

## Welcome to the 110 number of the UPEI Newsletter!

While no meeting of the European Council was held in April, the EU institutions continued to make progress with the adoption of “Fit for 55 package” legislation, leading to the definitive endorsement several texts. Other energy-related texts recently proposed by the European Commission (that are not part of the “Fit for 55 package”) were also debated within and between the institutions.

## Brussels News



*Image Source: Pixabay.*

Several reports highlighted the continuous pressure made on the fuels sector, notably a [study on fossil fuel subsidies](#) published on 31 March by Climate Action Network (CAN) Europe, one of the most active NGO coalitions in the climate change area.



In this report entitled “how to stop the never-ending nightmare”, CAN Europe calls for the ending of fossil fuel subsidies in the EU and for a total phase out of all fossil fuels by 2050 worldwide, with the deadline of 2040 for oil in the EU.

Also, the European Parliament’s Policy Department for Structural and Cohesion Policies published on 31 March

an assessment of the [potential of sustainable fuels in transport](#). The study was carried out by Trinomics on behalf of the Parliament’s Transport & Tourism (TRAN) Committee. In the study, it is proposed to guide this potential.



The report states that sustainable fuels will be suitable for different transport modes and transport applications, depending on their technical specifications, their sustainability characteristics including feedstock availability, their cost-competitiveness, and their technology readiness. It does however also state that, given the global limitation of resources, the shift to sustainable fuels should be first driven by a significant increase in energy efficiency. Sustainable fuels should be primarily dedicated to transport sub-sectors that cannot be easily electrified, i.e., aviation, shipping, and - possibly - part of heavy-duty road transport.

The authors point out that biofuels are cheaper than renewable e-liquids, but they face availability limitations exacerbated by competing demand in the bioeconomy and sustainability constraints with respect to land use. Renewable e-liquids could be among the most relevant options by 2050 if the carbon they use is sustainably sourced, thanks to the fact that they do not require changes to infrastructure or powertrains.

Challenges remain however with the high reliance on large-scale renewable electricity production, low energy efficiency, high production costs, and low technology readiness of some of their enabling technologies (such as direct air capture). According to the study, renewable hydrogen could technically be a viable fuel for heavy-duty road, short-range aircraft, and shipping, although important challenges remain with the low energy density, costs required for infrastructure development and high-risk profiles of related investments.

*Source: CAN Europe website, EU website.*



## Policy updates

### EU Climate Targets for 2040



*Image Source: European Commission website.*

On 31 March 2023, the European Commission opened a “call for evidence”, based on a consultation document on the 2040 Climate Target Plan. Whereas the EU already has set targets for 2030 and an objective for 2050, this “call for evidence” concerns the adoption of an intermediate EU-wide climate target for 2040, as required by the European Climate Law of June 2021 in its article 4. The Commission is also requested to publish a report on the projected indicative GHG budget for 2030- 2050 (defined as the cumulative net GHG emissions over the period).

Policy options to be chosen by the European Commission will revolve around different levels of reduction in net GHG emissions by 2040 compared to 1990, taking into account the implications of these options on the GHG cumulative emissions for 2030-2050. The Commission will also look at the role of carbon dioxide removals and take into account the reduction of fossil fuels imports from Russia following its invasion of Ukraine.

They will provide information on the need for sectoral transformations over the coming decades resulting in deep emission reductions and increases in carbon removals and the possible evolution of the policy architecture and enabling framework post-2030.

The 2040 targets will also contribute to the EU approach to foster stronger collaboration and international action, notably in view of updating nationally determined contributions (NDCs) by 2025 and engaging with other Parties of the United Nations Framework Convention on Climate change (UNFCCC).

The Commission will collect the views of key stakeholders through a 12-week public consultation, which closes on 23

June 2023. These views will be integrated into the impact assessment on the 2040 climate target.

*Source: EU website.*

### EU Hydrogen Bank

Following the publication of the Hydrogen Bank Communication in March, the European Commission has released a draft economic Terms and Conditions (T&C) of the 2023 Innovation Fund Pilot Auction for renewable hydrogen production.

Whereas the EU Innovation Fund (set in 2003 to finance the demonstration of innovative low-carbon technologies used apply a selection procedure based on multiple award criteria and call-specific scoring and ranking mechanisms, the revised ETS Directive foresees the introduction of competitive bidding mechanisms (i.e., auctions) to award funding. The RePowerEU Plan aims to reduce dependence on Russian fossil fuels and the Commission has explicitly stated that renewable hydrogen uptake in industrial processes is a central measure to reduce fossil fuel consumption in hard-to-abate industrial sectors. Derived from that, the first pilot auctions under the IF will target renewable hydrogen production and transition to hydrogen-based production processes in new industrial sectors.



*Image Source: European Commission website.*

This pilot and possible future auctions for hydrogen production are a key element for the implementation of the EU Hydrogen Bank, focused on EU-domestic market creation (i.e., the domestic ‘leg’ of the initiative).

Draft design elements are set out in the following five categories:

- General auction design elements
- Qualification requirements
- Auction procedure



- Obligations, deadlines, and penalties
- Auction framework conditions

Source: EU website.

## Taxonomy



Image Source: European Commission website.

In order to complement and implement the “Taxonomy Regulation” of 2020, the European Commission published on 6 April a series of [draft documents for public consultation](#), concerning:

- The Taxonomy Climate Delegated Act (amending the text in force accessible [here](#))
  - 1) Climate change mitigation (Annex I): inclusion of manufacturing of key components for low carbon transport and electrical equipment; and of transitional activities in the transport sector (waterborne transport and aviation)
  - 2) Climate change adaptation (Annex II)
- A new Taxonomy Environment Delegated Act, setting out technical criteria for economic activities that can contribute substantially to one or more of the 4 ‘non-climate’ taxonomy objectives: sustainable use and protection of water and marine resources (Annex I); transition to circular economy (Annex II); pollution prevention and control (Annex III); protection and restoration of biodiversity and ecosystems (Annex IV).

Together with FETSA, UPEi adopted a [position paper](#) on the Taxonomy file, available on the UPEI website.

Source: Weber Shandwick.

## “Fit for 55” legislative package

### EUROPEAN GREEN DEAL

REACHING OUR 2030 CLIMATE TARGETS



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.
- Efforts Sharing Regulation Land Use change and Forestry – procedure completed.
- Emissions Trading Scheme (ETS), ETS2, CBAM and Social Climate Fund - procedure completed.
- Revision of the Renewable Energy Directive (RED III) - trilogue completed.
- Fuels EU Maritime - trilogue completed.
- Alternative Fuels Infrastructure Directive – trilogue completed.
- Energy Efficiency Directive - trilogue completed.
- REFuelEU Aviation – trilogue completed.
- Energy Efficiency of Buildings Directive – trilogue to start.
- Revision of the Energy Taxation Directive – discussions on-going in Council.

Source: Weber Shandwick.



## ETS and ETS2



Image Source: European Commission website.

The final texts were adopted by the Council on 25 April. The new rules increase the overall ambition of emissions reductions by 2030 in the sectors covered by the EU ETS to 62% compared to 2005 levels.

- **As regards maritime transport emissions**, emissions from shipping will be included within the scope of the EU ETS for the first time. Obligations for shipping companies to surrender allowances will be introduced gradually: 40% for verified emissions from 2024, 70% from 2025 and 100% from 2026.

Most large vessels will be included within the scope of the EU ETS from the start, while other big vessels, namely offshore vessels, will be included in the 'MRV' regulation on the monitoring, reporting and verification of CO2 emissions from maritime transport first, and only later included in the EU ETS. Non-CO2 emissions (methane and N2O) will be included in the Regulation on monitoring, reporting, and verification of carbon dioxide (CO2) emissions from ships (MRV Regulation of 2015) in 2024 and in the EU ETS from 2026.

- **As regards buildings, road transport and additional sectors**, a new, separate emissions trading system is established, in order to ensure cost-efficient emissions reductions in these sectors, which have thus far proven difficult to decarbonise. The new system will apply to distributors that supply fuels to the buildings, road transport and additional sectors from 2027. A safeguard has been put in place whereby if the price of oil and gas are exceptionally high in the run up to the start of the new system, this will be postponed until 2028.

- **As regards aviation**, free emission allowances will be gradually phased out and full auctioning from 2026 will be implemented. Until 31 December 2030, 20 million allowances will be reserved to incentivise the transition of aircraft operators from the use of fossil fuels. The EU ETS will apply for intra-European flights (including departing flights to the United Kingdom and Switzerland), while the international CORSIA system will apply to extra-European flights to and from third countries participating in CORSIA from 2022 to 2027 ('clean cut'). Transparency on aircraft operators' emissions and offsetting will also be improved and a monitoring, reporting and verification framework for non-CO2 aviation effects will be set up. By 1 January 2028, building on the results of that framework, the Commission will propose, where appropriate, mitigation measures for non-CO2 aviation effects.

Source: EU website.

## ReFuelsEU Aviation



Image Source: European Commission website.

On 25 April, negotiators for the European Parliament and the EU Council reached an agreement on the Commission proposal for the REFuelEU Aviation. In short:

- 2% of jet fuel must be sustainable as of 2025, and 70% by 2050.
- Hydrogen and fuel produced from cooking oil or waste gases considered green.



- No to feed and food crop-based fuels.
- EU eco label for flights from 2025.

The agreement includes that, starting from 2025, at least 2% of aviation fuels will be green, with this share increasing every five years: 6% in 2030, 20% in 2035, 34% in 2040, 42% in 2045 and 70% in 2050. In addition, a specific proportion of the fuel mix (1.2% in 2030, 2% in 2032, 5% in 2035 and progressively reaching 35% in 2050) must comprise synthetic fuels like e-kerosene.

The term ‘sustainable aviation fuels’ will include synthetic fuels, certain biofuels produced from agricultural or forestry residues, algae, bio-waste, used cooking oil or certain animal fats, and recycled jet fuels produced from waste gases and waste plastic. However, feed and food crop-based fuels and fuels derived from palm and soy materials will not be considered green as they do not align with the sustainability criteria. Renewable hydrogen is part of a sustainable fuel mix,

To further promote the decarbonising of the aviation sector and to inform the public, as of 2025 there will be an EU label for the environmental performance of flights. Airlines will be able to market their flights with a label indicating the expected carbon footprint per passenger and the expected CO2 efficiency per kilometer. It will allow passengers to compare the environmental performance of flights operated by different companies on the same route.

All revenues from non-compliance fines from airlines, airports, or fuel suppliers, will be devoted to research and innovation into bridging the price difference between sustainable and conventional fuels.

The trilogue agreement is now subject to formal approval by the European Parliament and the Council, respectively.

Source: EU website.

### Energy Taxation Directive



Image Source: European Commission website.

The Swedish Presidency of the EU Council has submitted to the other Member States a new draft of the proposed revision of the ETD). In short,

- A compromise with respect to taxation based on blended components has been achieved: taxation of product mixtures: tax rates for fossil products or a tax rate, average tax rate or individual tax rate for every blended component.
- Deletion of the tax exemption for aviation and maritime sectors: implementation of transitional periods for both sectors, maintenance of exemptions for islands and fishing sector are against WTO regulations (state aid law), no agreement could be reached.
- Minimum tax rates will be discussed on the coming EU Council meeting on 11 May, positions of the Member States are quite controversial, it is very unlikely that an agreement will be achieved under the Swedish Presidency
- It seems that correlations between the Green Deal Directives (e.g., RED III, ETS 2) will not take into account for the Council discussions of the minimum tax rates as well as the deletion of the tax exemptions.
- LNG has been included as an “EMCS product”.

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, which them will move to the Spanish Presidency. As a reminder, unanimity is required from the EU Council to adopt the revised Directive.

Source: Inga Tölke (UPEI Taxation Expert)

### UPEI News





## 11/04/2023 | Bunkering Commission Meeting

The UPEI Bunkering Commission met online on 11 April, focusing its meeting on four major items:

- a) Review of the state of play of the most important policy issues for the commission, giving special attention to the FuelEU Maritime regulation, Energy Taxation Directive (ETD), and EU Emissions Trading System (ETS).
- b) Report on the work of the Renewable and Low Carbon Fuels Value Chain Industrial Alliance (RLCF).
- c) Discussion on the latest developments at national level.

The next meeting is scheduled to take place on 20<sup>th</sup> June online.

## 20-21/04/2023 | UPEI Spring General Meeting 2023



On 20 and 21 April, UPEI members, associate member and business partners gathered for the second in-person [UPEI Spring General Meeting](#) since 2019. The meeting was held in Rotterdam at the Hilton Rotterdam Hotel with some 45 delegates attending the event.

Following a visit to the Rotterdam Port and an informal networking dinner on 19 April, the first morning was devoted to a general overview of current UPEI’s activities presented by the President, and the five Commission Chairs, highlighting the numerous EU policy files monitored by UPEI and the topics where UPEI actively advocates, either on its own or as a member of industry coalitions.

UPEI Experts provided an update on specific issues, such as Revision of Energy Taxation Directive, Revision of Oil

Stocks Directive, and [UPEI participation in CEN TC 19 activities](#).

During the Policy Conference, participants heard and discussed with speakers from the Clingendael Institute on [“From just-in-time to just-in-case to just too late? - Update on the current oil crisis”](#), from CZAV Mobility Group on [“From regional fuel supplier to local ev-network operator”](#), from VARO Energy on [“VARO: Energy transition company”](#), and from Weber Shandwick on [“Recent EU legislative developments”](#). Each presentation was followed by an active Q&As session, and completed by a panel debate moderated by Weber Shandwick, focusing on the Renewable and Sustainable Fuels perspectives amidst the current energy crisis.

UPEI delegates and guests gathered in the evening in De Harmonie Restaurant for UPEI’s Formal Dinner, which offered further opportunities for members to network.

During the statutory meeting on Friday 21, members discussed UPEI’s new commission on energy transition, approved UPEI Accounts 2022, discharged the Board from execution of 2022 budget, and elected Anna Bes (Dyneff) as UPEI auditor for 2023.

Finally, Sarah Schmitt, bft, informed participants on the [“e-FUEL today campaign”](#), followed by Q&As.



UPEI SPRING GENERAL MEETING 2023  
SATISFACTION SURVEY  
(AVAILABLE [HERE](#))

## UPEI Circulars

- 08/2023 [UPEI Board Meeting 16/03/2023 Decisions & Actions](#)
- 07/2023 [Webinar: VAT basics for fuel card businesses Details & Registration Form](#)
- 06/2023 [UPEI Spring General Meeting 2023 Final Arrangements](#)



# UPEI Publications

## Joint letter calling for the recognition of Carbon Capture and Utilisation (CCU) as strategic net zero technologies in the EU Net Zero Industry Act



Joint letter calling for the recognition of Carbon Capture and Utilisation (CCU) as strategic net zero technologies in the EU Net Zero Industry Act

"CCU has immense potential to our race to reach climate neutrality. And without CCU and CCU, it will be particularly impossible to meet global warming to the 1.5°C objective"

The signatories of this letter call on the legislators to fully leverage the potential of CCU technologies in the Net Zero Industry Act. CCU technologies represent an area of innovation critical for the achievement of the EU climate and energy ambitions. They will notably support the production of EU hydrogen gas and represent a viable route for CO<sub>2</sub> captured from industrial, production and fuels from CCU technologies will replace fossil resources and lower GHG emissions.

As such, CCU technologies should be considered - along with CCS - in the list of **strategic and enabling technologies** contributing to the European Net Zero goals. It will allow CCU projects to benefit from the priority status towards national authorities to fully unleash their potential for emission reduction and carbon circularity while maximizing and enhancing the related technical ambience in Europe.

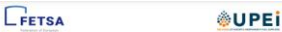
On 13 April 2023, UPEI, together with stakeholders for which CCU is a core technology to help reach their climate neutrality targets, cosigned a joint statement calling upon recognising the CCU potential to reach climate neutrality in the EU Net Zero Industry Act (NZIA) as strategic net-zero technologies, with the aim of allowing them to fully unleash

their potential for emission reductions and carbon circularity.

As critical solutions for the achievement of the EU climate and energy ambitions, the CCU technologies support the realisation of EU hydrogen goals and CO<sub>2</sub> captured from all sources.

Read more [here](#)

## FETSA - UPEI Joint Statement: Storage and Distribution Infrastructure as 'Enabling Activity' in the EU Taxonomy



FETSA - UPEI JOINT STATEMENT STORAGE AND DISTRIBUTION INFRASTRUCTURE AS 'ENABLING ACTIVITY' IN THE EU TAXONOMY

FETSA, the Federation of European Tank Storage Associations and UPEI, the Association of European Independent Fuel Suppliers, are committed to help achieving the EU's 2030 and 2050 climate targets by enabling fuel tanks with low-carbon and renewable energy carriers. This initiative must be driven by legislation such as the 'Fit for 55' Package and the 'RePowerEU' Plan, market incentives, consumer choices and geopolitical needs.

For this to succeed, investments will be needed to foster the adaptation of existing storage and distribution infrastructure, as well as research, development and innovation in the field of logistics.

Renewable and low-carbon energy carriers replacing conventional fossil fuels include - in a non-exhaustive list of examples - hydrogen (H<sub>2</sub>), ammonia, e-gasoline, e-diesel substituting diesel, gas and gasoline, compressed or liquid hydrogen substituting methane or LNG, e-fuels (hydrogen, methanol, ammonia) substituting marine fuels, e-fuels or sustainable aviation fuel (SAF) substituting kerosene, and bio-LPG substituting LPG.

For each of these alternatives, storage and distribution infrastructure (interceptors terminals, pipelines etc.) represent the key step in the supply chain to enable the uptake of low-carbon and renewable fuels.

This is why storage and distribution of current and future energy carriers should be classified as an 'enabling activity' under the EU Taxonomy, in accordance with Article 16 of the Taxonomy Regulation.

This should be the case when such infrastructure is used to store and transport products that meet the Taxonomy criteria in line with the current classification of hydrogen storage in an enabling activity, as shown in the Annex to this Statement.

Such recognition is needed to direct private sector funding towards high Capex projects aimed at producing, storing and distributing infrastructure that enable the energy transition, particularly in Europe. This should be considered a priority issue, as EU member legislations, national energy and climate plans and projects (such as TEN-T corridors) have already built strong fuel distribution and transportation renewable and low-carbon fuels up to 2050.

In the case of the [Hydrogen EU Taxonomy](#), this enabling role is at the more evident as the Commission has set a particular ambition of 10 million tonnes of domestic renewable hydrogen production and 30 million tonnes of imports into the EU by 2030.

Read more [here](#)

In the framework of the "Energy for the Future Project", UPEI and FETSA signed a joint statement on storage and distribution of current and future energy carriers as 'enabling activity' under the EU Taxonomy, in accordance with Article 16 of the [Taxonomy Regulation](#).

On this basis, UPEI and FETSA

urge for this recognition when such infrastructure is used to store and transport products that meet the Taxonomy criteria (in line with the current classification of hydrogen storage as an enabling activity, as shown in Annex to this Statement).



# Business Partners' Focus

Eurowag



Eurowag is a leading pan European integrated mobility platform focused on the commercial road transport ("CRT") industry operating across 30 countries in Europe. We want to help the CRT industry to become clean, fair, and efficient through our comprehensive and unique suite of services. Our main focus is international and domestic, small and medium-sized enterprises ("SMEs") fleets.

We connect business owners, drivers, dispatchers, and accountants with merchants in the fuel and alternative energy networks, toll and tax authorities, and other roadside and mobility service providers.

At Eurowag, we split our business into two segments:

- 1) Refuelling solutions
- 2) Mobility solutions

Refuelling solutions represent the majority part of our business and include pre- or post-paid fuel cards and toll payments. This is often the first introduction customers have to our services.

Eurowag was founded on bulk purchasing of traditional fuel and transporting it to truck refuelling locations across Europe. Over the last 27 years, Eurowag has built-up its presence through adding acceptance points and bunkering sites across Europe's Trans-European Transport Network ("TEN-T"), supplying both traditional energy and alternative fuels. The TEN-T corridor is important to us, as it allows us to build our coverage across Europe. Refuelling sites near country borders are equally important to our customers, as international trucking companies can take advantage of cross-border price differences. Eurowag continues to focus on expanding its presence in key markets, as well as entering new markets.

The mobility solutions segment offers our customers tax refund services, fleet management products, location-based products and services, and other adjacent services.



Our comprehensive and unique suite of services aims to help the CRT industry to become clean, fair and efficient, as we can provide a one-stop-shop for all customers' needs throughout their journey. Also, our investment in alternative low-carbon fuels, e-Mobility, and digital solutions for reducing energy intensity will help our customers transition from fossil fuels to alternative fuel solutions more easily.

More information on Eurowag [here](#).

## UPEI General Meeting

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## UPEI Diary

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### May 2023

**30/05** UPEI Retail Heating Commission Meeting

### June 2023

**07/06** UPEI Board Meeting

**13/06** Joint Heating Commission Meeting

**20/06** UPEI Bunkering Commission Meeting



DOCS &  
INFO  
SOON

### UPEI AUTUMN GENERAL MEETING

25 – 26 – 27 October 2023

Copenhagen, Denmark