - Waterborne Transport". She will work together with another member of UPEI's Bunkering Commission, Edze Diemer of ACT Commodities Group, member of NOVE, with the support of the Secretariat and the Bunkering Commission.

The first meeting of the Roundtable 3 took place on 22 November to set up its work methods and priorities, including its deliverables, based on the Alliance's work programme adopted in July. It also elected its Chair, Alexander Feindt, of MAN energy solutions.

Retail Stations Commission: EU mobility eco-system

Image Source: European Commission

At its meeting on 4 October, the Retail Stations Commission asked the UPEI Secretariat) to follow up on the work carried out by the European Commission DG GROW in the area of Industrial Policy.

Back to 2021, the Commission identified 14 eco-systems for which, as explained in the Commission Communication of May 2021 "Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery", "transition pathways should be co-created jointly with industry and stakeholders, to identify the actions needed to achieve the twin green and digital transitions, giving a better understanding of the scale, benefits and conditions required".

One of these eco-systems is "Mobility-Transport-Automotive". Following a public consultation carried out in Spring 2022, the Commission DG GROW organised on 28 November three roundtables on:

- "the role of regions as catalysers for the transition of the mobility eco-system", focusing on automotive regional clusters,
- "the social dimension of the transition: ensuring a just transition for all" focusing on the social consequences of the transition to a carbon-free automotive sector, and
- "accelerating the twin transition: towards a smart, sustainable and resilient eco-system", giving the floor to innovative and new industry sectors (including e-charging or hydrogen).

Whereas this exercise is not necessarily a priority path within the European Commission compared to the legislative or funding avenues, it might provide opportunities to further communicate UPEI's 2050 reviewed Vision.

EU stakeholders meeting on 2022 Energy Prices and Costs

On 18 November, the European Commission DG ENER organised the annual meeting with stakeholders on the 2022 Energy Prices and Costs, with presentations on:

- International and EU energy price trends (electricity and gas wholesale and consumer/industry retail).
- Energy costs and their impact on households and industry.
  - For households:
    - The share of energy expenditure has substantially increased, indicating that energy prices have increased more than the overall consumption price level.
    - Increase of inflation is mainly driven by an increase in the price index of natural gas, liquid fuels and in some instances electricity natural gas.
    - Main drivers of inflation & extent of price increase varies by Members State.
    - Without transport fuels, higher prices present a substantially higher burden for households with low income, i.e. they lead to a more regressive distribution of the expenditure burden; including transport fuels, the additional burden is highest for high income groups as they more often own a car and drive more.
  - For industry:
    - Collected data show energy costs having played a decisive role on the

competitiveness of EU companies since the start of the energy crisis.

- Share of energy costs in production costs was **20-55% higher** between 2021 and Q1 2022 across *Aluminium, Ferro-alloys and silicon, Zinc, Ceramics, Fertilisers, Container glass.*
- Production costs in *Iron and steel* in Germany and Italy are now higher than all major non-EU steel producing countries since energy costs rose in 2021.
- Reported impacts of the rising energy cost in industrial sectors in the EU:
    - Production curtailment and shutdowns.
    - Staff lay-offs, mandatory leave and/or reduced pay.
    - Shifting production hours to lower energy tariffs and more favourable conditions.
    - Price increase passed on to customers.
    - More imports from outside the EU at the expense of domestic production.

- Impact of price developments on low-emission investments, with a focus on heat pumps and electric vehicles and the evolution of energy taxes.

All presentations are to be found **here**.

Excise duties

On 18 November, UPEI Tax Expert Inga Tölke and Pierre Lucas attended a meeting of the European Commission Excise Contact Group, which UPEI is a member of. The meeting was an opportunity for DG TAXUD to update participants on quite a number of topics, including an update on legislative developments "**General arrangements for excise duty**". Also, of particular relevance for UPEI members were the presentations on the "EMSC State of Play" and "Losses":

- **MCS State of Play - Excise Duty paid deliveries**

A simplified EMCS procedure has to be applied for intra community excise duty paid deliveries as of 13 February 2023. The paper based SAAD procedure will be withdrawn from 13/02/2023.

- **European thresholds transport losses**

Member States were not able to agree on common thresholds for transport losses. Therefore, the existing national thresholds remain unchanged.

On that occasion, DG TAXUD's moderator of the meeting, Cécile Nourigat, indicated that the membership of the Excise Contact Group, in existence since 2001, will be renewed and that a call for candidatures will be launched before year-end. Current members were invited to apply for the renewal of their mandate.

UPEI Publications

Joint Statement on the REDII Delegated Act Art. 28 (5): the Importance of Industrial CCU for Reaching Climate Neutrality

UPEI, in cooperation with stakeholders for which Carbon Capture and Utilisation (CCU) is a core technology to help reach their sustainability and climate-neutral targets, sent to DG ENER on 29 November 2022 a joint statement in the framework of the preparation of the Delegated Act aimed at setting out a methodology for GHG emission savings from RFNBOs and RCFs in the implementation of the Renewable Energy Directive II (REDII).

To do so, the signatories call for not considering CO2 from industrial sources as eligible for RFNBOs production beyond 2035. In particular, the document suggests:

- Industrial CO2 emissions can be used beyond 2035.
- CO2 sources not to be limited only to processes listed under the ETS (e.g., the Waste-to-Energy sector should be also considered) and to be recognised regardless of their country of origin.
- The European Commission to allow for the use of different electricity input sources, in particular PPAs within a given time period and to clarify averaging rules for the case of production of mixed fuels.

Read more ***here***

Business Partners' Focus

Fuel Prime by AIUT

FUELPRIME

For over 30 years, AIUT has been delivering advanced solutions in automation and robotization of industrial processes, as well as intelligent IoT ecosystems to monitor media and fuels for clients around the world.

FuelPrime is a big data solution enabling fuel stations companies to achieve considerable savings by eliminating fuel losses and, what is equally important, reducing risks of leakages. It is the most precise system in the world, and it equally serves a big network of stations or individual station owner.

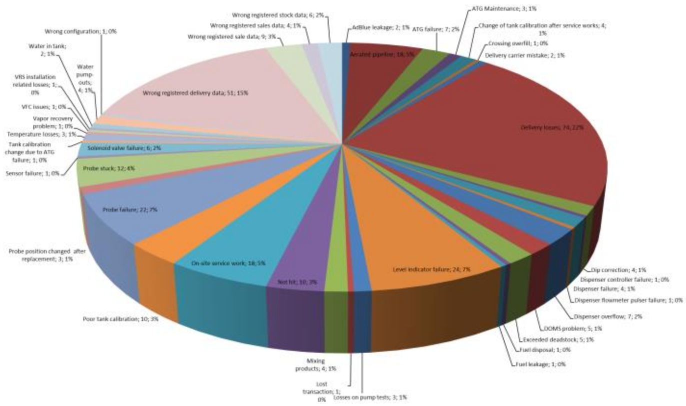
Our reconciliation process goes from Terminal (depot) loading to the dispenser at Service Station.

Our experience shows that we can decrease inefficiencies at each station by a few thousand liters per year and our services may payback within a year.

We offer services of professional analysts and actions to minimize losses, based on certified algorithm (SIR3-Statistical Reconciliation Method) that analyses the data every minute and can quickly detect abnormalities (leakages, delivery shortages, meter under/over dispensing, tank miscalibration, probe failure, mixing products etc.).

We have been developing this solution for over 10 years and now we are serving 1000 stations. We are independent private Polish company and are able to provide solutions tailored to your needs.

Find below the chart representing the issues we may detect at your station.



Please check all the information about AIUT **[here](#)**.

You can contact FuelPrime representative by email: **slawomir.mikulski@aiut.biz**

UPEI Circulars

14/2022 **UPEI Autumn General Meeting 2022. Draft Minutes.**

UPEI Diary

December 2022

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

January 2023

TBC UPEI Bunkering Commission meeting.

February 2023

01/02 Joint Heating Commission meeting.

April 2023

20-21/04 UPEI Spring General Meeting 2023. The Hague (Netherlands).