

Ms Ditte JUUL-JOERGENSEN**Director-General**

European Commission - Directorate-General for Energy (ENER)

Brussels, November 27th 2023**FuelsEurope call for ensuring readiness of the operation of the Union Database prior to roll out to ensure that a robust tool and knowledgeable users lead to an effective and successful roll out**

Dear Ms Juul-Joergensen

FuelsEurope, the Association representing European fuel manufacturers and suppliers, fully support the Union Database initiative (UDB) as it is critical to demonstrating the sustainability and traceability of biofuels in the EU. FuelsEurope is made of primary users of the UDB who gained experience since its pilot roll out in the spring of this year. Our association strongly supports the EU objective of net climate neutrality in 2050 and the circular economy, and stands ready to support policy makers to reach such goals. Back in January of this year, Fuels Europe had raised a number of concerns regarding the proposed timeline for deploying the UDB related to its readiness to meet the needs of Economic Operators and to meet the needs of ensuring traceability and sustainability. Unfortunately, we continue to have concerns and we believe it is our duty to alert you that our concerns remain valid, have not been adequately resolved and that the current endeavour is at risk of coming short of its deliverables and threatens the integrity of the European Union's renewable fuels' market.

FuelsEurope's key concerns and asks are as follows:

- The scope of UDB must be managed soundly to prevent material disruptions of the entire supply chain,
- The uncertain purpose and requirement behind the-72 hours rule must be reconsidered to remove unnecessary burden and mitigate loss of integrity of the UDB,
- The commissioning of the UDB appears behind schedule and calls for the execution of a more transparent Management of Change plan (MOC).
- Any work to harmonise existing feedstock naming and codes across databases and Voluntary Schemes needs to be concluded before any roll-out and carefully designed to avoid mis-categorising or downgrading any particular POS compliance and inducing significant economic or reputational implications.

Growing the functional scope of the UDB brings new supply chain continuity and integrity risks

Directive (EU) 2018/2001 - REDII (Art 28.2) introduced the concept of a Union Database (UDB), to enable the tracing of liquid and gaseous transport fuels that are eligible for being counted towards the RED targets. The UDB is intended to be the common register for all certified biofuels, bioliquids and biogas that count towards EU targets for renewable energy. To mitigate the risks and better prevent fraud, the recently adopted REDIII lists new requirements enforceable latest by November 21st of 2024 and empowers the Commission to extend the scope of the UDB *"to cover relevant data from the point of production or collection of the raw material used for the fuel production"* (Directive

(EU) 2023/2413 - Art. 31a). The UDB will integrate with the national databases which are the current working method of compliance requirements for biofuels, extending its scope to cover Renewable Fuels of Non-Biological Origin and Recycled Carbon Fuels, not just for transport but also for other end-use sectors. Furthermore, ReFuelEU requires fuels supplier to fulfil all their reporting obligations for aviation fuels in the UDB (Regulation (EU) 2023/2405 of October 18, 2023 – Article 10). This applies to both fossil and sustainable aviation fuel and includes *“the content of aromatics and naphthalenes by percentage volume and of sulphur by percentage mass in aviation fuel supplied per batch, per Union airport and at Union level, indicating the total volume and mass of each batch and test method applied to measure the content of each substance at batch level”*. We also understand the functional scope of the UDB could be extended to accommodate the certification of renewable and low-carbon maritime fuels on a Well-to-Wake basis as requested by FuelEU Maritime (Regulation (EU) 2023/1805). Although the initial scope outlined in RED II covers fuels from point of production to the fuel supplier placement of the fuel in the market, the UDB’s design needs to evolve significantly to accommodate these new requirements. Soon, each Economic Operator (EO) along the entire supply chain will have to register all transactions of all relevant feedstocks, intermediate products and fuels, which can only occur between entities on the database. This increases complexity and the need to assure the UDB is ready to go live across the entire supply chain to prevent supply disruptions.

Uncertain purpose and requirement of 72-hours rule adds excessive administration burden and potential for inconsistent application

The UDB is disrupting long standing market practices established by Member States, certification bodies and economic operators. Adoption by EOs and Member States appears to lag behind schedule. In particular, the UDB introduces a new requirement to register and to accept any transaction in the UDB within 72 hours. As of yet, a precise guidance on how to apply this new rule is lacking. It is, for instance, not clear if this rule refers to the date when a (physical) shipment took place or to the date of invoicing (depends on the definition of “transaction”), how to account for specific commercial terms agreed between economic operators, or what consequences apply in case of non-compliance with this rule. Our members, alert this new rule has important repercussions on the management of their supply chain as this is a completely new requirement affecting the operational processes of thousands of economic operators. As this new rule has not been officially communicated and lacks precise guidance, industry is not prepared to comply with this new requirement. Consequently, the 72-hours rule will add an excessive administrative burden on economic operators without supporting the purpose of the UDB, which is increased traceability. Hence, we urgently ask the Commission to reconsider the application of this rule.

The MOC plan is unclear and completion of the UDB’s functional design appears behind schedule

Our members report that the functional design of the UDB is under constant development. Functionalities for stock registration and conversion of material are still evolving but correction processes are generally missing. Consequently, some errors and problems originating from the on-boarding period of the UDB continue to lack a system fix. UDB, national databases and certification bodies have historically adopted their own categorization of raw materials and renewable fuels. This lack of harmonization hinders the stock registration effort and data integrity of the UDB from its inception. Any work to harmonise existing feedstock naming and codes across databases and Voluntary Schemes needs to be concluded before any roll-out and carefully designed to avoid mis-

categorising or downgrading any particular POS compliance and inducing significant economic or reputational implications.

Furthermore, the 'e-Delivery' interface functionality does not appear to perform on expectation. Economic operators struggle to interface their in-house systems reliably with the UDB resulting in increased manual workload, higher risks of error and more fragile controls. For this same reason, national databases have not synchronized with the UDB, and – worse – some may no longer contemplate that opportunity.

We understand the design of the UDB could be frozen mid of December and the UDB fully commissioned from this coming January 1st 2024. This leaves no time over the holiday season to complete a final testing phase and warrant a robust enough design to engage users in migrating their activities to the UDB. Should the current technical and administrative situation remain unresolved at that date, FuelsEurope members fear the multiple and asynchronous reporting of sustainability claims into multiple systems and database would become a necessity. The situation would quickly go out of control and UDB would lose its promise for increased integrity and therefore endanger Economic Operators' ability to meet their legal obligations from RED II in the individual Member States and subsequently, the Member States' ability to comply with RED targets and the EU's ability to meet its ambitious renewable energy targets.

Therefore, FuelsEurope would like to amend and reiterate the recommendations made earlier this year to ensure a reliable and effective commissioning of the UDB. You will find these summarized and annexed to this letter.

We at FuelsEurope urge you to take these points into consideration, rushing the roll out of the UDB, before systems and processes have been fully tested as working and reliable could cause untold disruption, inadvertent and incorrect compliance claims and reputational credibility for all parties concerned.

Yours Sincerely,

John Cooper
Director General

Cc: Kitti Nyitrai, Head of Unit, European Commission - Directorate-General for Energy
Galina Gentchev, Policy Officer, European Commission - Directorate-General for Energy

FuelsEurope recommendations for a reliable and effective commissioning of the UDB

(November 27, 2023 version)

1. Ensure a strict continuity of execution in the UDB of the existing verification standards and audit requirements defined via EU recognized certification schemes along the whole chain
2. Replace the 72-hours reporting rule by reporting guidelines ensuring the continuity of the long-proven practices supporting the mass-balance principle in each MS.
3. Harmonize the feedstock classification in the RED, Member States, EU Commission and Voluntary Schemes to ensure UDB enables transparent and auditable definitions of feedstocks and provides the consistency needed for a level playing field and single-market.
4. Specific in person, comprehensive, training workshops for several days to be held in Brussels with VS and selected market players to test IT/compliance assumptions in depth.
5. Clearly and publicly (officially) state the proposed timeline as to date none has been published. Any timeline should only apply from a date, when the technical development has concluded and a design freeze has been applied so that all relevant stakeholders (EOs, Member States, CBs, VSs) can become familiar with the UDB and adapt their internal systems. and allow time for:
 - a. A testing environment period/further robust piloting.
 - b. With only a limited sample of movements registered – not all volumes.
6. Implementation of UDB in phases. The scope of the first phase, as defined in Directive (EU) 2018/2001 - REDII Article 28.2, starting with the production of biofuels.
7. Condition the “go-live” to the full functionality of the UDB proven based on the following conditions:
 - a. The UDB and national databases are recognised as fully integrated and transfer of information between the national databases is proven to work effectively.
 - b. A system-to-system communication option between EOs and UDB has been provided and tested to be fully functional enabling direct connection between EOs’ IT system and UDB. Entering transactions manually is not a realistic option for large scale EOs.
 - c. Tests by market participants along the supply chain and VS have shown that the UDB is working in a stable and secure way measured against pre-set metrics and key performance indicators’ targets.
 - d. VS have been given appropriate time to train their operators as well as auditors from certification bodies.