

# FUELLING EUROPE

The Voice of the European Fuel Distributors

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## THE SECOND PART OF "FIT FOR 55"

On 15 December, the European Commission published the second part of the "Fit for 55" package, consisting of five proposals, among which the revision of the Energy Performance of Buildings Directive and the Hydrogen and Gas Package.

### HYDROGEN AND GAS PACKAGE

The Hydrogen and decarbonized gas market package aims to decarbonize the gas market while promoting the uptake of renewable and low-carbon gases, including hydrogen (H<sub>2</sub>), in the EU. The package consists of two main pieces of legislation, a proposal for a Directive that lays down rules for the internal market in renewable and low-carbon gases and a proposal for a Regulation on conditions for access to gas transmission networks.

The [Directive](#) establishes that low-carbon gases, including H<sub>2</sub>, have to meet a greenhouse gas (GHG) emission reduction threshold of 70%. This measure will apply to both

EU-produced and imported low-carbon fuels. Furthermore, the text reads that by 31 December 2024 the Commission will set up, via a Delegated Act (DA), an EU certification system. This tool will specify the methodology for the accounting of the total GHG emissions of these energy sources through a life cycle assessment. The responsibility to prove that thresholds are accomplished will lie with the "economic operators". On top of that, the Directive establishes that, in case of hydrogen interconnections with third countries, Member States shall ensure rules enforcement. To this end, prior to the start of operations, the EU shall reach an intergovernmental agreement setting out the operating rules. Such agreement will contain, among others, provisions to ensure the certification of renewable and low-carbon hydrogen, including rules to ensure the collection of data to demonstrate that EU accounting criteria is fulfilled.

The [Regulation](#) enables the European Commission to

adopt DAs in order to establish network codes for a variety of purposes, including energy efficiency, interoperability and capacity-allocation rules of hydrogen networks. As a reminder, network codes are a set of rules that facilitate the harmonization and integration of EU energy networks. Besides, the legislation requires storage system operators to conduct, at least every two years, market demands assessments to evaluate new investments enabling low carbon gases employment in the facilities. On top of that, the proposal envisages the creation of a European Network of Network Operators for Hydrogen (ENNOH) to “allow trading and supplying hydrogen across borders”. The new body will develop non-binding EU-wide ten-year network development plans and will participate in the elaboration of the eighth list of Projects of Common Interest (PCI).

Finally, it should be mentioned that none of the proposals introduce targets for the production or consumption of renewable low-carbon gases.

#### **ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE (EPBD)**

The [proposal](#) for the revision of the Energy Performance of Buildings Directive (EPBD) translates the Commission’s Renovation Wave Strategy into concrete legislative actions, aiming to facilitate the renovation of private and public buildings. The objective of the proposal is to contribute to the reduction of greenhouse gas emissions and final energy consumption by 2030, while simultaneously setting a long-term vision for buildings towards EU-wide climate

neutrality in 2050.

Of specific importance is the proposed introduction of “zero-emission buildings”, which refers to buildings with very high energy performance in line with the energy efficiency first principle. According to the provided definition, the very low amount of energy still required should be fully covered by energy from renewable sources at the building, district, or community level, where technically feasible. The revised EPBD aims to establish zero-emission buildings as the standard, proposing that as of 2030, all new buildings must be zero-emission. Further, in line with the potential for faster actions in the public sector, the Commission proposes all new public buildings to be zero-emission already as of 2027.

National Buildings Renovation Plans will be fully integrated into National Energy and Climate Plans. According to the Commission, this will ensure comparability and tracking of progress and trigger the reforms and investments that are needed. These plans will need to include roadmaps for phasing out fossil fuels in heating and cooling by 2040 at the latest, along with a pathway for transforming the national building stock into zero-emission buildings by 2050.

The proposal specifically highlights that in order to decarbonise the building sector, it is of particular importance to phase out fossil fuel in heating and cooling. Therefore, Member States should indicate their national policies and measures in their building renovation plans, and no financial incentives should be given for the installation of fossil





fuel boilers under the next Multiannual Financial Framework as of 2027, except for those selected for investment, before 2027. A clear legal basis for the ban of heat generators based on their greenhouse gas emissions or the type of fuel used should support national phase-out policies and measures.

Both the Hydrogen and Gas package and the proposal for the revision of EPBD are subjected to the Ordinary Leg-

islative Procedure. In 2022, the European Parliament and the Council of the EU will analyse the files and propose amendments, followed by inter-institutional negotiations, which can run into 2023.

The publication of the [proposals](#) comes along with a proposal to reduce methane emissions and a [Communication](#) on Sustainable Carbon Cycles.



## NEWS IN BRIEF

### “FIT FOR 55” PACKAGE: PRIORITY PROPOSALS PROGRESS

In the second half of 2021, the “Fit for 55” proposals, published by the European Commission on 14 July, have progressed to different extents in both the European Parliament and the Council of the European Union. While the files are expected to enter the stage of inter-institutional negotiations in late 2022, the Parliament and the Council are actively analyzing and debating their positions. Key policy-makers from both institutions will continue to hold consultations with stakeholders in view of adopting their respective positions in the first half of 2022 before entering inter-institutional negotiations. Below is a concise overview of the state-of-play of ECFD’s priority proposals.

#### 1. CO2 STANDARDS FOR CARS AND VANS

The proposal for the revision of the CO2 standards for cars and vans is progressing rapidly in the European Parliament. With an indicative [date](#) for the exchange of views on the rapporteur’s draft report set for 13 January 2021, the leading Environment Committee (ENVI) is expected to have its vote on the amended proposal on 28 April 2022. In the Council, the Slovenian Presidency has facilitated discussions on the proposal, [highlighting](#) that the main concerns of Member States include: 1) considerations of whether the 2030 target of phasing out new fossil fuel vehicles is premature, 2) considerations of the possibility of taking into account the contribution of renewable and low-carbon fuels when assessing the manufacturers’ compliance with the targets, and 3) considerations of the national specificities in the zero-emission vehicle transition. The proposal is expected to be among the “Fit for 55” priorities of the French Presidency, which will commence on 1 January 2022.

#### 2. RENEWABLE ENERGY DIRECTIVE (RED)

The proposal for the revision of the Renewable Energy Directive is progressing much slower in the European Parliament with the official timeline of the file yet to be confirmed by the rapporteur Markus Pieper (EPP, Germany). It is expected that the Committee on the Environment (ENVI), which shares some competences with the leading Committee on Industry, Research and Energy (ITRE), will discuss its draft opinion already in the beginning of February 2022. Further, the Slovenian Presidency has already [developed](#) the first set of changes to the Commission’s proposal in the hopes that the document could be used as a basis of the French Presidency. The most pressing concerns of

Member States include the limited flexibility and the lack of consideration of national specificities. This translates into a skepticism towards the implementation of the sectorial sub-targets for transport, heating and cooling, and industry. In addition, some Member States are doubtful that the hydrogen market will be able to fulfill the ambitions of the proposal. Of specific interest is that Germany is adamant that low-carbon fuels should not be considered as a renewable source of energy.

#### 3. ENERGY EFFICIENCY DIRECTIVE (EED)

In the Parliament, the exchange of views on the draft proposal of the rapporteur for the Energy Efficiency Directive, Niels Fuglsang (S&D, Denmark), is [expected](#) on 20 April 2022. In the Council, the file is moving alongside the Renewable Energy Directive. The Slovenian Presidency [aims](#) to propose the first changes to the proposal, which may be used as a basis by the French Presidency. In terms of the Member States’ positions, there is a general wish for more flexibility and consideration of national circumstances. The file is especially relevant to the Member States with an abundance of historic buildings, for which the new energy efficiency targets would be hard to apply.

#### FRENCH PRESIDENCY PRIORITIES

On 1 January 2022, France will take over the Presidency of the Council of the European Union for the first time in 14 years. The French Presidency will be a decisive point for the “Fit for 55” package, in terms of consolidating the position of the Council on priority files, but also in achieving technical progress in the analysis of the December proposals.

Based on the overarching concepts of “Recovery, Strength and a sense of Belonging”, the Presidency will embody a long-standing priority of the President Emmanuel Macron and his government – strategic sovereignty. In terms of the ecological transition of the European Union (EU), this will translate into the Presidency’s [priority](#) of reaching political agreement on the Carbon Border Adjustment Mechanism (CBAM), which aims to set carbon pricing at the EU borders for imported products. In addition, the establishment of an adjacent Emissions Trading System (ETS) for road transport and buildings is expected to be high on the French agenda, due to the shared concerns of the socio-economic impact of the proposal. The ambitious proposal for CO2 standards for cars and vans is also likely to be among the



priorities, specifically concerning the proposed target of phasing out new fossil fuel cars after 2035.

The “Fit for 55” package, and especially reaching an agreement on the revision of CBAM, are expected to be among the cornerstones of Macron’s re-election strategy. Therefore, in view of the presidential elections in April 2022, the French government is likely to push for an early consensus on the proposal.

### STATE OF THE ENERGY UNION 2021

On 26 October, the European Commission [adopted](#) its State of the Energy Union reports for 2021, evaluating the progress that the European Union (EU) is making in delivering the clean energy transition. The reports indicate that

renewables overtook fossil fuels as the number one power source in the EU for the first time in 2020, generating 38% of electricity, compared to 37% for fossil fuels. Further, primary energy consumption declined by 1.9% and final energy consumption by 0.6% in 2020. In terms of funding, fossil fuel subsidies decreased slightly, due to lower energy consumption overall, while renewable energy and energy efficiency subsidies increased. However, despite the progress, the Commission highlights that greater efforts will be required to reach the 2030 goal of cutting net emissions by at least 55% and achieving climate neutrality by 2050.

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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

## 2022 CALENDAR

### Q1 2022

- 1 January: **French Presidency** of the Council of the EU begins
- 10 February: Deadline for **feedback** on the Commission's EPBD proposal
- 10 February: Deadline for **feedback** on the proposal for a Regulation within the Hydrogen and Gas package
- 10 February: Deadline for **feedback** on the proposal for a Directive within the Hydrogen and Gas package

### Q2 2022

- 28 April: Expected vote in ENVI committee on the revision of CO2 standards for cars and vans
- 14 June: Expected vote in ITRE committee on Energy Efficiency Directive

### Q3 2022

- 1 July: Czech Presidency of the Council of the EU begins
- July (tbc): Expected vote in ITRE committee on the revision of the Renewable Energy Directive
- Possible start of inter-institutional negotiations on priority files

### Q4 2022

- Proposal for the revision of CO2 emission standards for heavy-duty vehicles
- Possible adoption of "Fit for 55" package" files:
  - Revised Energy Taxation Directive
  - Revised Directive on Deployment of Alternative Fuels Infrastructure
  - Revised EU Emissions Trading System
  - 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
    - Revised Energy Performance of Buildings Directive
    - Hydrogen and Gas package

\*The timeline for the legislative files is subject to the progress of the negotiations and might therefore change. Negotiations and final adoption could go beyond 2022