MEMBERS' NEWSLETTER

UPEI
THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

MARCH 2023 | N. 109

Welcome to the 109 number of the UPEI Newsletter!

The month of March was marked by important progress in the adoption of key elements of the EU "Fit for 55" legislative package and other energy-related legislation, including the definitive adoption of the Regulation on CO2 emission standards for light duty vehicles. The European Commission also presented several legislative proposals setting in motion the Green Deal Industrial Plan.

Meanwhile, the United Nations' Intergovernmental panel on climate Change (IPCC) published the synthesis of its sixth assessment report (AR6), a **summary** of which was specifically written for policy makers. The summary insists on the "rapidly closing window of opportunity to secure a liveable and sustainable future for all", and on "the benefits to act within the present decade, using feasible, effective ad low-cost options for mitigation and adaptation that are already available". The summary also evaluates that there is enough capital available to close the investment gap, but that there are barriers to redirect capital to climate action.

Brussels News

European Council

Image Source: European Council website

On 23 March, the European Council met for its Spring "economic session", during which it examined the Commission's Communication presented on 16 March on the "**Long Term Competitiveness of the EU - looking beyond 2030**".

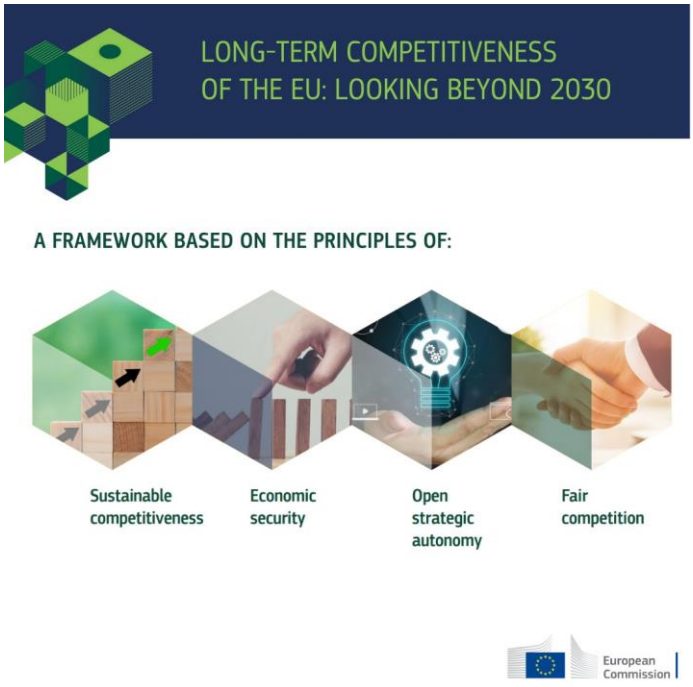

Image Source: European Commission website

In this Communication, the Commission proposes to address the fact that since the mid-1990s, the average productivity growth in the EU has been weaker than in other major economies, leading to an increasing gap in productivity levels, by acting on nine mutually reinforcing drivers as well as on preparing a growth enhancing regulatory framework:

a) A functioning Single Market, by broadening and deepening it and fostering integration of services; for the Single Market, created 30 years ago, a specific **Communication** was published on the same day, focusing on a) enforcing existing Single Market rules, supported by benchmarks to address the deficits related to transposition and implementation of EU rules and b) removing Member State-level barriers, in

particular barriers to the cross-border provision of services, and in the industrial ecosystems with the greatest economic integration potential (retail, construction, tourism, business services and renewable energy sector).

b) Access to private capital and investment, by deepening the Capital Markets Union and completing the Banking Union, as well as the development of EU tax and financial services regulatory frameworks supportive of businesses;

c) Public investment and infrastructure, by reforming the European economic governance framework;

d) Research and innovation, through tax incentives, public-private partnerships and large-scale projects to de-risk investments in innovation, especially in the key areas of clean technology, digital and biotechnology;

e) Energy, through fast roll-out of renewables, the digitalisation of energy systems and energy storage facilities;

f) Circularity, by fostering the transition towards a more circular economy in the EU;

g) Digitalisation, through broad-based take-up of digital tools across the economy and more support for leadership in key digital technologies such as Artificial Intelligence, Quantum Computing, microelectronics, web 4.0, virtual reality and digital twins, and cybersecurity;

h) Education and skills, by developing and recognising skills as the key to attractive, quality jobs, increasing the participation of women, the young and third country nationals in the labour market, and promoting vocational education and training;

i) Trade and open strategic autonomy, by continuing to open markets for EU companies through deepening ties with allies and trading partners, preserving fair trade principles and addressing risks in a targeted way.

For each driver, KPIs are defined. On energy, these are a) the share of energy from renewable sources that have to reach 45% in 2030 and b) electricity prices for non-household consumers that have to be down and then steady from €0.1604 per kWh during the first semester 2022.

The European Council also reviewed the two main current elements of the EU energy policy, encouraging the Council and the European Parliament to reach agreement on the pending legislative files, and calling upon the Commission and the Member States to work towards the next gas storage filling and heating season, urging all stakeholders to make full usage of the **AggregateEU** joint purchasing mechanism.

Source: EU website.

Green Deal Industrial Plan

Image Source: European Commission

On 16 March, the European Commission adopted further legislative proposals and policy papers announced as part of its "New Green Deal Industrial Plan". The complete list of these documents can be found on the **UPEI website**.

One of the most relevant documents is the proposal for a Net-Zero Industry Act (NZIA) that aims to address the resilience and competitiveness of 'net-zero technologies' manufacturing in the EU.

The Commission defines two categories of such technologies:

- "Net-zero technologies": renewable energy technologies; electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of nonbiological origin technologies; sustainable alternative fuels technologies; electrolysers and fuel cells; advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle, small modular reactors, and related best-in-class fuels; carbon capture, utilisation, and storage technologies; and energy-system related energy efficiency technologies.
    - They refer to the final products, specific components and specific machinery primarily used for the production of those products. They

shall have reached a technology readiness level of at least 8" (Article 3).

- "Strategic net-zero technologies": (i) solar photovoltaic and solar thermal technologies; (ii) onshore wind and offshore renewable technologies; (iii) battery / storage technologies; (iv) heat pumps and geothermal energy technologies; (v) electrolysers and fuel cells; (vi) sustainable biogas/biomethane technologies; (vii) carbon capture and storage (CCS) technologies; and (viii) grid technologies.
    - The selection of such technologies builds on three main criteria: technology readiness, contribution to decarbonisation and competitiveness, and the security of supply risks.

There are several ambitions for these two types of technologies:

- The proposal sets an overall ambition to approach or reach at least 40% of the annual deployment needs for strategic net-zero technologies manufactured in the EU by 2030.
- Net-zero technology manufacturing projects will benefit from enabling conditions in terms of streamlined administrative and permit-granting processes. In addition, specific provision would apply to 'Net-Zero Strategic Projects' (e.g., these projects could be considered of 'overriding public interest' and benefit from even shorter permitting deadlines: 9 to 12 months compared to 12 to 18 months without such a designation).
- In terms of facilitating access to markets, the proposal requires that, when awarding contracts for strategic net-zero technologies in a public procurement procedure, contracting entities also consider the "sustainability and resilience contribution of the tender". In particular, the tender's "contribution to resilience" would imply taking account of the "proportion of the products originating from a single source of supply […], from which more than 65% of the supply for that specific net-zero technology within the Union originates in the last year for which data is available for when the tender takes place".
- Nevertheless, the contracting entity would not be obliged to apply the considerations relating to the sustainability and resilience contribution, where their application would oblige that entity to acquire equipment having disproportionate costs, or technical characteristics different from those of existing equipment, resulting in incompatibility, technical difficulties in operation and maintenance. Cost differences above 10% may be presumed by contracting authorities and contracting entities to be disproportionate.

Source: EU website.

Policy updates

Proposal for a Regulation on CO2 standards for Heavy Duty Vehicles

The **public consultation** issued by the European Commission will close on 14 April. The feedback received will be summarised by the European Commission and presented to the European Parliament and Council with the aim of feeding into the legislative debate.

Source: EU website.

Delegated Acts on Green Hydrogen (RED II)

The European Parliament has requested an extension of the initial period for examining the two Delegated Acts published by the European Commission on 13 February 2023: the scrutiny period until 13 June 2023.

As regards the 'Additionality' framework (rules for when hydrogen, hydrogen-based fuels or other energy carriers can be considered as a renewable fuel of non-biological origin), on 28 March the ITRE Committee rejected a **draft motion for Objection**. Still, a political group, or a group of MEPs could still raise a motion for objection directly in Plenary.

Source: Weber Shandwick.

"Fit for 55" legislative package

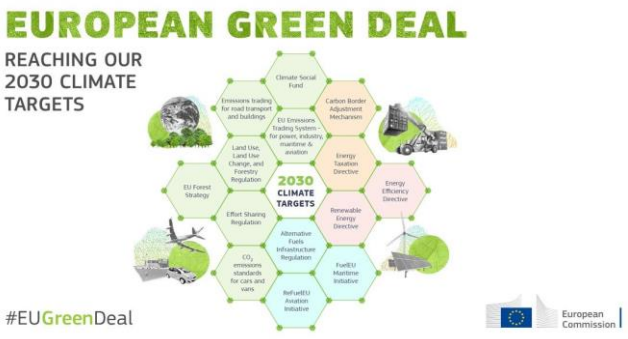

Image Source: European Commission website

Work is moving fast towards the adoption by the EU institutions of the following legislative pieces of the "Fit for 55" package:

- CO2 emission performance standards for LDVs - procedure completed.
- Revision of the Renewable Energy Directive (RED III) - trilogue completed.
- Fuels EU Maritime - trilogue completed.
- Alternative Fuels Infrastructure Directive - trilogue completed.
- Revision of the Energy Taxation Directive - discussions on-going in Council.
- REFuelEU Aviation - trilogue on-going.
- Energy Efficiency Directive - trilogue completed.
- Energy Efficiency of Buildings Directive - European Parliament Report adopted in plenary on 14 March.

Source: Weber Shandwick.

CO2 emission performance standards for LDVs

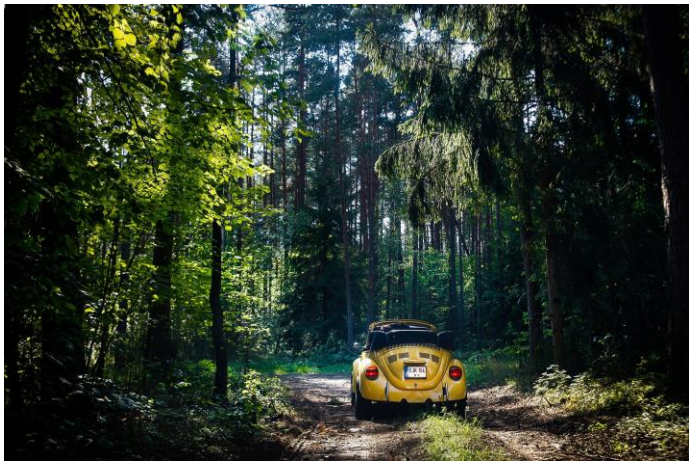

Image Source: Pixabay website

The EU Council adopted on 28 March the **Regulation** on CO2 emission performance standards for light duty vehicles (LDVs). Following an agreement reached with the European Commission, the German Government had, shortly beforehand, lifted its objection and agreed to the text adopted in trilogue with the European Parliament.

In short:

- The new rules set the following targets:
  - 55% CO2 emission reductions for new cars and 50% for new vans from 2030 to 2034 compared to 2021 levels.
  - 100% CO2 emission reductions for both new cars and vans from 2035.
- A regulatory incentive mechanism for zero- and low-emission vehicles (ZLEV) will be in place from 2025 until the end of 2029. As part of this mechanism, if a manufacturer meets certain benchmarks for the sales of zero- and low-emission vehicles it can be rewarded with less strict CO2 targets. The benchmark is set at 25% for cars and 17% for vans.
- The Regulation contains a reference to e-fuels, whereby following a consultation with stakeholders, the Commission will make a proposal for registering vehicles running exclusively on CO2-neutral fuels, after 2035, in conformity with EU law, outside the scope of the fleet standards, and in conformity with the EU's climate neutrality objective.
- The Regulation also includes a review clause: in 2026, the Commission will thoroughly assess the progress made towards achieving the 2035 100% emission reduction targets and the possible need to review them. The review will take into account technological developments, including with regard to plug-in hybrid technologies and the importance of a viable and socially equitable transition towards zero emissions.
- It gradually reduces the cap of emission credits that manufacturers can receive for eco-innovations that verifiably reduce CO2 emissions on the road, to maximum 4g/km per year from 2030 until the end of 2034 (currently set at 7g/km per year).
- A common EU methodology has to be developed by the Commission by 2025, for assessing the full life cycle of CO2 emissions of cars and vans placed on the EU market, as well as for the fuels and energy consumed by these vehicles.
- Every manufacturer must ensure that the average CO2 emissions from its fleet of newly reg-istered vehicles in a calendar year do not exceed its specific annual emissions target. If they do, manufacturer must pay a premium of €95 per gram CO2/km above the target per ve-hicle registered. Consequently, with the new targets agreed, zero-emission vehicles will eventually become cheaper than vehicles running on fossil fuels.
- The Regulation maintains a derogation for small volume manufacturers until the end of 2035.

The vote was accompanied by a series of statements (here)

The Council's endorsement marks the end of the adoption procedure, following the approval of the provisional agreement by the European Parliament in Plenary. The text will be published text in the Official Journal of the EU and its entry into force in the coming few weeks.

Source: Weber Shandwick.

Revision of the Renewable Energy Directive (RED III)

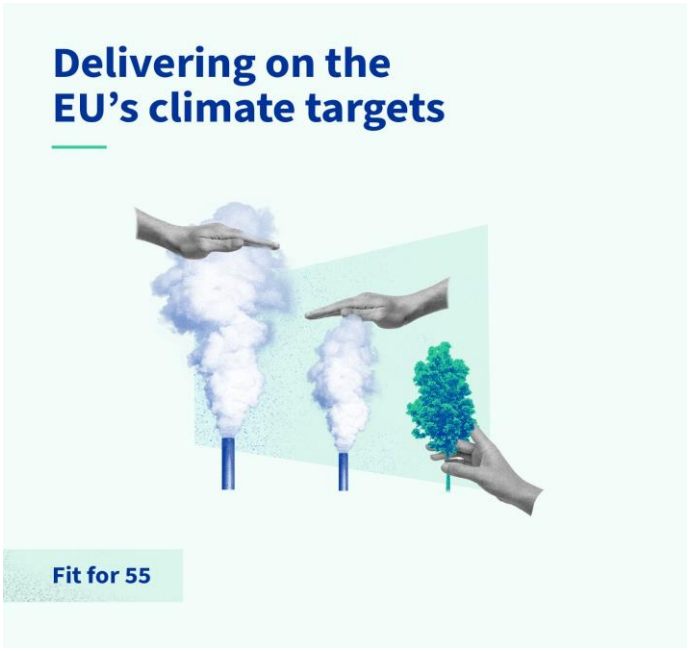

Image Source: EU Council website

The European Parliament and the Council adopted in trilogue an agreement on 30 March, which main elements are:

- Overall target
  - Mandatory target for renewables in the EU's overall energy consumption of 42.5% by 2030, with an additional 2.5% indicative 'top up' that would allow to reach 45% (MEPs wanted binding 45%, while Member States 40%).
- Targets in the transport sector
  - Member States can choose between a binding target of 14.5% reduction of GHG intensity in transport from the use of renewables by 2030, or a binding target of at least 29% share of renewables within the final consumption of energy in the transport sector by 2030.
  - This includes a binding combined sub-target of 5.5% for advanced biofuels and renewable fuels of non-biological origin (RFNBOs) in the share of renewables supplied to the transport sector. Within this target, there is a minimum requirement of 1% of RFNBOs in the share of renewables supplied to the transport sector in 2030. This will result in a new demand of some 200 TWh or 20 billion litre diesel-equivalent is hydrogen and eFuels.
- Targets in the industry sector
  - Annual increase in the use of renewable energy by 1.6%.
  - 42% of the hydrogen used in industry to come from RFNBOs by 2030, and 60% by 2035. This equals approximatively a forecasted demand of 168 TWh.
  - Possibility for Member States to 'discount' the contribution of RFNBOs in industry by 20%, under two conditions:
  - The Member State meets its expected national contribution to the binding overall EU target;
  - The share of hydrogen from fossil fuels consumed in the Member State is not more 23% in 2030 and 20% in 2035.

Source: Weber Shandwick.

FuelEU Maritime

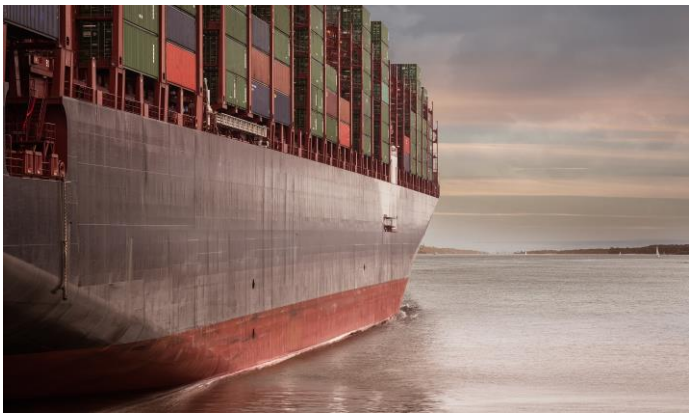

Image Source: Pixabay website

The Council and the European Parliament reached a compromise on 23 March (trilogue meeting). The main outcome concerns:

Article 4

- GHG intensity of energy used on board by ships.
- Ships will have to gradually reduce GHG emissions by cutting the amount of GHG in the energy they use by 2% as of 2025; 6% as of 2030; 14,5% as of 2035; 31% as of 2040; 62% as of 2045; and 80% as of 2050 (initially, the Commission had proposed the following trajectory: 13% by 2035; 26% by 2040; 59% by 2045; 75% by 2050).
- These targets will apply to ships > gross tonnage of 5000, in respect of all energy used on board in or between EU ports, and 50% of energy used on voyages where the departure or arrival port is outside of the EU (or in EU outermost regions). The Commission will review the rules by 2028, to decide whether to extend emission-cutting requirements to smaller ships or to increase the share of the energy used by ships coming from non-EU countries.
- Measures to encourage the uptake of RFNBOs.
- The deal sets a 2% renewable fuels usage target as of 2034, if the Commission reports that in 2031 RFNBO amount to less than 1% in fuel mix.
- The deal also gives more credits, as an incentive, in the form of offsetting emissions to those ship owners who use RFNBOs from 2025 to 2034.

Article 5

- On-shore power supply (OPS)
- Containerships and passenger ships will be obliged to use onshore power supply for all electricity needs while moored at the quayside in major EU ports as of 2030. It will also apply to the rest of EU ports as of 2035, if these ports have an on-shore power supply.
- Exemptions foreseen, such as in the case of ships staying at port for less than two hours, using own zero-emission technology, or making a port call due to unforeseen circumstances or emergencies.

Article 20

- Allocation of penalties: in line with the European Parliament's negotiating position, revenues generated from 'FuelEU penalties' will be allocated to projects to support decarbonisation of the maritime sector.

Energy Taxation Directive

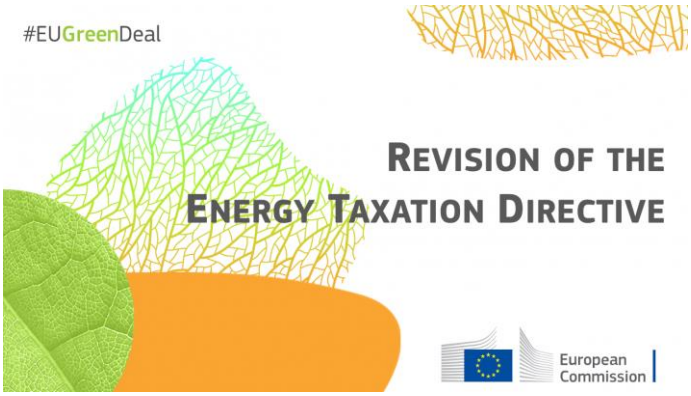

Image Source: European Commission website

This piece of legislation remains one of the most difficult. It is expected that the European Parliament's ECON Committee will resume its examination of the file in April, after its Rapporteur had put it on hold for several months.

The EU Council (Ministers of Finance) will have a last opportunity to examine it under Swedish Presidency on 16 June, but it is unlikely that it will adopt a final text.

Alternative Fuels Infrastructure Regulation (AFIR)

A trilogue agreement was reached on 28 March between the European Parliament and the EU Council, which main elements are:

- Recharging infrastructure for cars and vans (Article 3): for each registered battery-electric car in a given Member State, a total power output of 1.3 kW must be provided by publicly accessible recharging infrastructure. In addition, every 60 km along the trans-European transport (TEN-T) network, fast recharging stations of at least 150 kW need to be installed from 2025 onwards.
- Recharging stations dedicated to heavy-duty vehicles (Article 4) with a minimum output of 350 kW need to be deployed every 60 km along the TEN-T core network, and every 100 km on the larger TEN-T comprehensive network from 2025 onwards, with complete network coverage to be achieved by 2030. In addition, recharging stations must be installed at safe and secure parking areas for overnight recharging as well as in urban nodes for delivery vehicles.
- Hydrogen refuelling infrastructure (Article 6) that can serve both cars and lorries must be deployed from 2030 onwards in all urban nodes and every 200 km

along the TEN-T core network, ensuring a sufficiently dense network to allow hydrogen vehicles to travel across the EU.

- Maritime ports (Article 9) that see at least 50 port calls by large passenger vessels, or 100 port calls by container vessels (average annual number), must provide shore-side electricity for such vessels by 2030.
- Airports (Article 12) must provide electricity to stationary aircraft at all contact stands (gates) by 2025, and at all remote stands (outfield positions) by 2030.
- The provisional agreement would also maintain deployment exemptions in the case of outermost regions, islands and roads with very scarce traffic (e.g., possibility to increase maximum distance between recharging pools for road sections with very low traffic).
- As to different price-display options, the price of the "fuels" will have to be displayed per kWh, per minute/session or per kg, be reasonable, easily and clearly comparable, transparent and non-discriminatory.

Source: Weber Shandwick

Energy Efficiency Directive

Image Source: European Commission website

On 10 March, the EU Council and the European Parliament concluded their trilogue negotiations on the revised Energy Efficiency Directive, aiming to reduce final energy consumption at EU level by 11.7% in 2030. The text of the compromise is available **here** and the main aspects are:

- Headline target

Member States must collectively ensure a reduction of final energy consumption of at least 11.7% in 2030, compared with the energy consumption forecasts for 2030 made in 2020. This translates into an upper limit to the EU's final energy consumption of 763 million tonnes of oil equivalent and of 993 million tonnes of oil equivalent for primary consumption. The consumption limit for final consumption will be binding for Member States collectively, whereas the primary energy consumption target will be indicative.

- National contributions and gap-filling

All Member States will contribute to achieving the overall EU target through indicative national contributions and trajectories, set by the Member States in their integrated national energy and climate plans (NECPs). Updated NECPs are due in 2023 and 2024. The formula for calculating national contributions towards the target (defined in Annex I to the proposal) will be indicative, with the possibility of deviating from it by 2.5%. The Commission will calculate whether all the contributions add up to the 11.7% target and, if not, issue corrections to the national contributions that are lower than what they would have been if using the formula (the so-called gap-filling mechanism). The formula is based on, among other things, energy intensity, GDP per capita, development of renewables and energy savings potential.

- Energy savings

There will be a gradual increase of the annual energy savings target for final energy consumption from 2024 to 2030. Member States will ensure new annual savings of 1.49% of final energy consumption on average during this period, gradually reaching 1.9% on 31 December 2030. Member States could count in the calculation towards the target, energy savings realised through policy measures under the current and the revised Energy performance of buildings directive; measures stemming from the EU ETS (for installations and for buildings and transport); emergency energy measures.

- Public sector

A specific obligation for the public sector is set up, to achieve an annual energy consumption reduction of 1.9% that can exclude public transport and armed forces. In addition to this, member states would be required to renovate each year at least 3% of the total floor area of buildings owned by public bodies.

The agreement will need to be formally adopted by the European Parliament and the Council before it can be published in the EU's Official Journal and enter into force.

Source: EU Council

Energy Performance of Buildings Directive (EPBD)

The text adopted on 14 February in the ITRE Committee was confirmed by the Plenary of the European Parliament on 13 March. The main aspects of the agreed document were described in the February issue of our **UPEI Newsletter**.

UPEI News

THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

16/03/2023 | Board Meeting

The UPEI Board met online on 16 March, focusing its meeting on four major action items:

a) Review of current EU legislation with an update by Weber Shandwick.
b) Update on membership status and overview for potential new members.
c) Presentation of annual accounts for 2022 and discussion with UPEI internal auditor Anna Bes.
d) Preparation of the General Meeting in Rotterdam, Netherlands.

The next meeting is scheduled to take place on 7th June in Copenhagen (Denmark).

27/03/2023 | Fuel Payments Commission meeting

At the latest Fuel Payments Commission meeting, members reviewed the most recent developments in the Vega International Case, which deals with the question if the provision of fuel cards is to be treated as financial activity and, as such, exempt from VAT.

A discussion on UPEI advocacy efforts followed, focusing on the outcome of the Stakeholders Working Group draft document on the DG TAXUD working paper No 1046.

Attendants also discussed the latest developments on the revision of the Payment Service Directive 2 (PSD 2), national measures for its implementation, and were informed about UPEI advocating efforts for fuel cards to continue being exempted under the PSD 2.

Finally, Marosa, UPEI Business Partner, presented its proposal to organise a webinar on VAT basics.

*Find all the information **here**.*

UPEI Publications

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

On 13 March 2023, UPEI, together with the European Confederation of Fuel Distributors (ECFD), FuelsEurope, and Eurofuel, released a joint statement on the Energy Performance of Buildings Directive (EPBD), supporting articles 7 and 8 of the EPBD ITRE report, that while maintaining the phase-out of fossil fuels at the same time does ensure technology neutral, allowing citizens to choose between different heating systems, adapted to their circumstances and needs.

The signatories agreed on the fact that Europe needs to be open to all the solutions which are able to reduce emissions in new and existing buildings. No energy or technology should be disregarded, provided they contribute to the journey towards net-zero.

*Read more **here***

Joint Statement on the Draft Delegated Act on Greenhouse Gas Savings from RFNBOs & Recycled Carbon Fuels

The draft Delegated Act on GHG savings from Renewable Fuels of Non-Biological Origins (RFNBOs) and Recycled Carbon Fuels risks limiting existing and future Carbon Capture and Utilisation (CCU) fuels projects and RFNBOs supply which are critical to decarbonise the transport sector and help reach the climate neutrality targets.

On this basis, UPEI, together with stakeholders for which CCU is a core technology to help reach their climate neutrality targets, urge the EU institutions to reconsider and present a solution for the status of industrial CO2 as feedstock for sustainable fuels and create a stable market for the supply of such fuels across Europe.

*Read more **here***

Business Partners' Focus

ryd GmbH

ryd is a FinTech company operating across Europe in the field of mobile payment. With ryd pay, we operate the largest open B2C network for mobile payment at the pump in Europe. With ryd's solutions, drivers pay for their fuel via app or their vehicle's infotainment system.

With our platform, we support petrol stations in winning over new customer groups. For example, those who only want to pay digitally or who want to complete the refuelling process particularly quickly. In addition, petrol stations can prospectively expand their service offering in the convenience sector, for example by providing new payment methods via the ryd ecosystem.

Together with our partners Mastercard, BP, Mercedes-Benz and AXA, we want to revolutionise mobility and payment: In the future, petrol stations will offer all kinds of car-related services and make them digitally available to their customers. In this context, ryd stands for a flexible, digital ecosystem that is not limited to refuelling vehicles with combustion engines. We will accompany the transformation of mobility in individual transport through our open technology services and sustainably simplify it through digital payment options.

In addition to the ryd app, ryd is available via partner integrations for third-party providers, including, for example, providers of navigation systems or smartphone apps as well as car manufacturers.

Founded in 2014 in Munich, ryd is growing steadily. We are already active in Germany, Austria, Switzerland, Belgium, the Netherlands, Luxembourg, Denmark, Portugal and Spain and are continuously expanding into other European countries. Just as important as the roll-out into new countries is the scaling in target markets we already serve. We are constantly establishing new partnerships with petrol station operators in various countries to further extend our availability.

More information on ryd.one or via e-mail to Thomas Kempf thomas.kempf@ryd.one, ryd Head of Energy Network Europe.

UPEI Diary

April 2023

11/04 UPEI Bunkering Commission Meeting

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

June 2023

6-7/06 UPEI Board Meeting

UPEI Circulars

05/2023 UPEI Spring General Meeting 2023 Updated Arrangements

UPEI General Meeting

UPEI SPRING GENERAL MEETING
19 & 21 April 2023
Rotterdam, The Netherlands

DOCS & INFO SOON