

FUELLING EUROPE

The Voice of the European Fuel Distributors

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"FIT FOR 55" PACKAGE

On 14 July, the European Commission [published](#) the first part of the proposals within the "Fit for 55 Package", under the headline "Delivering the European Green Deal". The interconnected proposals, related to climate, energy, land use, transport and taxation, aim to facilitate the reduction of greenhouse gas emissions by at least 55% by 2030. Overall, the package strengthens eight existing pieces of legislation and presents five new initiatives, across a range of policy areas and economic sectors. Emphasis is placed on establishing a socially fair and competitive transition, whereby inequality and energy poverty are addressed through climate actions, and new opportunities are provided through clean mobility, energy efficiency, carbon pricing and the preservation and growth of the natural carbon sinks.

In Q4 of 2021, the European Commission is expected to publish the last two proposals from the package, including the revision of the Energy Performance of Buildings Direc-

tive (EPBD) and revision of the Third Energy Package for gas to regulate competitive decarbonised gas and hydrogen markets.

NEWS IN BRIEF

EMISSIONS TRADING SYSTEM AND THE SOCIAL CLIMATE FUND

Under the package, the European Commission has [proposed](#) to extend both the scope and ambition of the Emissions Trading System (ETS). This is envisioned through the inclusion of the maritime sector into the current ETS and the increased targets for emissions reduction. Previously set at 43%, the Commission is proposing emissions reduction of 61% by 2030 compared to 2005 levels. However, of specific interest is the proposal for an adjacent ETS for buildings and road transport and the accompanying Social Climate Fund, which aims to facilitate the transition of households towards energy efficiency, new heating and cooling, and cleaner mobility. According to the Commission's proposal, the adjacent ETS for buildings and transport is expected to be introduced from 1 January 2025, with the issuing of allowances and compliance obligations only applicable from 1 January 2026. The specific emissions reduction goal for the two sectors is set at 43% by 2030. Further, no free allocation of allowances is planned for the new ETS, with the quantity of allowances set to decrease in a linear manner.

To address the impact of the proposal on vulnerable households, the Commission is [proposing](#) a total financial package of €72,2 billion for the period 2025-2032 under the

Social Climate Fund. Member States would be responsible for the allocation of the funds after submitting their plan for the mitigation of the expected increase in fossil fuel costs, in order to prevent energy poverty in the transition period.

Both the ETS and Social Climate Fund proposals will be led by rapporteurs from the European People's Party - the former by the German MEP Peter Liese, and the latter by the Dutch MEP Esther de Lange.

ENERGY TAXATION DIRECTIVE

In terms of the revised Energy Taxation Directive (ETD), the European Commission is [proposing](#) energy taxation to be based on (1) the energy content of the energy products and electricity, and (2) their environmental performance. This is meant to eliminate the current disadvantageous treatment of some energy products, such as biofuels. In addition, the proposal establishes different minimum levels of taxation for motor fuels, heating fuels, and electricity. Of importance is that no distinction will be made between commercial and non-commercial use of gas oil as motor fuel, or between business and non-business use of heating fuel. Possible exemption from the taxation would take into account social considerations, such as vulnerable households and charitable organizations.

The appointed rapporteur is the Belgian MEP Johan Van



Overtveldt from the European Conservatives and Reformists Group (ECR).

RENEWABLE ENERGY DIRECTIVE

The European Commission aims to promote the use of renewable energy sources through its [proposal](#) for the revision of the Renewable Energy Directive (RED II). Previously set at 32%, the Commission proposes the energy share from renewable sources to be increased to a minimum of 40%. In relation to the buildings sector, the Commission emphasizes the need for an accelerated decarbonization, setting a target of at least 49% share of energy from renewable sources in the Union's final consumption of energy in 2030. To facilitate the transition of the transport sector, the Commission proposes a 13% greenhouse gas intensity reduction target and increased sub-targets for advanced biofuels and renewable fuels of non-biological origin. The latter would be considered as renewable energy regardless of the sector. The file will be led by the German MEP from the European People's Party, Markus Pieper.

ENERGY EFFICIENCY DIRECTIVE

Under the revised Energy Efficiency Directive (EED), the Commission is [proposing](#) an increase in the Union binding energy efficiency target for final (39%) and primary (36%) consumption. To ensure the prioritisation of the Energy Ef-

iciency First, the proposal includes new provisions providing legal basis to the principle. In relation to efficiency in energy use, it is specified that policy measures targeting renovation of buildings could include the replacement of fossil fuel heating systems together with building fabric improvements. It is specifically emphasized that Member States can make use of all available technologies to achieve the energy saving goals, with the exception of direct fossil fuel combustion technologies. The energy efficiency improvements are also considered as a way to mitigate the impact of the ETS for buildings and road transport, providing long term benefits for households. The file will be led by the Progressive Alliance of Socialists and Democrats (S&D); however, the rapporteur is yet to be confirmed.

RECOMMENDATIONS AND GUIDELINES ON ENERGY EFFICIENCY PRINCIPLE

Building up on the Energy Efficiency Directive, the European Commission published a set of recommendations and guidelines on operationalizing the Energy Efficiency First principle and improving its implementation. The [recommendations](#) to Member States identify specific actions that can be taken to ensure the proper implementation of the principle, including an emphasis on taking a system approach of its application, as well as the provision of incen-



tives. In relation to this the [guidelines](#) support practical implementation of the principle with practical solutions and refer to measures across different sectors, ranging from the energy supply and distribution to the end-use sectors.

CO2 STANDARDS FOR CARS AND VANS

The [proposal](#) for the revision of the CO2 standards for cars and vans includes an increased emissions reduction target for new passenger car fleet by 55% (previously 37,5%) and for new light commercial vehicles fleet by 50% (previously 31%). Of further interest is that the Commission is proposing a 100% reduction in emissions for new passenger car fleet and new light commercial vehicles fleet from 2035, which sets a de facto ban on new internal combustion engines. The file is led by the Dutch MEP from Renew Europe, Jan Huitema.

ALTERNATIVE FUELS INFRASTRUCTURE

The Commission has [proposed](#) to turn the Alternative Fuels Infrastructure Directive in a Regulation, which would ensure more rapid and coherent development of infrastructure within the Member States. The proposal sets out mandatory national targets for the deployment of alternative fuels infrastructure, specifically for electricity, hydrogen, and LNG. To align the charging capacity with zero-emission cars, installing charging and refuelling points on major highways should be at every 60 kilometers for

electric charging and at every 150 kilometers for hydrogen charging. The rapporteur for the file is yet to be confirmed.

FUELEU MARITIME INITIATIVE

Within the package, the Commission has [proposed](#) the FuelEU Maritime Initiative - a regulation, aiming to stimulate the uptake of sustainable maritime fuels. Of interest is that the proposal sets limits for the yearly GHG intensity of energy use on board, starting with 2% from 2025 and growing exponentially. By 2050, the carbon intensity is set to be reduced by 75%. The regulation covers half of the energy used for a voyage arriving to a Member State from a third country or arriving to a third country from a Member State. The rapporteur for the file is yet to be confirmed.

REFUELEU AVIATION INITIATIVE

With the new ReFuelEU Aviation Initiative the Commission aims to [ensure](#) level playing field while increasing the use and distribution of sustainable aviation fuels (SAF). Starting from 2025, aviation fuel suppliers should ensure that all aviation fuel made available to aircraft operators at each Union airport contains a minimum share of sustainable aviation fuel, including a minimum share of synthetic aviation fuel. The rules are applicable to civil aviation, carrying out commercial air transport flights and not to military aircrafts and aircrafts engaged in operations. The rapporteur for the file is yet to be confirmed.

2021 CALENDAR

2021 - 2022 Adoption of Fit for 55 package:

- Revised Energy Taxation Directive
- Revised Directive on Deployment of Alternative Fuels Infrastructure
- Revised EU Emissions Trading System (ETS)
- Revised Renewable Energy Directive
- Revised Energy Efficiency Directive
- Reducing methane emissions in the energy sector initiative
- Revised Regulation setting CO2 emission performance standards for new passenger cars and for new light commercial vehicles

Q4 2021

- Revised Energy Performance of Buildings Directive publication
- Gas and Hydrogen markets decarbonization package publication

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OUR MEMBERS



(AT) Fachverband des
Energiehandels



(BE) Belgian Federation of
Fuel Suppliers - BRAFCO



(DE) Bundesverband mittelständischer
Mineralölunternehmen e.V.



(FR) Fédération française des
Combustibles et Carburants - FF3C



(UK - IE) The UK and Ireland Fuel Dis-
tributors Association - UKIFDA