

# 2018 UPEI ANNUAL REPORT





**UPEI represents European importers and wholesale/retail distributors of refined petroleum products and their alternatives, supplying Europe’s customers, independently of the major petroleum producers.**

**Independent suppliers, covering more than a third of Europe’s demand, play a crucial role in an evolving market by bringing competition which is vital to the economy. Their independence enables them to respond rapidly to changes in terms of market structure, products and services, contributing to security of supply on a local, regional and national level.**

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# PRESIDENT'S FOREWORD



First, let's take stock of the year which just ended. Important achievements from a legislative perspective happened in 2018. Several pieces of legislation of importance to our sector were successfully completed, such as the Clean Energy Package and some key elements of the successive Mobility packages, providing certainty around the 2030 targets, which is most welcomed by UPEI members. Beyond policy, 2018 has been a year of transition for UPEI, with the renewal of its President and Board, as well as its Secretariat. With this new team, UPEI is now looking at 2019 and beyond with great enthusiasm, despite the major challenge society is will be facing.

Climate change is happening and without further global action to mitigate it, temperatures will rise within this century by well beyond a 2°Celsius compared to pre-industrial times. This will have major impacts on the global economy and will have significant social implications. In order to meet the objectives of the Paris Climate agreement, the Commission presented in November 2018 a Strategy for long-term EU greenhouse gas emissions reductions, the first step of a broader reflection process on the European contribution to global climate objectives. Although the Strategy does not set any concrete targets, it clearly asserts the ambition of reaching net-zero emission by 2050.

Analysing various scenarios, the European Commission concludes that „based on today's knowledge and technologies, electrification using renewables alone will not be the single silver bullet for all transport modes“. Bio-fuels, biogas and e-fuels, which can be used in conventional vehicle engines, relying on the existing refuelling

infrastructure, have a key role to play. Liquid fuels are and will keep being part of the solution for powering a climate neutral Europe. Independent fuel suppliers are not only eager to contribute but they are needed, because of their ability to bring low carbon solutions to European customers, re-purposing their assets for the fast deployment of future fuels. Their role will be

further developed in the upcoming UPEI 2050 vision for the sector, which will be our response to the European Commission call for feedback on its long-term Strategy.

While 2018 has been a year of transition for UPEI, 2019 will be a year of transition for Europe. Following the European elections in May, a new Parliamentary legislature will be initiated, and a new College of Commissioners will take office. One of our main objectives for 2019 will

be to establish contacts and introduce our sector to new decision-makers. 2019 will also set the European agenda for the next five years and UPEI and its members need to be central to this.

We need smart policymaking to create the appropriate conditions and incentives to make the energy transition happen, not only for the companies and organisations within the sector, but also for our present and future customers. The challenge is significant, this is why all parties involved need to join forces, by exchanging knowledge, sharing experience, confronting ideas... So please, let's keep in touch.

**Brian Worrall**



**Liquid fuels are and will keep being part of the solution for powering a climate neutral Europe.**



# ABOUT UPEI



# STRUCTURE OF UPEI

## UPEI PRESIDING BOARD AND COMMISSIONS



**BRIAN WORRALL**  
(DCC, Ireland)

**PRESIDENT**

**FUEL PAYMENTS | RETAIL HEATING COMMISSIONS**



**Erik de Vries**  
(NOVE, The Netherlands)

**VICE PRESIDENT**

**BUNKERING COMMISSION**



**Matthias Plötzke**  
(MEW, Germany)

**VICE PRESIDENT**



**Johan Deleu**  
(Brafco, Belgium)

**VICE PRESIDENT**

**IMPORTING | TRADING | WHOLESALE COMMISSION**



**Anna Bes**  
(UPI, Spain)

**VICE PRESIDENT**

**RETAIL STATIONS COMMISSION**

## UPEI SECRETARIAT



**Cécile Nourigat**

**SECRETARY GENERAL**



**Alice Di Pace**

**COMMUNICATIONS AND OFFICE MANAGER**

## UPEI COMMISSIONS

UPEI covers a wide spectrum of downstream activities. In order to address topics and issues identified at the business level by the membership, as well as developments at EU policy level that affect the business, five Commissions were created – one for each of the main business activities of the UPEI membership.

### BUNKERING COMMISSION



- Decarbonisation
- Fuel quality
- Taxation, VAT

### RETAIL HEATING COMMISSION



- Energy efficiency
- Building legislation
- Bio heating oil

### IMPORTING / TRADING / WHOLESALE COMMISSION



- Biofuels
- Compulsory Stocks Obligation
- Energy Taxation

### RETAIL STATIONS COMMISSION



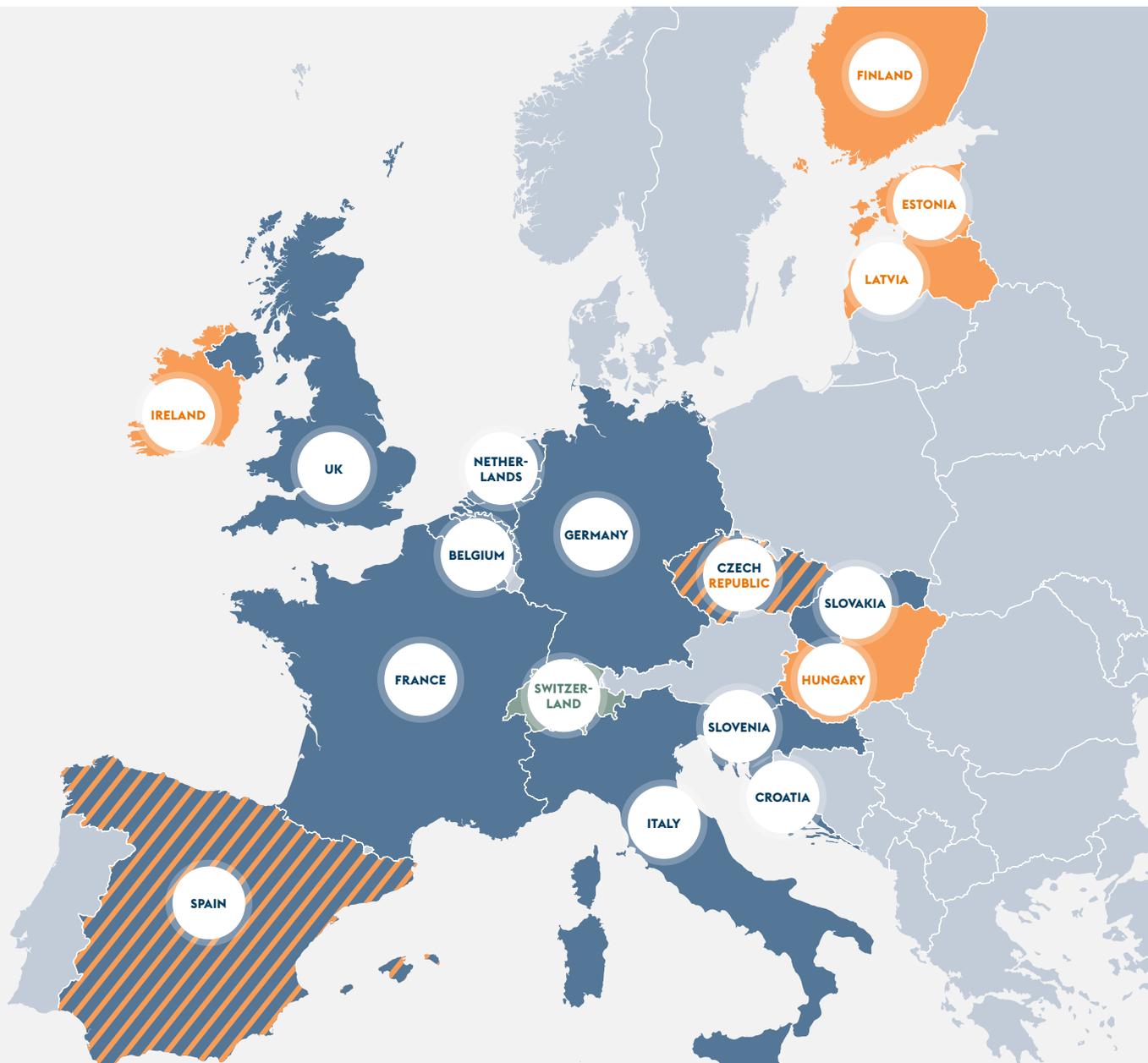
- Alternative fuels infrastructure
- Fuels and additives

### FUEL PAYMENTS COMMISSION



- Payment services legislation
- Fraud

**= 10 meetings in 2018**



**NATIONAL ASSOCIATIONS**

**BELGIUM**

Brafco - [www.brafco.be](http://www.brafco.be)

**CROATIA**

HUP - [www.hup.hr](http://www.hup.hr)

**CZECH REPUBLIC**

SČS - [www.scs.cz](http://www.scs.cz)

**FRANCE**

FFPI - [www.ffpi.fr](http://www.ffpi.fr)

**GERMANY**

MEW - [www.mew-verband.de](http://www.mew-verband.de)

**ITALY**

ASSOPETROLI – ASSOENERGIA  
[www.assopetrolii.it](http://www.assopetrolii.it)

**THE NETHERLANDS**

NOVE - [www.nove.nl](http://www.nove.nl)

**SLOVAKIA**

SČSSR - [www.scssr.sk](http://www.scssr.sk)

**SLOVENIA**

SNNK-WPC - [www.snnk-wpc.si](http://www.snnk-wpc.si)

**SPAIN**

UPI - [www.petrolosindependientes.es](http://www.petrolosindependientes.es)

**UK**

DFA - [www.downstreamfuel.org.uk](http://www.downstreamfuel.org.uk)



**COMPANIES**

**CZECH REPUBLIC**

W.A.G. Payment Solutions a.s.  
[www.eurowag.com](http://www.eurowag.com)

**ESTONIA**

Olerex AS - [www.olerex.ee](http://www.olerex.ee)

**FINLAND**

SEO - [www.seo.fi](http://www.seo.fi)

**HUNGARY**

Mabanaft Hungary Kft - [www.mabanaft.hu](http://www.mabanaft.hu)

**IRELAND**

DCC Energy Limited - [www.dcc.ie](http://www.dcc.ie)

**LATVIA**

AS VIRŠI-A - [www.virsia.lv](http://www.virsia.lv)

**SPAIN**

G.L. Límite Andamur S.L. - [www.andamur.com](http://www.andamur.com)



**ASSOCIATES**

**SWITZERLAND**

AVIA International  
[www.avia-international.com](http://www.avia-international.com)

# CONTEXT



# THE EU POLICY CONTEXT IN 2018

The EU policy framework that dominated 2018 focussed on two main legislative packages that were initiated by the European Commission as well as the publication of a long-term strategy on how to achieve net zero emissions by 2050, in response to the Paris Agreement.

## CLEAN ENERGY PACKAGE

It comprises several legislative proposals designed to put into place the framework for a European Energy Union. Of main relevance for UPEI were the following legislative proposals, which were finally enacted into legislation and published in the Official Journal at the end of 2018:

- a. The Regulation on the Governance of the Energy Union;
- b. The Recast of the Renewable Energy Directive;
- c. The revision of the Energy Efficiency Directive.

## MOBILITY PACKAGES - EUROPE ON THE MOVE



## LONG TERM STRATEGY

On 28 November 2018, the European Commission published its communication *A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy outlining its vision for how to achieve net zero emissions by 2050*.

The Strategy shows how Europe can lead the way to climate neutrality by investing into realistic technological solutions, empowering citizens, and aligning action in key areas such as industrial policy, finance, or research – while ensuring social fairness for a just transition.

The Strategy puts an emphasis on 'electrification' (in the transport and heating & cooling sectors) as a key to decarbonisation, assuming that by 2050 80% of electricity will

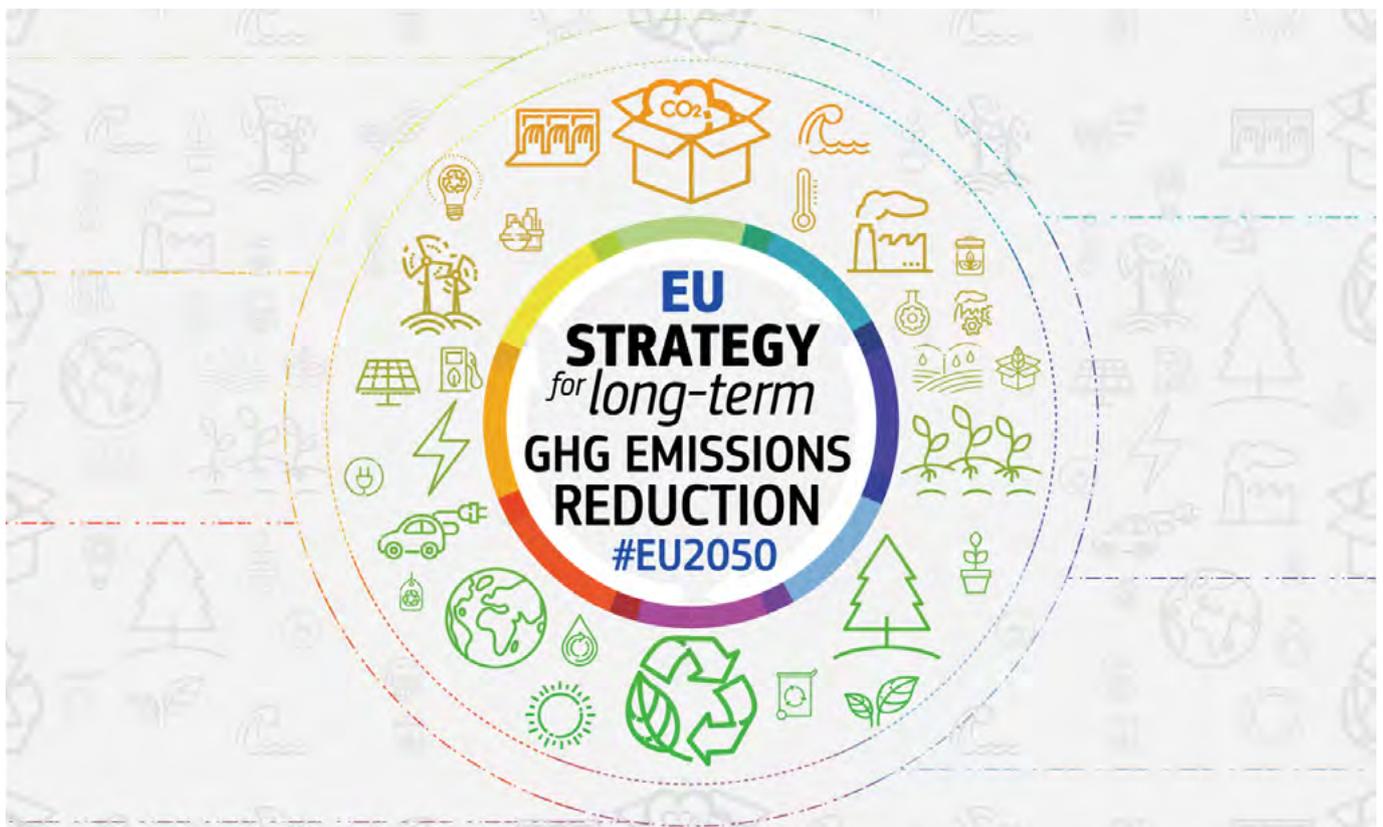
be produced with renewable energy. Moreover, it stresses that there is no silver bullet for the decarbonisation of key sectors such as mobility and heating & cooling. Other renewable fuels and e-fuels/synthetic fuels have a key role to play, and the merits of other alternative powertrains (liquefied natural gas, advanced biofuels) are recognised for different modes of transport (heavy duty, aviation).

Lastly, the Strategy is very clear on the need to move away from fossil fuels, especially oil and gas, as these sources of energy are seen as non-compatible with the ambition of net-zero emissions. It does nevertheless address the economic and geopolitical implications that this transition might have.

**« The road to a climate neutral economy would require joint action in seven strategic areas: energy efficiency; deployment of renewables; clean, safe and connected mobility; competitive industry and circular economy; infrastructure and interconnections; bio-economy and natural carbon sinks; carbon capture and storage to address remaining emissions. Pursuing all these strategic priorities would contribute to making our vision a reality. »**

European Commission – 28 November 2018

*The Commission calls for a climate neutral Europe by 2050 [Press release]*



## 2030 EMISSION REDUCTION TARGETS

The EU is committed to reduce its greenhouse gas emissions by at least 40% below 1990 levels by 2030. In order to comply with the target, EU Member States have binding annual greenhouse gas emission targets for 2021-2030 for those sectors covered by the EU Emissions Trading System (EU ETS) and also those that fall outside the scope of the system, including transport, buildings, agriculture, non-ETS industry and waste, which account for almost 60% of total domestic EU emissions.

### EU Emissions Trading System

To achieve the EU's overall greenhouse gas emissions reduction target for 2030, the sectors covered by the EU ETS must reduce their emissions by 43% compared to 2005 levels. After extensive negotiations, the revision of the EU ETS Directive ((EU) 2018/410) was published in March 2018, reforming the EU emissions trading systems post 2020.



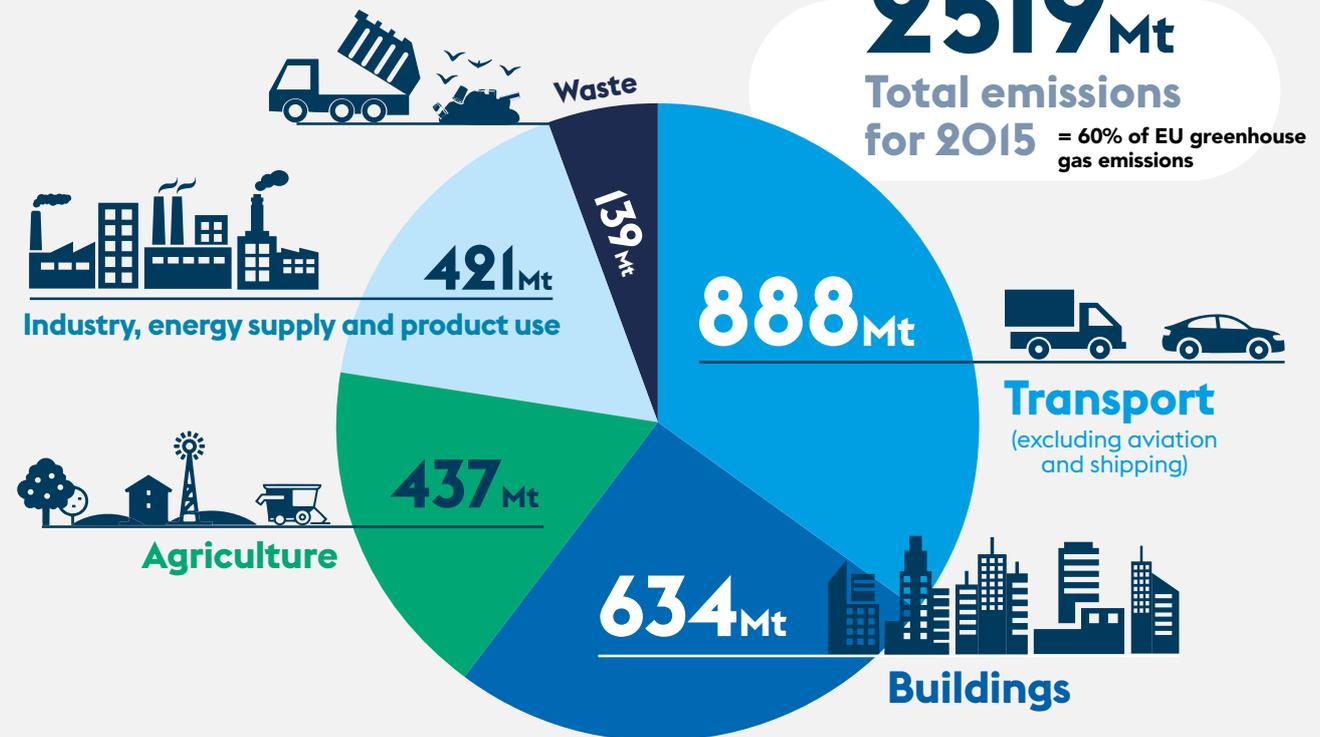
### Effort Sharing Regulation

In 2018 an agreement on the post 2020 Effort Sharing Regulation (Regulation (EU) 2018/842) was also reached, setting binding annual greenhouse gas emission targets for each Member State for the period 2021-2030. Flexibility mechanisms are included such as the borrowing, banking and transfer of annual emission allocations between countries and cancellation of ETS allowances in certain cases.

## TOTAL EMISSIONS IN 2015

### NON-ETS\* EMISSIONS BY SECTOR EFFORT-SHARING REGULATION

\* outside of the EU emissions trading system



All numbers are in megatons. | Source: European Environment Agency

# ACTIVITY REPORT 2018



# UPEI'S ENGAGEMENT ACTIVITIES 2018

**13** BILATERAL MEETINGS with European Institutions



**5** JOINT INITIATIVES with Industry Partners



**21** CONFERENCES



**17** MEETINGS with Industry Partners



## GOVERNANCE OF THE ENERGY UNION

As a key part of the Clean Energy Package, the Energy Union Governance Regulation ((EU) 2018/1999) the related reporting requirements by Member States under various pieces of legislation – both old and new. It has improved the coherence between previous reporting requirements and streamlined the documents required. It has also addressed provisions that were incompatible with market realities, notably reporting requirements under the Fuel Quality Directive which could not be implemented for technical reasons related to the fuel supply chain and which would have threatened the business of independent fuel importers and traders.



## TRANSPORT & FUELS

### — Recast of the Renewable Energy Directive

**UTA WEISS, Fuel Quality and Biofuels**

Another important element of the Clean Energy Package was the recast of the Renewable Energy Directive - RED II (Directive 2018/2001 on the promotion of the use of energy from renewable sources) which was concluded under the Bulgarian Presidency, after intense negotiations between the institutions.

Recognising the role of renewables in the decarbonisation of transport, UPEI's objectives in the legislative process was to ensure the final legislation would build on previous efforts, and reflect the need for:

- » ambitious but achievable targets on the share of renewables to be achieved in the transport sector;
- » coherence with past legislation, in order to ensure policy stability and investment security for existing and future investments – notably in the biofuels sector;
- » future proof legislation that would allow for the development of new renewable products which have the potential to be brought to market in the future and which could contribute to the meeting of targets for renewables and decarbonisation.

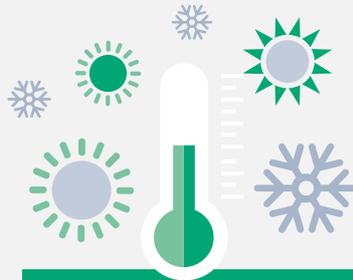
In order to ensure that lessons from the past would be taken into account in designing the new framework under which fuel suppliers would need to intensify efforts to

## OUTCOME OF THE RENEWABLE ENERGY DIRECTIVE RECAST



### Overall

- In 2030, 32% of the final energy consumption in the EU should be renewable
- Member States shall follow the indicative trajectory:
  - > 2022 : 18%
  - > 2025 : 43%
  - > 2027 : 65%
- Target will be assessed by 2023 and may be raised
- Exclude "unsustainable biofuels"



### Heating & Cooling

- Increased share of renewables by 1.3% yearly (indicative target)



### Transport

- 14% renewable energy target in the transport sector, including sub-targets for advanced biofuels
- Member States may count advanced biofuels twice their energy content
- Member States may impose renewable energy mandates on transport fuel suppliers
- Food and feed crops capped at +1pp of Member State level in 2020, with a max. of 7%

meet even more ambitious targets, extensive contacts with legislators as well as coordination with other stakeholders were carried out during 2018.

UPEI welcomes the final compromise which has introduced a more balanced approach and partly addresses the need for greater coherence with past policy in particular for conventional biofuels. There are still concerns with regards to advanced biofuels, and whether these will be sufficient and affordable in order to meet the targets that fuel suppliers are required to meet.

A particular achievement was the maintenance of the 7% cap on conventional biofuels, introduced only three years earlier under the Directive to reduce Indirect land use change for biofuels and bioliquids ((EU)2015/1513), which had not been foreseen under the European Commission's original proposal for the RED II. Such a policy U-turn would have had severe consequences for those companies that had invested in the previously heavily promoted crop-based biofuels. More importantly, this would have undermined the much-needed investment confidence in the advanced biofuels sector.

The RED II also lists the feedstocks which are eligible for use in the production of biofuels, based on their sustainability. Although UPEI recognised that flexibility to add



new feedstocks was required to take account of future technological developments, it was concerned about the possibility of having no guarantee against the withdrawal of feedstocks from the list – which would have again threatened the credibility of the legislation from an investment point of view. UPEI welcomed the final text, where the possibility to withdraw feedstocks was rejected.

This issue of determining appropriate feedstocks is back to the negotiating table, as the methodology for defining low Indirect Land Use Change (ILUC) biofuels will still have to be decided in 2019.

UPEI also supported the fact that specific targets for the renewables share in transport were re-introduced together with multipliers factors for the maritime and aviation sectors, which will incentivise the uptake of renewables.



## POST 2020 CO2 TARGETS FOR HEAVY DUTY VEHICLES

UPEI has been sharing its views in the context of the negotiation of the first-ever CO2 reduction targets for new trucks. The negotiators have agreed to binding targets of 15% and 30% for 2025 and 2030, respectively, while incentivising the uptake of zero and low emissions vehicles. UPEI welcomes the introduction of a provision mandating the European Commission to, no later than 2023, “evaluate the possibility of developing a common Union methodology for the assessment and the consistent data reporting of the full life-cycle CO2 emissions of heavy-duty vehicles that are placed on the Union market”. We are also pleased that, by 2022, the Commission shall assess the possibility of developing a methodology to include the “potential contribution to emission reductions of the use of synthetic and advanced alternative liquid and gaseous renewable fuels, including e-fuels produced with renewable energy”. This measure sends the right signal to developers who are working on solutions in the fuels sector, that can be applied to future technologies as well as existing ones. UPEI is committed to engage with the European Commission for the development of such methodology and follow up measures such as legislative proposals.

### — Directive on the Deployment of Alternative Fuels Infrastructure (DAFI) <sup>1</sup>

**TERESA SAYERS, Fuel Labelling**

**JOHAN DELEU, Sustainable Transport**

**SARAH SCHMITT, Retail Sector**

As well as requiring Member States to set targets for the deployment of alternative fuels infrastructure, under Article 7 of the DAFI two specific measures were introduced to address the need for more transparency and information on alternative fuels for consumers.

1. The introduction of labels to indicate fuels/vehicle compatibility;
2. The introduction of a system for comparing prices of alternative fuels sold in different units.

Although E10 has not yet been deployed in every Member State, the European Commission started looking at the potential next phase. UPEI participated in a preliminary consultation on the risks and opportunities for "E20/E25 future fuel application in EU", highlighting the consequences of introducing E20/E25 blends to the fuel supply system.

<sup>1</sup> Directive 2014/94/EU

### Fuels/Vehicle Compatibility - Graphical expression for consumer information

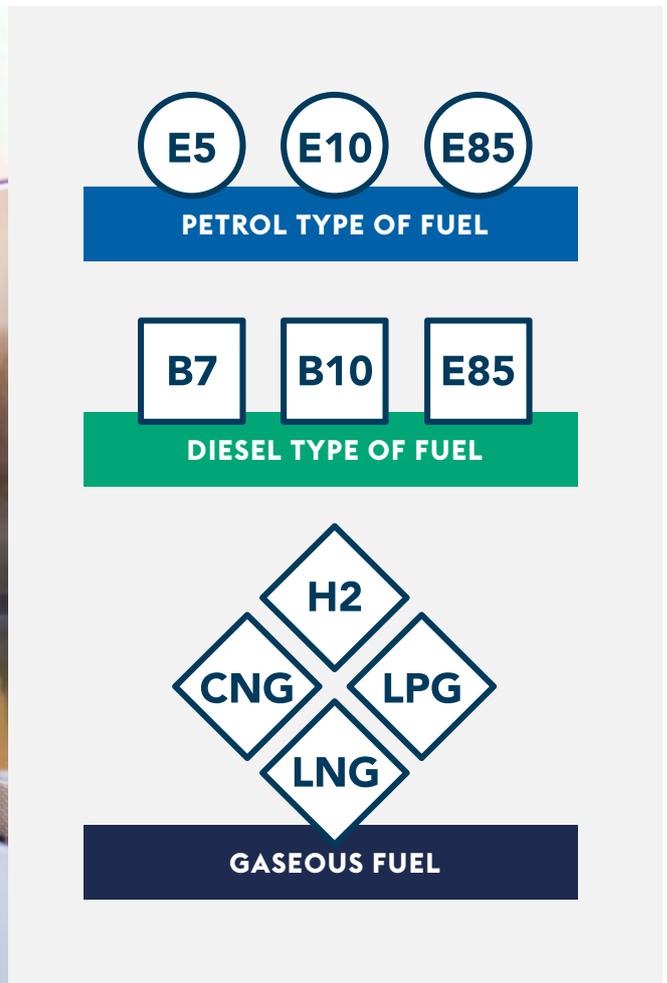
EU Member States are required to implement a labelling system that can assist consumers in the compatibility of the increasing array of traditional and alternative fuels available at the retail station and their vehicle. To that end, a new European standard (EN 16942) was adopted. It provides a harmonised series of graphic symbols for liquid and gaseous fuels to be placed on new vehicles (and manuals) and at dispensers and refuelling points. This system was required to be implemented as of October 2018.

In order to ensure the implementation of the new standard across the internal market and to address questions that may arise for consumers during the roll-out of this system, UPEI together with the European Automobile Manufacturers' Association (ACEA), the European Association of Motorcycle Manufacturers (ACEM), the European Confederation of Fuel Distributors (ECFD) and FuelsEurope (refining industry), prepared an information campaign for consumers and operators in advance of the implementation of the new standard. Two brochures

were produced – one for consumers and another one for operators – presenting the initiative and its rationale, and anticipating possible questions that could arise. The brochures were produced in different languages versions and made available on a dedicated website for public consultation: [www.fuel-identifiers.eu](http://www.fuel-identifiers.eu).

These new labels are now visible at most refuelling points across the EU and allow customers, in particular those travelling across borders, to easily identify which fuels are compatible with their vehicles through standardised labels which are deployed in all Member States.

However, there are a few countries where the standard has not yet been published at national level. Therefore, the implementation may be delayed.





### Fuel Price Comparison

Article 7.3 of the DAFI requires the development of a Fuel Price Comparison (FPC) system for alternative fuels to be displayed at service stations. In 2017 UPEI had already been intensively engaged with the European Commission to address how this could have been implemented cost-effectively and according to a methodology which has the interests of the consumer at its centre. For example, UPEI had proposed displaying this information at the stations thanks to TV screens or on paper posters.

In 2018, the Commission published the implementing Regulation on the common methodology for the Implementation of the Fuel Price Comparison system, clarifying the system for calculating the price comparison. Two main options had been considered: displaying the price as EURO<sup>2</sup>/petrol litre equivalent or EURO/100km (based on average quarterly fuel prices). UPEI expressed strong reservations about the first option, which was not representative of the full costs associated with fuels and vehicle ownership and, more importantly, did not incorporate fuel consumption/vehicle efficiency. UPEI argued that a fuel price comparison method that did not combine the price per unit with the distance that could be travelled per unit, would bear little relevance from the consumer perspective.

As recommended by UPEI, the final methodology that was adopted does require fuel prices to be expressed as €/100km. The measure also foresees the possibility to provide additional information through an online platform – a proposal submitted by UPEI with the aim of giving the consumer access to more complete information on the different cost components of a given fuel (including taxation).

This first step has, thus, been successfully concluded. The implementation is to be completed by May 2020 in each Member State. In this context, further aspects of implementation are to be addressed through a Programme Support Action, financed by the European Commission, in order to promote harmonised implementation across the Member States. This action will investigate some critical points like the format, contents and location of the information to be displayed at the filling stations. It will also provide guidelines for a consistent implementation and to inform fuel suppliers, media and consumers on the new methodology. UPEI welcomes the Support Action which started in 2019 with the collaboration of nine Member States, coordinated by Greece. The project is expected to be completed by May 2020.

<sup>2</sup> Or equivalent national currency

## — Payment Services Directive (PSD 2)

 MARTIN VOHÁNKA, Fuel Cards

UPEI has continued its work through its membership at national level to ensure a harmonious transposition of the Directive on Payments Services<sup>3</sup> by EU Member States. Most of the member countries implemented the PSD 2 within the deadline of 13 January 2018. National administrations/authorities kept some flexibility for the design of the legal exemptions for fuel cards as well as the licensing requirement, which is why the implementation of the law lead to some variation between Member States. In 2018, UPEI held a meeting with the European Commission Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) to exchange views on the topic. It helped clarifying the Commission's intentions and compare them with the direction that national laws have been taking.



<sup>3</sup> Directive (EU) 2018/2366 | <sup>4</sup> Directive (EU) 2018/645



## HEATING OIL

— Clean Energy  
for all Europeans

 BRIAN WORRALL, Heating Oil

Each to decarbonising the heating sector which should recognise the energy efficiency gains that can be achieved by replacing old boilers with highly efficient modern condensing boilers. Going further, the potential of hybrid systems, combining oil heating with renewable electricity should be promoted and ultimately the replacement of heating oil with carbon neutral synthetic fuels which the industry is developing.

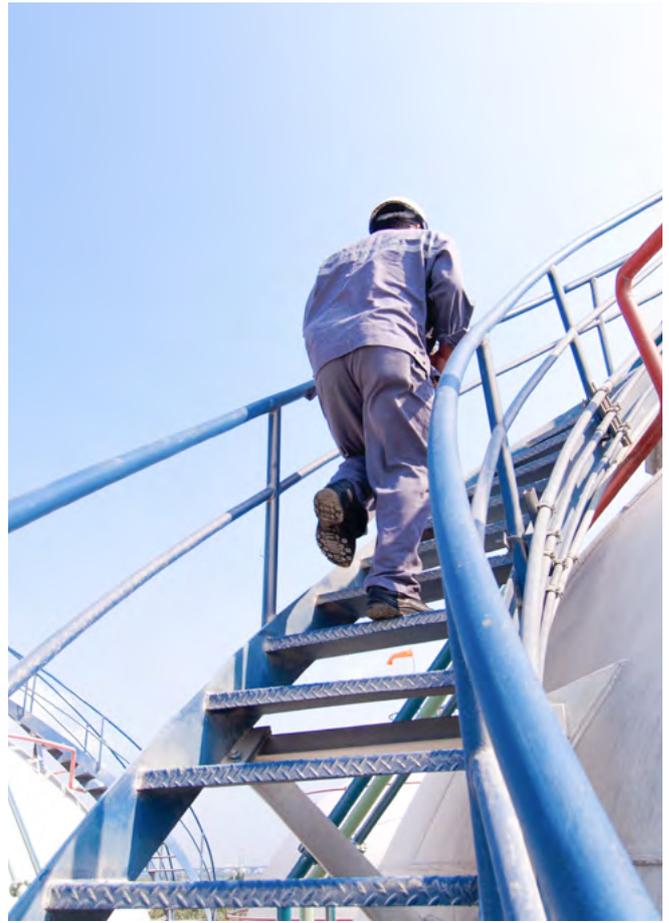
In the building sector, the Energy Efficiency Directive and Energy Performance of Buildings Directive support the renovation of the national stock of residential and non-residential into highly energy efficient building stock by 2050. The heating & cooling sector is also directly affected by the requirement to provide information to owners/tenants of buildings on energy performance and “on replacing fossil fuel boilers with more sustainable alternatives”. UPEI recognises that the reduction of greenhouse gas (GHG) emissions in the existing building stock remains a challenge, but calls for recognition of the needs of individual consumers particularly those that are vulnerable or in remote regions with no grid connection, where affordable solutions that can be implemented independently of major infrastructure projects are still needed.

## — Protecting Drivers Rights

**Training of HDV drivers:** During the review of the Directive 2003/59/EC on the qualification requirements for drivers of road vehicles (CPC Directive), UPEI supported the European Confederation of Fuel Distributors (ECFD) successful advocacy aiming to achieve recognition of two periods of specialised mandatory ADR training (on the transport of dangerous goods). The revised directive was published in the Official Journal<sup>4</sup>, and entered into force on 22 May. From that date, Member States have two years to transpose its provisions in their national law. UPEI advises Member States to allow drivers to use up to two days of the CPC training to complete other EU trainings required for the transport of dangerous goods. It improves the drivers' training relevance as well as cost efficiency.

**Driving times and rest periods:** The Regulation 561/2006 setting the rules regarding the driving times and rest periods for professional road drivers has been on the Parliament agenda during all 2018 and due to strong divides between Eastern and Western Member States regarding truck drivers’ rights, the legislative process is expected to last longer than initially planned.

UPEI has been actively supporting the ECFD in advocating for a new exemption to the regulation, which would enable truck drivers delivering heating oil (which involves natural breaks from driving during the refuelling process) to move away from the inflexible rules on rest periods in times of peak demand or extreme weather conditions during the winter months. This proposal is still under negotiation.



**TAXATION**

— **Energy Taxation Directive**

**ERIK DE VRIES, Maritime Transport**

**INGA TÖLKE, Compulsory Stocks of Oil Taxation**

In 2018, the European Commission progressed on the evaluation and fitness check of the Energy Taxation Directive (ETD), which aims at identifying the possibilities for simplification, reducing regulatory burdens and identifying and calculating regulatory benefits and savings from the enforcement of the Directive. This Directive sets the legislative framework on energy taxation rules and aims to ensure a harmonised approach between Member States to avoid double taxation and reduce the risk of distortion of trade and competition in the field of energy. In particular it sets minimum levels of taxation for energy products used as motor or heating fuel and for electricity.

UPEI actively participated in the consultation process to share the views of the independent fuel suppliers and in the online stakeholders’ consultation, subsequent interviews with consultants from Deloitte and follow up workshop. UPEI emphasised on the following elements:

1. Focus on the smooth functioning of the Single Market whilst promoting environmental protection;
2. Extension of mandatory tax exemptions to create a level playing field and harmonise European excise system;
3. Integration and promotion of new technologies e.g. e-fuels.

On 30 October 2018, UPEI published together with the European Community Shipowners’ Associations (ECSA) and the Cruise Lines International Association (CLIA) a joint press release calling for the retention of the tax free bunkers and luboils provided for in the Energy Taxation Directive, which are a reflection of the international norm and are essential for EU companies to compete on the same footing as shipowners and suppliers from outside the EU. In this statement, the associations also advocated for a technology neutral approach while incentivizing the uptake of low-carbon and carbon-free alternative fuels.

— **EMCS – Excise Movement and Control System**

UPEI has been active on the proposal for the Council Directive laying down the general arrangements for excise duty (recast), through the Customs and Excise Duties Working Group (CEDWG), constituted with the Federation of European Tank Storage associations (FETSA) and FuelsEurope. The coalition submitted proposals for their consideration in the context of the Council discussions, with a focus on a harmonised EMCS application and verifiable corrections in e-AD after start of transportation. Discussions in the Council will continue in 2019.

## — Gas Oil and Kerosene – Fuel Marker

UPEI submitted its views on the evaluation study of Council Directive 95/60/EC on the fiscal marking (Solvent Yellow) of gas oil and kerosene. In July 2018, UPEI engaged with DG TAXUD to reiterate concerns about the barrier to cross border trade that results from the fact that there are no specifications for one, common (red) colour marker to be applied across all Member States (national dyes). The Commission's proposal for a revised directive on fiscal marking included a substitute for Solvent Yellow will be expected in 2019.



## COMPULSORY OIL STOCKS

The Compulsory Oil Stocks Directive (CSO)<sup>5</sup> requires Member States to hold stocks of crude oil and petroleum products equating to 90 days of average daily net imports. These reserves are generally held by oil companies, includ-

ing independent fuel suppliers, and national agencies, contributing significantly to Europe's security of supply.

In 2018, the European Commission published an implementing directive calculating the stockholding obligation<sup>6</sup>, bringing some modifications to harmonise the EU system with that of the International Energy Agency (IEA). It also addressed anomalies, such as the methodology for stocks of naphtha. These revisions will facilitate the functioning of the CSO system and were welcomed by UPEI, which participated in the stakeholder consultation prior to adoption of the measures.

In the meantime, the Commission has confirmed that a revision of the directive is not expected in the near future, but work on the implementation will continue. This will be carried out through the launch of the "Platform for the exchange of information on cross-border issues among competent authorities" which is intended to become a key IT tool to ensure a harmonised system across the EU.

<sup>5</sup> Directive 2009/119 | <sup>6</sup> Implementing Directive (EU) 2018/1581



# UPEI BUSINESS PARTNERSHIP

**BE PART OF THE EUROPE-WIDE INDEPENDENT FUEL SUPPLIERS' NETWORK**

**UPEI Business Partnership was successfully launched in 2017, and 19 Business Partners have joined since then.**

## — Conclusions of the Business Partners Panel Meeting

The meeting held in September 2018 helped improving mutual understanding of the impacts on business, both in fuel supply and related services and providers, and provided a common understanding of the fuel supply value chain to address jointly many of the challenges the sector faces today. During the discussion, the low knowledge base of the different fuels and their potential to contribute to emission reductions was stressed as it is perhaps underestimated. Efforts need to be stepped up to influence government and inform customers and the public, on the array of pathways available and being developed to further decarbonise. The industry should focus on bridging the gap between the political ambition and the consumers by providing and communicating sustainable solutions based on scientific data already available.



### UPEI'S BUSINESS PARTNERS





LJUBLJANA, SLOVENIA • 19 APRIL 2018

## UPEI CONFERENCE "TRANSPORT IN TRANSITION"

The conference "Transport in Transition" successfully brought together Heather Hamje of Concawe, who presented the updated JEC Well to Wheel analysis, and Dr Paul Greening of ACEA, who outlined the Automotive Sector's 2050 Scenario. In addition, Peter Buyckx of Blue Corner, Belgium, and Miha Valentinčič of Petrol dd, Slovenia, portrayed the opportunity to break into e-mobility as well as the vision of the retail station of 2050 from the fuel suppliers' perspective. The conference was opened by State Secretary Klemen Potisek, who outlined the Government of Slovenia's plans for decarbonisation of transport. He stressed that the transition should be "bearable for the economy and bearable for citizens" – a key message which was present throughout the whole conference.

BRUSSELS, BELGIUM • 21 NOVEMBER 2018

## PROGNOS STUDY "STATUS AND PERSPECTIVES FOR LIQUID ENERGY SOURCES IN THE ENERGY TRANSITION"

Ahead of the release of the European Commission's 2050 "Long-Term Strategy" for emissions reduction, three Brussels based organisations, Eurofuel, ECFD and UPEI – jointly with their respective German members – presented and debated the results of the Prognos Study "Status and Perspectives for Liquid Energy Sources in the Energy Transition".

The event gathered experts and professionals from the transport and heating fuels sectors. Presenting the study was Jens Hobohm of Prognos AG, while a panel of experts moderated by Dave Keating debated the study findings: from the vehicle manufacturers, Ralf Diemer of the German Association of the Automotive Industry (VDA), Brussels office, Christian Küchen representing the German refiners association MWV, Johan Mattart head of



the ECFD Brussels office and Carlos Calvo Ambel, Manager at T&E for Analysis and Climate. There was a widespread call for political support through the recognition of the role of innovative, carbon-neutral fuels and their incentivisation in the legislative framework.

# UPEI PUBLICATIONS ISSUED IN 2018

- » **Biofuels Matrix**
- » **Fuel Labelling for road vehicles.  
Information for consumers/operators**

## STATEMENTS

### FEBRUARY

- » UPEI & ECFD Statement: Driving times and periods - Regulation No 561/2006
- » UPEI Statement Renewable Energy Directive II

### MARCH

- » Joint position on the applicability of synthetic fuels to heating in the Renewable Energy Directive (RED II)

### JUNE

- » UPEI Statement: Post 2020 CO2 Targets for Cars and Vans
- » Joint Press Release: Fuel labelling: Information to help consumers and operators choose right fuel now published

### OCTOBER

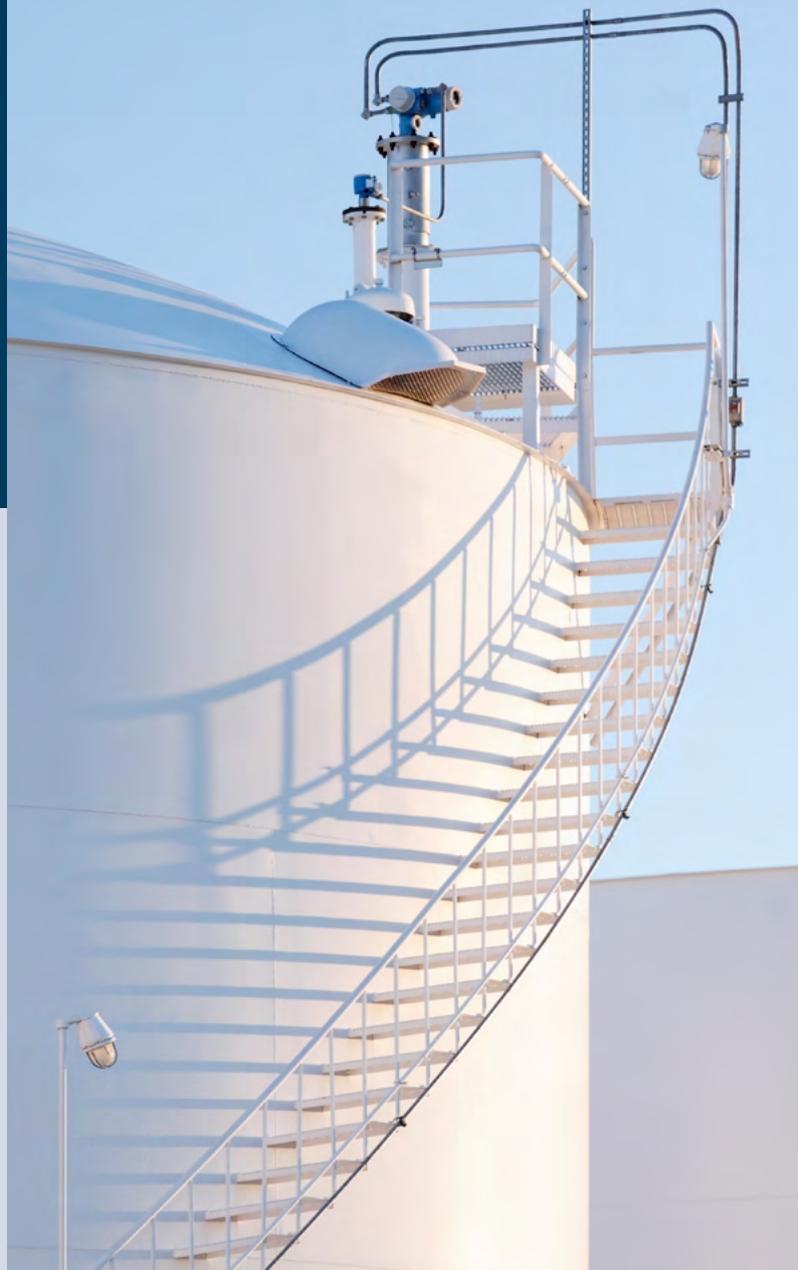
- » UPEI Press Release: UPEI appoints new President
- » Joint Press Release: The shipping industry and the European Independent fuel suppliers welcome the European Parliament's support to incentivize the uptake of low-carbon and carbon-free alternative fuels and to remove disparities in energy taxation

### NOVEMBER

- » UPEI Press Release: Post 2020 CO2 Targets for Heavy Duty Vehicles

### DECEMBER

- » UPEI Press Release: Nomination of Secretary General



## CONSULTATIONS

### JUNE

- » Evaluation Energy Taxation Directive and follow-up interviews with Deloitte

### NOVEMBER

- » Future Climate and Energy Policy - a Strategy for long-term EU greenhouse gas emissions reductions

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# 2018 UPEI ANNUAL REPORT

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