

Welcome to the 117th edition of the UPEI Newsletter!

Message from the Secretariat

Dear Members, Associate Members and Business Partners,

As the year comes to an end, and ahead of the new challenges in the coming months, Pierre and José Luis would like to wish you a happy Christmas time, and all the best for a healthy and prosperous year 2024.



Image Source: Canva.

2023 has been a year during which Europe and the world were put to an increasing stress due to geopolitical, environmental, economic, and social challenges affecting the stability of all continents. Meanwhile, the European Union (EU) nearly completed the adoption of its package of legislation and other policy measures aiming at respecting the Paris Agreement adopted at the COP 21, while the United Nations tried to reach an agreement at the COP28 to further concretise the overall goal of keeping global warming “to well below 2°C above pre-industrial levels”.

The COP 28 concluded its work on Wednesday 13 December, with a series of engagements, including:

- To accelerate the transition away from fossil fuels this decade,

- To reduce GHG emissions by 43% by 2030 and set the world on a pathway to reaching net zero emissions by 2050, in line with the best available science,
- To triple global renewable energy capacity by 2030,
- To double the rate of energy efficiency improvements by 2030.

The Parties also held the first global stocktaking exercise, that will be used for each country to determine its supporting national plans and recognised nuclear energy as one of the solutions to emissions cutting, but stopped short of agreeing upon a phase out of fossil energy.

Meanwhile, the International Energy Agency (IEA) issued a special report on «[the oil and gas industry in net zero transitions](#)» in November 2023, assessing that today's policy settings will lead to peaks in demand for all fossil fuels well before 2030. Even if these trends are not enough to deliver steep declines in demand, the delivery on current national energy and climate promises, increased by a shift towards 1.5°C, will profoundly impact the oil and gas industry due to much lower demand. According to current government promises, the decline in consumption would be minus 45% by 2050, and minus 75% in order to reach 1.5 °C.

However, in the same report, the IEA considers that the oil and gas industry is well placed to scale up some crucial technologies for net zero transitions. It should avoid waiting for demand reduction but be proactive with customers and governments. It should also avoid counting on Carbon Capture Utilisation and Storage (CCUS) technologies to capture all CO₂ emissions, as this would be much too costly in terms of electricity demand (more than the entire electricity produced globally in 2022) and in terms of investments. For the IEA, «energy transition can happen without the engagement of the oil and gas industry, but the journey to net zero will be more costly and difficult if they are not on board».

Source: EU website, United Nations website and IEA website.



Brussels News

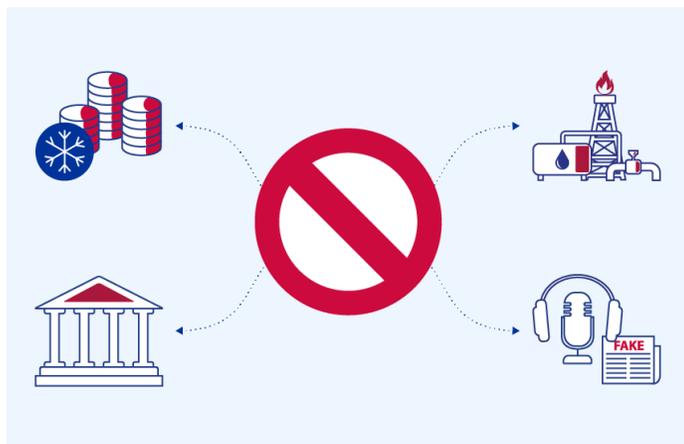


Image Source: European Council website.

The European Council met on 14 and 15 December. Amongst decisions made by the Heads of State and Governments is a [12th package of sanctions against the Russian economy](#), including a set of actions aiming to close loopholes on the price cap on Russian oil, which the G7 had set at \$60 a barrel. The sanctions were formally approved by the EU Council on 18th December. The new sanctions do not change the \$60 per barrel limit, but introduce new measures to ensure that global sales of Russian oil remain within the price cap. In particular, new measures are introduced to monitor more closely the sale of oil tankers to third countries, as well as more detailed certification requirements. This aims to help combat the "ghost fleet" used by Russia to circumvent the price cap.

On 13 December, the European Court of Auditors (ECA) published a special report on ["The EU's support for sustainable biofuels in transport - An unclear route ahead"](#), in which it finds that the lack of a long-term perspective in EU biofuels policy has affected investment security, and that sustainability issues, biomass availability and costs are limiting the deployment of biofuels. Overall, despite EU support for research, the deployment of waste and residue-based biofuels has been slower than expected. The Court makes several recommendations, including providing more policy stability by preparing a long-term strategic approach, improving guidance on advanced biofuels categorisation, and assessing capping of feedstock, improving data relevance and coherence, as well as transparency of reporting on achievement of targets.

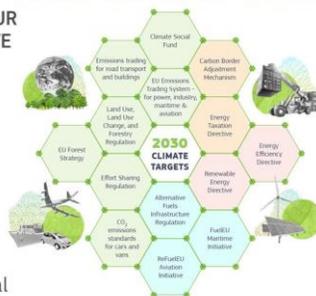
Source: EU website.

Policy updates

"Fit for 55" package

EUROPEAN GREEN DEAL

REACHING OUR
2030 CLIMATE
TARGETS



#EUGreenDeal



Image Source: European Commission website.

• **Energy Efficiency of Buildings Directive (EPBD)**

On 7 December, the European Parliament and the EU Council agreed at the end of a trilogue process upon the revised text of the EPBD. This text contains, in particular, the following aspects:

- Each Member State will adopt its own national trajectory to reduce the average primary energy use of residential buildings by 16% by 2030 and 20-22% by 2035, considering national circumstances. Member States are free to choose which buildings to target and which measures to take. The national measures will have to ensure that at least 55% of the decrease of the average primary energy use is achieved through the renovation of the worst-performing buildings.
- For the non-residential building stock, gradual improvement via minimum energy performance standards, leading to renovating the 16% worst-performing buildings by 2030 and the 26% by 2033. Member States will have the possibility to exempt certain categories of residential and non-residential buildings from these obligations, including historical buildings or holiday homes.
- Improved Energy Performance Certificates (EPCs) will be based on a common EU template with common criteria, to better inform citizens and make financing decisions across the EU easier.
- To fight energy poverty, financing measures will have to incentivise and accompany renovations and be targeted, in particular at vulnerable customers and



worst-performing buildings, in which a higher share of energy-poor households live.

- Member States will also have to ensure that there are safeguards for tenants, to help tackle the risk of eviction of vulnerable households caused by disproportionate rent increases following a renovation.
- Member States will establish national Building Renovation Plans to set out the national strategy to decarbonise the building stock and how to address remaining barriers, such as financing, training, and attracting more skilled workers. They will set up national building renovation passport schemes to guide building owners in their staged renovations towards zero-emission buildings and establish one-stop-shops for homeowners, SMEs, and all actors in the renovation value chain, to receive dedicated and independent support and guidance.

The new text will force to phase-out, in a gradual manner, boilers powered by fossil fuels. Subsidies for the installation of stand-alone boilers powered by fossil fuels will not be allowed as of 1 January 2025. The revised directive introduces a legal basis for Member States to set requirements for heat generators based on greenhouse gas emissions, the type of fuel used, or the minimum share of renewable energy used for heating. Member States will also have to set out specific measures on the phase-out of fossil fuels in heating and cooling with a view to a complete phase-out of boilers powered by fossil fuels by 2040.

The revised directive will make zero-emission buildings the new standard for new buildings. All new residential and non-residential buildings must have zero on-site emissions from fossil fuels, as of 1 January 2028 for publicly owned buildings and as of 1 January 2030 for all other new buildings, with a possibility for specific exemptions. Member States will also have to ensure that new buildings are solar-ready, meaning that they must be fit to host rooftop photovoltaic or solar thermal installations. In-stalling solar energy installations will become the norm for new buildings. For existing public and non-residential buildings solar will need to be gradually installed, starting from 2027, where this is technically, economically, and functionally feasible. Such provisions will come into force at different points in time depending on the building type and size.

The provisional agreement will have to be formally adopted by the European Parliament and the Council, before being published in the EU Official Journal and entered into force.

Source: EU Website.

Net Zero Industry Act



Image Source: European Commission website.

On 7 December, the EU Council adopted its General Approach related to the Net Zero Industry Act. This text will serve as negotiation mandate with the European Parliament.

The Council position supports the main objectives of the Net-Zero Industry Act, but introduces several amendments, such as:

- Increasing the list of strategic net-zero technologies from 8 to 10, by including nuclear and sustainable alternative fuels. It also makes clear that this should not affect neither Member State's right to determine their energy mix nor the allocation of EU funds during the current multiannual budget.
- Enlarging the list of non-strategic net-zero technologies to biotech climate and energy solutions, other nuclear technologies, and transformative industrial technologies for energy-intensive industries. This is completed by an Annex with a non-exhaustive list of products and components primarily used for the manufacturing of net-zero technologies, which can be completed in the future.
- Providing strategic net-zero technologies with streamlined and realistic permitting procedures and additional support to crowd-in investments while still meeting EU and international obligations, and the inclusion of the concept of net-zero acceleration areas



that will support Member States to identify synergies during the permit-granting processes projects.

- Including CO₂ transport and infrastructure in the scope of the provisions for CO₂ injection capacity, but excluding small oil and gas producers from their individual contribution to the EU target for available CO₂ injection capacity.
- Clarifying public procurement procedures to ensure secure, transparent, implementable, and harmonised requirements for net-zero technologies as well as a diversification in the supply of strategic technologies to the EU, while safeguarding sufficient flexibility for contracting authorities. The text clarifies, for instance, in which conditions public authorities can choose a provider that is not the cheapest one if it has a higher contribution to environmental sustainability and resilience of the Member state. As regards auctions, the Council text allows Member States to apply both pre-qualification and award criteria. The Commission will be tasked with defining these criteria in an implementing act and will revise the volume auctioned based on an assessment on the functioning of the system.
- Supporting the broad objectives for European Net-Zero Industry Academies to replicate the successful model of the “European batteries academy” in the development and provision of training content adapted to the net-zero industry’s skills needs.

Source: EU Website and Weber Shandwick.

Hydrogen and gas markets decarbonisation package



Source: European Commission website.

Following their agreement reached on 27 November on the gas package Directive, the EU Council and the European Parliament agreed on 8 December on a common text on the gas package Regulation.

The final text reinforces the long-term planning of the infrastructure for a decarbonised gas sector in Europe. It foresees that national network development plans should be based on joint scenarios for electricity, gas, and hydrogen. These should be aligned with the National Energy and Climate plans and the EU-wide Ten-Year Network Development Plan. Hydrogen and gas network operators will have to include information on infrastructure that can be decommissioned or repurposed, and there will be specific hydrogen network development plans to ensure that the construction of the hydrogen system is based on a realistic demand projection.

The framework will enable the uptake of renewable and low-carbon gases in the EU by facilitating connection and access to the existing gas grid and allowing discounts to cross-border and injection tariffs for these gases. A certification system for low-carbon gases, including hydrogen, is also established, complementing the certification of renewable gases and hydrogen foreseen in the revised Renewable Energy Directive. This aims to ensure a level playing field and consistency in assessing the full greenhouse gas emissions footprint of different gases and allow Member States to effectively compare and consider them in their energy mix. Detailed rules on the methodology and assessment of greenhouse gas reduction will be determined in a delegated act.

The text establishes a market design for hydrogen in Europe: new rules will be applied in two phases, before and after 2033. In the ramp-up phase, a simplified framework will apply with clear visibility about the future rules for a developed hydrogen market. These provisions cover notably access to hydrogen infrastructures, separation of hydro-gen production and transport activities (so-called “unbundling”) and tariff setting. A new governance structure in the form of the European Network of Network Operators for Hydrogen (ENNOH) will be established to promote a dedicated hydrogen infrastructure, cross-border coordination, and interconnector network construction. It will also be responsible for elaborating specific technical rules.

Long-term contracts for unabated fossil gas should not last beyond 2049. This will help avoid locking Europe into fossil gas imports while incentivising the use of renewable and low-carbon gases, which will be in large part domestically produced and thus reinforce the EU’s energy security. Member States will be allowed to limit upfront bidding for capacity for access to the network and LNG



terminals for natural gas and LNG from Russia and Belarus.

Building on the model of the [EU Energy Platform](#), established as a tool to tackle the energy crisis last year, a permanent demand aggregation and joint purchasing mechanism for natural gas will be established for voluntary use. In addition, the deal introduces a five-year pilot project to bring together demand and supply of hydrogen and create market transparency under the European Hydrogen Bank.

The provisional agreement will have to be endorsed and formally adopted by the EU Council and the European Parliament before being published in the EU Official Journal.

Source: EU Website and Weber Shandwick.

UPEI News



THE VOICE OF EUROPE'S INDEPENDENT FUEL SUPPLIERS

14/12/2023 | UPEI Energy Transition Commission Meeting

On 14th December, the first UPEI Energy Transition Commission Meeting took place in Brussels (Belgium).

In a discussion moderated by Christian Heise (DCC Energi), Chair of the UPEI Energy Transition Commission, participants exchanged views and ideas on the long-term purpose of the commission, the content (including a review of the current policy context), possible actions, and the Terms of Reference.

When it comes to the action plan, participants agreed on the scope, the need to further promote case studies and UPEI's community commitment to the energy transition, as well as practical details on the governance and management of the commission's work. In this respect, Britta Mølgaard Laursen, DCC Energi, and Letizia Pasqualini (Assopetroli-Assoenergia), were presented as UPEI experts on Energy Transition and participants were invited to participate actively in the Commission work as experts on their specific roles.

A webinar on hydrogen will take place in the course of next year and a policy paper will be drafted ahead of the European elections.

The next meeting will take place on 27th February in Brussels (Belgium) on a hybrid format.

Find all the information available [here](#).

15/12/2023 | UPEI Board Meeting

The UPEI Board met online on 15 December in Brussels (Belgium), focusing its meeting on several major action items:

- a) Review of current EU legislation with an update by Weber Shandwick.
- b) Outcome of the UPEI Autumn General Meeting 2023 in Copenhagen and next General Meetings arrangements.
- c) Discussion on UPEI finances, administrative/internal matters, and membership/business partners evolution.

The next meeting is scheduled to take place in January 2024 (Date TBC), via online, to further discuss on the UPEI work plan for the year.

More information will be sent via UPEI circulars to UPEI Members and Business Partners.

UPEI Publications

Position Paper on Sustainable Heating with Liquid Fuels: UPEI's plea for a technology neutral EU climate and energy policy



On 1st December 2023, UPEI, published a position paper aiming at promoting a technology neutral EU climate and energy policy legislation approach in all buildings-related energy legislation.

The energy transition of buildings needs a variety of solutions to complement the diversity of situations in which European citizens find themselves. Provided that they contribute to the net-zero objective, no energy or technology should be disregarded. Legislation and regulatory measures need to keep the door open for all solutions which can reduce emissions in new and existing buildings.

Read more [here](#).



UPEI Circulars

30/2023 [UPEI Autumn General Meeting](#)
[Draft Minutes](#)

UPEI Spring General Meeting 2024

UPEI Diary

January 2024

10/01 Webinar on e-invoicing
18/01 UPEI ITW Commission Meeting
24/01 UPEI Fuel Payments Commission Meeting
TBC UPEI Board Meeting

February 2024

22/02 Bunkering Commission Meeting
27/02 Energy Transition Commission Meeting



DOCS &
INFO
SOON

UPEI SPRING GENERAL MEETING
17 & 19 April 2024
Hamburg, Germany