MEMBERS' NEWSLETTER

UPEI
THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

DECEMBER 2022 | N. 106

Welcome to the 106 number of the UPEI newsletter!

Message from the Secretariat

Dear Members, Associate Members and Business Partners,

At the end of this so complex year, and ahead of new uncertainties in the coming months, José Luis and Pierre would like to wish you a happy Christmas time, and all the best for a healthy and prosperous year 2023.

Image Source: Canva.

Our first year in the UPEI Secretariat, during which we both had the privilege of celebrating UPEI's 60th anniversary with you, was marked by unexpected and far-reaching geopolitical turmoil that has reduced short term visibility for our sector, while perhaps paradoxically consolidating our long-term vision of a carbon-neutral economy in which the independent fuel suppliers fully support and accompany their customers through this transition.

We very much look forward to working with you in 2023, which will be market by much activity aiming at implementing the Fit for 55 package at national level: more than ever a strong coordination between the Secretariat and all members with be necessary. This last newsletter of the year will, amongst others, provide you with a first calendar of our activities planned for the coming year, where we hope to see you in-person and/or via video.

Happy Holidays and all the best for the coming year!

Brussels News

Programme of the Swedish Presidency

Image Source: Website of the Swedish Presidency.

Ahead of its Presidency of the EU Council during the first half of 2023 (to be followed by Spain), the Swedish government has published its programme and its set of priorities for the six months. The programme is organised around four themes: security/ unity; competitiveness; green & energy transition; and democratic values.

In the area of energy, the Presidency puts forward its availability to "act quickly and resolutely to meet the pressing challenges presented by the current energy crisis. The priorities will be to closely monitor developments in the energy markets and the implementation of measures, deal with any further emergency proposals and reform the design of the EU's electricity market".

As regards the "Fit for 55" legislative package, priority will be given to the trilogues with the European Parliament on the revision of the Renewable Energy Directive (RED III) the Energy Efficiency Directive (EED) and the Energy Performance of Buildings Directive (EPBD).

Beyond “Fit for 55”, the Presidency aims to progress towards the adoption of the proposals in the hydrogen and decarbonised gas market package, and on the reduction of methane emissions in the energy sector.

In the area of transport, priority will be given to the trilogues on the further development of the Trans-European Transport Network (TEN-T) and on advancing the expected package of legislative proposals on road, rail and intermodal transport in the first half of 2023, including a package for green freight transport.

In the area of industry, the Presidency will prioritise the examination of the Commission proposal on the Euro 7/VII emissions standards for combustion engine vehicles and intends to initiate negotiations within the Council.

Source: Website of the Swedish Presidency.

European Council meeting on 15 December 2022

Image Source: Pixabay.

The European Council held its last meeting for 2022 on 15 December, with a large part of its debates focusing on energy policy.

It urged the Council to finalise on 19 December 2022 its work on the set of Commission proposals related to the coordination of gas purchases, to a framework to accelerate the deployment of renewable energy, and to a market correction mechanism (price cap).

It also called for the finalisation of the discussions on the Renewable Energy Directive, the Energy Efficiency Directive and the Energy Performance of Buildings Directive and looked forward to the proposal on the structural reform of the EU’s electricity market, to be submitted by the Commission in early 2023.

It recalled the need for a coordinated response to enhance Europe’s economic resilience and its global competitiveness, and invited the Commission to make proposals by end January 2023 aiming to mobilising all relevant national and EU tools, improving framework conditions for investment, including through streamlined administrative procedures.

Policy updates

Emission Trading System (ETS)

Image Source: EU Commission website.

On Sunday 18 December (early morning), the European Parliament and the Council negotiators concluded their trilogue negotiations on the revision of the ETS.

The compromise includes amongst others:

- Power generation and intensive industry sectors covered by the ETS will have to curb their pollution by 62% by 2030. This is a significant increase on the current 43% target.
- Waste will be covered by the scheme from 2028, with potential derogations until 2030.
- All the revenues generated by the carbon market will have to be spent on climate action.
- Free CO2 certificates, given to industry to remain competitive against rivals from outside the EU, will be phased out entirely by 2034 to be gradually replaced by the Carbon Border Adjustment Mechanism (CBAM) due to enter into force from 2026 at the end of a three-year transition period. The border tax covers cement, aluminium, fertilizers, electric energy production, hydrogen, iron and steel.

- A parallel carbon market will cover fossil fuels used to power cars and heat buildings from 2027, accompanied with an emergency brake to be used if carbon prices per ton exceed €90 (which would cause the start to be delayed by one year). The pact also foresees that prices will be capped at €45 at least until 2030.
- To help low-income households shift to cleaner forms of transport and heating, a Social Climate Fund is created, granted with €86.7 billion over the period 2026/2032; 25% will be raised through co-financing by EU governments, the rest coming from the new ETS.

Also, the ETS will be extended to the maritime sector. Negotiators agreed on a gradual introduction of obligations for shipping companies to surrender allowances: 40% for verified emissions from 2024, 70% from 2025 and 100% from 2026. Most large vessels will be included from the beginning in the scope of the EU ETS. Vessels of 5,000 gross tonnage and above will be included in the Regulation on the monitoring, reporting and verification of CO2 emissions from maritime transport (MRV Regulation) from 2025 and in the EU ETS from 2027. General cargo vessels and offshore vessels between 400 and 5,000 gross tonnage will be included in the MRV regulation from 2025 and their inclusion in EU ETS will be reviewed in 2026. Geographical specificities are taken into account with transitional measures for small islands, ice class ships and journeys relating to outermost regions and public service obligations. Strengthened measures are included to combat the risk of evasion in the maritime sector. Some Member States with a relatively high number of shipping companies will in addition receive 3,5% of the ceiling of the auctioned allowances to be distributed among them. The co-legislators agreed to include non-CO2 emissions (methane and N2O) in the MRV regulation from 2024 and in the EU ETS from 2026.

Source: Euractiv.

ETS Aviation

On 6 December, the European Parliament and the Council negotiators reached a deal on EU Emissions Trading System (EU ETS) rules on aviation.

The updated rules will phase out free allowances for the aviation sector by 2026. This agreement increases the stringency of the existing system, which has covered aviation since 2012.

Until beginning 2027, EU carbon pricing will apply to flights within the EU/EEA and departing flights to Switzerland and the United Kingdom, maintaining the current 'stop the clock' mechanism on the international application of the rules. In 2026, the Commission will carry out an assessment of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) set up by the International Civil Aviation Organisation (ICAO), to see if it is sufficiently delivering on the goals of the Paris Agreement. Subject to the outcome of this assessment, the Commission will make a legislative proposal, which could extend the scope of EU emissions trading to departing flights if CORSIA is not sufficiently aligned with the Paris Agreement.

Image Source: Canva.

The agreement also provides for a new support scheme to speed up the use of sustainable aviation fuels, financed with EU ETS revenues which are estimated at €1.6 billion. It will also create a new system for airlines to monitor, report and verify non-CO_2 emissions and climate effects of aviation, which make up two thirds of aviation's total climate impact. In a significant step forward on transparency, more data on international aviation emissions will be published in a user friendly manner, while protecting commercially sensitive data.

Source: EU Commission website.

Carbon Border Adjustment Mechanism - CBAM

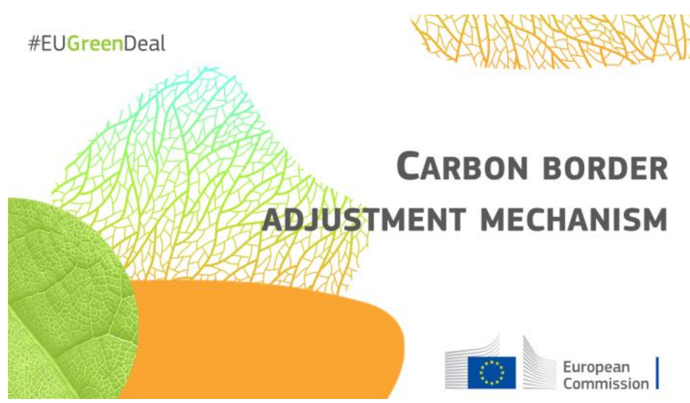

Image Source: EU Commission website.

Negotiators of the Council and the European Parliament reached a provisional and conditional agreement on 13 December on the CBAM, a mechanism that promotes the import of goods by non-EU businesses into the EU only if they fulfil the climate legislation applicable in the EU, in order to ensure a balanced treatment of such imports. The provisional agreement is dependent on some aspects relevant for CBAM but need to be included in other pieces of legislation on which negotiations are still ongoing.

- The CBAM will initially cover specific products in some of the most carbon-intensive sectors: iron and steel, cement, fertilisers, aluminium, electricity and hydrogen, as well as some precursors and a limited number of downstream products. Indirect emissions would also be included in the regulation in a well-circumscribed manner.
- The CBAM will begin to operate from October 2023 inwards, starting with reporting obligations only with the aim to collect data. In a second phase, the CBAM will be introduced gradually, in parallel to a phasing out of the free allowances under the revised EU emissions trading system (ETS) for the sectors concerned. This will ensure compatibility of CBAM with international rules on trade.

Source: Euractiv.

Energy Taxation Directive (ETD)

Image Source: EU Commission website.

On 25 November, the Czech Presidency of the EU Council presented a note aiming at preparing a policy debate to be held by the Council (Economic and Financial Affairs) in view to advance the preparation of the adoption of the revised Energy Taxation Directive proposed by the European Commission. The note contained two questions to the Ministers:

1) Do you agree that further work should build on the progress made so far on the ETD file, enabling the Member States to comply with the long-term EU environmental targets, and at the same time providing the Member States with sufficient flexibility, taking into account their national tax systems, while ensuring the smooth functioning of the internal market?

2) Underlining the fact that the ETD file is a part of the Fit for 55 package, do you agree that the future work should seek to reach a compromise striking a balance between the EU minimum levels of taxation and the length of transitional periods to accommodate the Member States' economic, geopolitical, geographical and social circumstances, in particular in relation to the most sensitive sectors?

9th package of sanctions against Russia

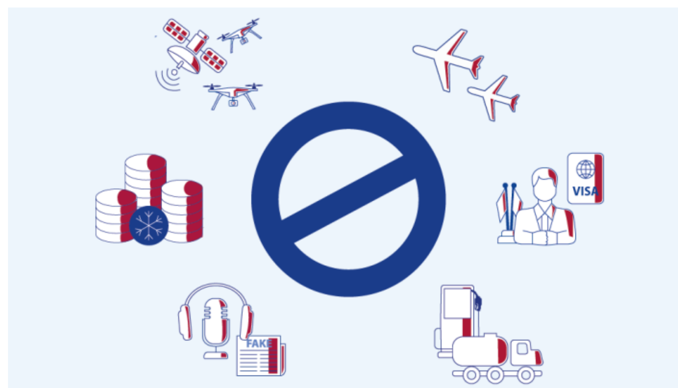

Image Source: EU Council website.

On 16 December, the EU Council agreed upon a new package of sanctions against Russia, including

- New export controls and restrictions on dual-use goods and technology as well as goods and technology that can contribute to the technological enhancement of Russia's defence and security sector, including key chemicals, nerve agents, night-vision and radio-navigation equipment, electronics and IT components.
- An expansion of the export ban on aviation and the space industry related goods and technology to include aircraft engines and their parts, including drones.
- a ban on the provision of EU advertising, market research and public opinion polling services, as well as product testing and technical inspection services to the Russian Federation.
- An expansion of the prohibition targeting new investments in the Russian energy sector by additionally prohibiting new investments in the Russian mining sector, except for mining and quarrying activities involving certain critical raw materials.

An overview of all EU sanctions against Russia can be found on the European Commission website **here**

Source: EU Council and Commission website.

Russia Oil Price Cap

On 3 December, the EU Council agreed on a $60 per barrel price cap on Russian seaborne crude oil, an agreement that will also be applied by the G7 countries.

This cap will be reviewed every two months and accompanied by a provision to ensure that any resetting of the cap should leave it at least 5% below average market rates for Russian oil. The G7 price cap will allow non-EU countries to continue importing seaborne Russian crude oil, but it will prohibit shipping, insurance and reinsurance companies from handling cargoes of Russian crude around the globe unless it is sold for less than the price cap. Since most important shipping and insurance firms are based in G7 countries, the price cap is set to make it very difficult for Russia to sell its oil for a higher price.

More detailed information can be found **here.**

Source: Euractiv.

EU Recovery plan / RePowerEU

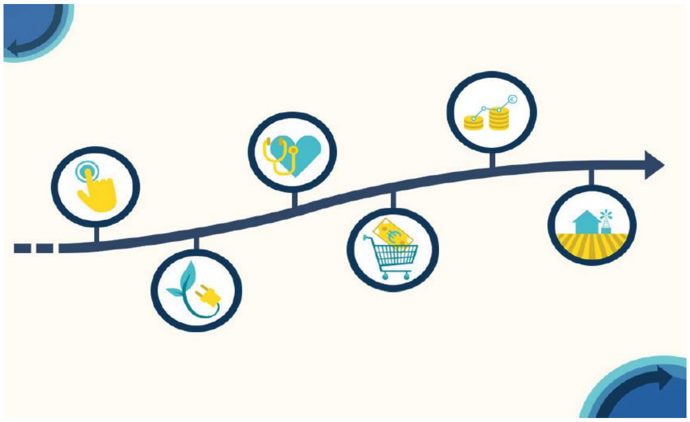

Image Source: EU Council website.

On 14 December, the negotiators from the EU Council and the European Parliament reached an agreement on the “REPowerEU” plan, through which Member States will be authorised to add a RePowerEU chapter to their national recovery and resilience plans (RRPs) adopter in the framework of the EU post-COVID-19 NextGenerationEU Plan. These chapters in the Member States’ RRPs will outline new reforms and investments, started from 1 February 2022 onwards, and/or the scaled-up part of reforms and investments included in the already adopted RRPs, with their corresponding milestones and targets.

- The scope of the chapters is further clarified and will include, among others:
- Boosting energy efficiency in buildings and critical energy infrastructure
- decarbonising industry
- increasing production and uptake of sustainable biomethane, and renewable or fossil-free hydrogen
- increasing the share and accelerating the deployment of renewable energy
- improving energy infrastructure and facilities to meet immediate security of supply needs for gas, including liquefied natural gas (LNG), notably to enable diversification of supply in the interest of the Union as a whole
- oil infrastructure and facilities necessary to meet immediate security of supply needs may be included in the REPowerEU chapter of a Member State that has been subject to the exceptional temporary derogation due to its specific dependence on crude oil and geographical situation
- addressing energy poverty
- incentivising a reduction of energy demand
- addressing internal and cross-border energy transmission and distribution bottlenecks
- supporting electricity storage
- accelerating the integration of renewable energy sources
- supporting zero emission transport and its infrastructure, including railways

As regards the financing of the grants, the sources will be the Innovation Fund (60%) and frontloading ETS allowances (40%). The allocation key will be a formula which takes into account cohesion policy, member states’ dependence on fossil fuels and the increase of investment prices. Member states will have further incentives to request loan support including in the case of requests above 6.8% GNI where the relevant conditions apply. Member States will have the possibility of voluntary transfers from the Brexit Adjustment Reserve (BAR). Member states which have unspent cohesion funds from the previous Multiannual Financial Framework (2014-2020) will have the possibility to use them to support SMEs and vulnerable households particularly affected by energy price increases.

Source: EU Council website.

UPEI News

16/12/2022 | UPEI Board meeting

The UPEI Board met on 16 December in Prague (Czech Republic), focusing its meeting on three major action items:

a) Review of current EU legislation with an update by Weber Shandwick.
b) Roundtable Year-End discussion, focusing on membership/business partnership evolution, administrative/internal matters, and UPEI initiatives and activities, such as the evaluation of our Autumn General Meeting in Dublin, Ireland.
c) Preparation of the General Meeting in The Hague, Netherlands.

The next meeting is scheduled to take place on 25th January, via online, to finalise and adopt the UPEI work plan for the year.

The Oil Coordination Group

On 13th December, Johan Deleu, Max Brockmann, and Pierre Lucas, attended and made a presentation at a special meeting of the Oil Coordination Group, a group of Member States representatives set under Council Directive 2009/119/EC on oil stocks. The group's mission is to contribute to analysing the situation within the EU regarding security of supply for crude oil and petroleum products and to facilitate the coordination and implementation of measures in that field, in particular in the event of difficulties arising in the supply of crude oil and petroleum products.

Image Source: EU Commission website.

The objective of the meeting (held in the form of a webinar) was to exchange views on the state of play of the EU preparedness in the current context of ban of import of Russian oil and to clarify the role of different stakeholders of the supply-chain (fuel production, logistics and distribution) to facilitate coordination.

To better structure the discussion, the Commission DG ENER set in advance the following questions:

- What is your association assessment of the evolution of fuels demand and supply in the Union since March this year?
- Were your member companies confronted with logistic difficulties (rail /road/inland navigation)? What measures were taken to overcome these?
- What about cyberattacks?
- Are your member companies involved in holding / managing emergency oil stocks? What is your role?
- Has your association specific protocols for crisis management / mutual assistance? (e.g. at company level / between companies, at national / cross-border level)
- How do your member companies see the evolution of supply/demand in the coming months, against the background of the oil sanctions imposed by the European Union?
- Are you confident about the supply of middle distillates (in particular gasoil/diesel) at present and in the coming months?

It was the first time DG ENER involved the different stakeholders of the oil supply chain in the work of the Oil Coordination Group. The Commission took note of the associations' views and will organise future exchanges.

Fuel Payments Commission – International Vega Case

Following the meeting with the European Commission DG TAXUD with stakeholders on 14 November (see Newsletter N° 105), work has moved on in the ad hoc group of stakeholders and the EU VAT expert group, tasked with the drafting of a set of criteria. The ad hoc group meets online on a weekly basis and will submit its proposals to the European Commission as soon as possible.

Image Source: Canva.

UPEI Publications

Joint Statement on the Energy Performance of Buildings Directive (EPBD)

The current geopolitical context makes it necessary for the EU to reduce its dependency on Russian gas by ensuring diversification of supply and technologies.

In this framework, UPEI, along with stakeholders in the liquid heating industry, namely FuelsEurope (European Petroleum Refiners Association), Eurofuel (European Liquid Heating Fuels Distributors), and ECFD (European Confederation of Fuel Distributors), published a joint statement on the Energy Performance of Buildings Directive (EPBD) urging policy-makers to include technology neutrality in all EU energy legislation to achieve the objectives of decarbonisation and energy independence.

Read more ***here***

Joint Statement on 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

Kingspan

Kingspan Environmental

Kingspan Energy Storage and Smart Monitoring are committed to the preservation and protection of energy for our future.

We are an innovative manufacturer of rotomolded storage tanks with over 50 years of combined innovation and expertise in storing, dispensing and monitoring Diesel, AdBlue®, Oil and Water for the commercial, industrial, agriculture & domestic markets. Our portable and static diesel storage solutions are available from 200 – 9,000 litres and come with a choice of diesel tank monitoring and management options giving you the necessary level of control needed for your business. The FuelMaster range has been specifically designed for the secure storage, dispensing and protection of diesel fuel with specification options including 72 lpm pump, digital flowmeter, motion sensor light, electronic level gauge and the ability to record fuel usage. They are made from bunded construction for environmental protection, 10-micron particle & water filter, 6m hose with automatic nozzle & nozzle holder, lockable doors for more security and come with a 10-year tank warranty.

Kingspan smart monitoring products concentrates on the provision of monitoring and measurement systems and services for fuel, adblue, lubricants, liquid fertiliser, chemicals, water, solid materials, cold storage environments and many more. The fuel and tank monitoring solutions incorporate features that enable effective data metrics and reporting for commercial and domestic applications. The tank’s content data is captured, processed, and delivered to you via our secure database, Connect Sensor enabling valuable insights into your energy consumption and trends across the year. It calculates your usage patterns and gives you timely notification of projected run-out dates. Connect Sensor offers scalability and reporting versatility including mapping function with road planning. It can also be configured to work with other telemetry devices. Connectivity options include 4G, LTE-M, NB-IoT, Sigfox, LoRa, Wi-Fi, satellite or other Internet connectivity. Kingspan offers multiple solutions, including the Watchman Access, Watchman Radar, Watchman SENSiT, Watchman Flo as well as a bespoke mobile app.

We are recognised by our customers as a reliable and trustworthy brand, supplying a wide portfolio on a global scale. We are flexible to adapt to local markets and support our key partners, paving the way for our solutions to offer a truly customer centric value proposition.

For over 30 years, AIUT has been delivering advanced

Please check all the information about Kingspan **here**.

UPEI Diary

January 2023

17/01 UPEI Fuel Payments Commission

25/01 UPEI Board Meeting

30/01 UPEI Heating Commission

TBC UPEI Bunkering Commission meeting

February 2023

01/02 Joint Heating Commission meeting

March 2023

16/03 UPEI Board Meeting

April 2023

19-21/04 UPEI Spring General Meeting 2023
The Hague (Netherlands)

UPEI General Meeting

UPEI

THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

UPEI SPRING MEETING
19 & 21 April 20223

THE HAGUE (NETHERLANDS)

DOCS & INFO SOON