

FUELLING EUROPE

The Voice of the European Fuel Distributors

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EUROPEAN UNION'S "FIT FOR 55" POLICY PACKAGE

In 2021, energy and climate are coming to the forefront of the European Commission's [working programme](#), through the "Fit for 55 package." In order to align the bloc's existing legislation with the higher 2030 reduction targets for greenhouse gas emissions, the Commission is in the process of revising a number of energy- and mobility- related directives. The scope of the policy package ranges from renewable fuels and energy efficiency, to effort sharing and emission trading rules. To this end, the Commission welcomed the position of all relevant stakeholders in preparation for the final proposals, due in June 2021.

The upcoming legislative package closely considers the decarbonization of the heating and transportation sectors through a range of policy mechanisms. Notably, the European Commission is evaluating the creation of a separate Emission Trading System (ETS), which establishes EU's carbon market, for buildings and transport. This is supported by both legislators and industry representatives, due to concerns of potential increase in carbon prices for the power and industry sectors.

Another tool under the "Fit for 55 package" is the Energy Effi-

ciency Directive (EED) and the Energy Performance of Buildings Directive, which aims to address the gaps in energy saving in synergy with the EU's efforts of fostering the renovation of buildings. In alignment with this, the Commission is also promoting the development and use of low-carbon fuels, including biofuels, through the revision of the Renewable Energy Directive (RED II). EED, EPBD and REDII aim to advance the overall decarbonization of buildings.

Aside from endorsing the use of low-carbon fuels through RED II, further actions related to the transport sector include the revision of CO2 emission targets for cars and vans, and the implementation of measures to incentivize the use of zero- and low- emission vehicles.

The development of the final proposals under the "Fit for 55 package" is expected to continue until early summer, followed by negotiations between the EU institutions. ECFD has actively contributed to the public consultations of key policies within the package, providing its views on the future of the energy legislation in the context of the higher EU climate standards.

ECFD has actively contributed to public consultations on all the mentioned initiatives above and will continue to follow actively

these initiatives at the EU level.

ANALYSIS OF MEMBER STATES' PLANS FOR THE DECARBONIZATION OF BUILDINGS

The non-governmental organization Buildings Performance Institute Europe (BPIE) published a [report](#) evaluating the progress of Member States in the decarbonization of buildings. The report discusses the National Long-Term Renovation Strategies (LTRS), which are embedded in the Energy Performance of Buildings Directive (EPBD). BPIE concluded that all national plans, submitted in 2020, are not ambitious enough to transition Member States to climate neutrality. While some countries, such as France, Finland, the Netherlands, and Spain comply with the legislative requirements for decarbonization, their national plans fall short of the bloc's climate goals. Additionally, the report highlights the discrepancies in the information provided by Member States, whereby some countries, such as Germany, omitted to include energy saving targets. According to BPIE, the apparent lack of improved national policies would require higher renovation rate

than the one envisioned by the European Union.

BPIE's report is published ahead of the revision of the Energy Performance of Buildings Directive, which is expected in the last quarter of 2021 as part of the "Fit for 55 package". In the recently announced plan for the revision of EPBD, the European Commission highlighted that a 60% reduction of CO2 emissions from buildings would be required to meet the new climate goals of the EU. However, BPIE shared concerns over the tendency of Member States to concentrate on finding low-carbon heating solutions, as opposed to improving the energy efficiency of buildings. Thus, it argued that a full EPBD revision is necessary, as well as a potential increase of the renovation targets.



NEWS IN BRIEF

EUROPEAN COMMISSION ADOPTS FIRST HORIZON EUROPE PLAN

The European Commission adopted the first [strategic plan](#) of its new research and innovation programme, Horizon Europe, worth €95,5 billion in investment. The plan sets the strategic orientation and priorities for the period 2021-2024. This includes the identification of European Partnerships, which bring public and private stakeholders together in an effort to resolve EU's most pressing issues. Most notably, Horizon Europe establishes the [Clean Energy Transition Partnership](#), which aims to accelerate EU's transition to climate neutral energy. Specific areas of interest include energy systems, energy efficiency of buildings, and renewable and biofuels. The calls for projects are expected to be announced in the spring of 2021 and will be presented during the [Research and Innovation Days](#) on 23-24 June.

WORKSHOP ON THE REVISION OF REDII

On 22 March 2021, the European Commission hosted a workshop to reflect on the [results](#) of the public consultation for the revision of the Renewable Energy Directive (REDII). Commission officials stated that the public consultation indicated an overarching support for renewable energy. Transport, as well as heating and cooling were identified as crucial sectors for the implementation of renewable alternatives. In relation to heating and cooling, the participating stakeholders expressed support for the efficiency-first principle and highlighted the need for the overall reduction of energy consumption. Additionally, stakeholders called for the phasing out of fuel and all-natural gas boilers.

REPORT ON RENEWABLE SOURCES IN DISTRICT HEATING AND COOLING SYSTEMS

The Joint Research Centre (JRC), which provides the European Commission with scientific and technical support, published a [report](#) on the integration of renewable energy sources, and waste heat and cold sources into district heating and cooling systems (DHC). The aim of the research is to establish key success factors through analyzing case studies of several EU Member States, including France and Germany. The report concluded that DHC have the potential of becoming the backbone to the local energy transition; however, the necessary policy commitments remain low. To this end, the report concludes that accelerated introduction of renewables in DHC is needed, in order to ensure decarbonization by 2050. Additionally, the report urges for the application of the energy-efficiency-first principle, in order to improve the energy performance of buildings. Thus, the integration of renewables, and waste heat and cold sources into DHC should be in alignment with the EU's renovation wave.

ANALYSIS OF GREEN GRANTS AND CLEAN HEATING SYSTEMS

A recent [study](#) conducted by the European Environmental Bureau (EEB) highlights the discrepancies between Member States in the use of alternative heating technologies, such as heat pumps and solar heating systems. The findings suggest that it could take a decade longer for low-income households in Bulgaria, Hungary, Poland, Portugal or Romania to pay the installation costs of clean heating solutions, in comparison to households in France



or Germany. The report concludes that the green grants allocated for the transition to clean heating, are insufficient and fail to offset the high initial investment. Therefore, low-income households opt for the use of gas- or oil-fired heating systems, which are much cheaper. In relation to this, environmental groups call for the implementation of a phase-out date for fossil-fuel heating systems, as well as subsidies that incentivize the use of new gas boilers.

EUROPEAN MOBILITY ATLAS 2021

In alignment with the EU's Sustainable and Smart Mobility Strategy, the Heinrich Böll Foundation published the [European Mobility Atlas 2021](#). The report provides a comprehensive overview of the development of the transportation sector and its sustainable fu-

ture. The foundation strongly emphasizes the need for fair pricing of the transportation modes in a way that offsets their environmental impact. Notably, the report argues that hybrid vehicles, which combine internal combustion engines and electric motors, will become obsolete with the improvement of the charging station infrastructure. Instead, electrical vehicles are highlighted as the most energy efficient and environmentally friendly solution for the future of the mobility industry. Additionally, the foundation recognizes the role of synthetic fuels. Due to their high costs and increasing demand, the report argues that e-fuels should be used only if there are no other climate-neutral alternatives. This is most likely to occur in the aviation sector.

ECFD ACTIVITIES

On 19 March 2021, ECFD provided feedback to the Commission's roadmap for the revision of the Energy Performance of Buildings Directive (EPBD). ECFD's contribution was in collaboration with three other associations, active in the liquid heating fuels industry, namely Eurofuel, FuelsEurope, and UPEI. Their position highlighted the important role of liquid fuels in the accelerated renovation of buildings, urging the Commission to facilitate the investment in carbon-neutral liquid fuels. Additionally, ECFD supported the phasing out of inefficient heating systems and the use of state-of-the-art and hybrid boilers. This is in alignment with the need for fiscal and policy incentives for low-carbon liquid fuels, which would be especially crucial for vulnerable households.

The public consultation for the revision of EPBD was opened on 30 March 2021. ECFD will contribute to the consultation and will continue to follow the developments related to EPBD.

2021 CALENDAR – EU UPCOMING PROPOSALS

Q2 2021

- 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

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