

ANNUAL REPORT

2020



CZECH ASSOCIATION OF
PETROLEUM INDUSTRY
AND TRADE

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PRAGUE

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CHAIRMAN'S MESSAGE

The year 2020 will be one of the most difficult years in the history of ČAPPO. Since March 2020, the Czech Republic has been facing the COVID-19 epidemic, which has hit hard its society as well as its economy. Naturally, the same is true also in the field of fuels: the sales of fuels fluctuated month-on-month in the order of tens of percent, with all the impacts on their production and supply. This was accompanied especially in the first months of the year with complications caused by frequently changing anti-epidemic measures and a complete lack of personal protective equipment. The Association was very operatively and flexibly involved in solving the problems that were burdening member companies at that time, and many of them were quickly resolved thanks to operational and informal co-operation with the state administration. At least, the provision of protective equipment for the workers of the member companies, clarification of locally differing interpretations of some measures or the negotiation of tolerance for the differing seasonal parameter pressure for petrol, when the drops of sales made the replacement of the winter quality fuels by the summer quality fuels difficult (this problem was repeated to a lesser extent also in 2021) certainly deserve mentioning.

Despite this complicated situation, the Association paid the greatest attention and considerable efforts to the key task for the year 2020 – to take active part in the preparation of implementation of the RED II Directive, with respect to the real possibilities of the Czech Republic. The problems of the share of renewable energy sources in transport have been somewhat out of the spotlight in recent years, because the RED Directive set the target of 10% share of the renewable energy sources for the CR and it focused on the support of power production from the renewable energy sources, in particular in photovoltaic power stations, and to the support of combined production of heat and electricity in bio-gas stations. In the field of transport, however, the issue of renewable energy sources has tended to stand aside and the main attention was paid to the meeting of emission savings targets, which are only set for petrol and diesel suppliers. Alternative fuel suppliers do not have this obligation (but they can sell their emission savings profitably, which they also like to do). Current registration, reporting and control mechanisms for emissions savings also correspond to this situation. Therefore, it was important to make an effort in this area and I am glad that we managed to promote the main ideas of member companies and convince key state authorities of the important role of the Association in the field of the use of renewable energy sources in transport.

As in 2030 more than 90% of energy consumption in transport will be provided by conventional fuels, and current structure of the vehicle fleet in the Czech Republic does not even allow another conclusion, the target of 14% share of renewable energy sources in

transport can be ensured only with alternative fuels or energy that allows for a higher share of the renewable component than the share that is (and will be in the coming years) technically possible in the case of petrol and diesel. It has therefore proved necessary to encourage a systemic solution of the legislative framework for renewable energy sources in transport so that in the future there is a unifying framework for a uniform registration of the renewable energy sources from all sources, their effective support also as a tool against the risk of unfairness that unfortunately cannot be ruled out, as ČAPPO knows from its own experience. Thus, ČAPPO decided to co-operate with the company Ernst & Young and this co-operation, while it was not easy, resulted in a proposal of the legislative solution that will hopefully come to life till the end of this legislative period. The preparation also required a great personal commitment from many colleagues from ČAPPO: they deserve a big thank you for their work.

The year 2020 and the beginning of 2021 demonstrated the ability of ČAPPO to solve completely new issues quickly and operatively, but also provided a reason to consider current structure of Working Groups and sections, which has remained unchanged for many years and may no longer fully correspond to the structure of problems brought about by the rapidly changing times. And that is already one of the challenges for the new Council.

In conclusion, let me extend my appreciation and thank all members of the Association for their efforts.

*Mgr. Jan Duspěva
Council Chairman*

Prague, June 2021

CHARACTERISTICS OF THE DEVELOPMENT OF PETROLEUM INDUSTRY IN THE CZECH REPUBLIC

From March 2020, the situation in the Czech refinery industry and trade developed very unevenly, in consequence of the changing intensity of the anti-epidemics measures aimed at the prevention of the spreading of the COVID-19 epidemics. The deliveries of petrol and diesel fuel to the market fell to their minimum in April 2020 when 427 thousand delivered tons represented 76.8% of the deliveries realized in April 2019.

In 2020, petroleum imports to the CR were effectuated according to the needs of the refineries as well as sales opportunities for oil products that were significantly affected by the anti-epidemics measures. Total oil imports to the CR in 2020 reached 6,173.8 thousand tons, which is by 20.1% lower than in 2019. Pipeline IKL delivered 51.2% of oil from the total imports.

Expressed in the units of mass, in 2020 all petroleum products imports amounted to 4,215 thousand tons. Motor fuels (petrol and diesel fuel) contributed with the highest part, i.e. 73.4%, to this result.

In 2020, refineries products exports reached 1,854 thousand tons. Motor fuels (petrol and diesel fuels) contributed with the highest part to this result, i.e. 64.7% from total exports. The same as in 2019, local petroleum was not exported in 2020.

Total deliveries of selected petroleum products onto the market in the CR in 2020 are shown in Table 1.

Table 1

Product	Thousand tons	Index 2020/2019
Unleaded petrol ¹	1,468	90.8
Jet fuel	147	32.8
Diesel fuel ¹	4,789	95.3
Heating and other gas oils	10	66.7
Heating oils up to 1% sulphur m/m	15	93.8
Heating oils with more than 1% sulphur m/m	34	566.7
Total LPG	373	80.2
Lubricating oils and other oils in total	165	80.1
Bitumen and bitumen products	489	98.4
Biocomponents for transport ²	449	107.9

¹ incl. biocomponents

² in particular, bioethanol fatty acids methyl esters

Source: ČSÚ (Czech Statistical Office)

The octane structure of the range of sold petrol is shown in Table 2.

Table 2

Product	Share (%)
Petrol with octane number 91 (NORMAL and SPECIAL)	0.0
Petrol with octane number 95 (SUPER)	96.6
Petrol with octane number min. 98 and more (SUPER PLUS)	3.4

Source: ČAPPO

Based on the result of the statistical check carried out by the Ministry of Industry and Trade, the total of 7,605 service stations and delivery points were operated at April 7, 2021 on the market of the Czech Republic, including 3,991 public and the remaining number of service stations selling to specified entities, and non-public facilities. In comparison with the number reported in the previous statistical check (at February 17, 2020), total number of

service stations increased by 7.2%; nevertheless, this is only a methodological change, because the amendment of Act No. 311/2006 Coll. on Motor Fuels codified, since 2020, the obligation to record also the non-public delivery units. Based on their number and importance, the decisive segment on the market are service stations selling more types of motor fuels and, usually, offering also other services. Their number now achieves 2,843 and remains more or less the same for many years (in late 2015, 2,807 service stations of this type were operated. The share of ČAPPO member companies in the total number of public service stations achieved almost 45%.

In the course of the whole year, the Czech Trade Inspection (ČOI) performed general checks of the quality of motor fuels sold at public service stations in compliance with the Decree of the Ministry of Industry and Trade No. 133/2010 Coll. The results of the checks are shown in Table 3.

Table 3

Product	Total of samples collected³	Number of samples that did not comply with ČSN standards	%	Number of samples collected from service stations of ČAPPO members that did not comply with ČSN standards⁴
Petrol	868	2	0.23	1
Diesel fuel	1,124	9	0.80	0
Diesel blend, biodiesel, and E85 fuel	8	1	12.50	0
LPG and CNG	251	0	0.00	0
Total	2,251	12	0.50	1

³ in consequence of the anti-epidemics measures, the Czech Trade Inspection did not perform the fuels quality checks in April 2020 and the number of collected samples of motor fuels was lower than in 2019, when 2,668 samples were collected

⁴ from all samples collected at service stations

In 2020, ČAPPO member companies achieved the best results in the history of monitoring the quality of motor fuels sold. Only one sample from the samples collected at the service stations of the member companies failed to meet the standard requirements, while 11 samples from the remaining companies on the market failed to meet the requirements.

In spring 2020, anti-epidemic measures lowered significantly the sales of motor fuels and in the case of petrol, supplies of petrol in the winter quality grew enormously – not only in the CR but also in a number of other EU countries. This situation made the replacement of supplies of the winter quality petrol with the supplies of the summer quality petrol much more difficult. Therefore, ČAPPO asked the Ministry of Industry and Trade of the Czech Republic and the Czech Trade Inspection to tolerate the deviation of the parameter “vapours pressure“ for the period after May 21, 2020. Based on the request, the Czech Trade Inspection confirmed that till June 30, 2020, it would tolerate the deviations of the parameter “vapours pressure“ and assess the samples within the range of 45-90kPa as faultless. Later, also based on a request from ČAPPO, the Czech Trade Inspection tolerated till July 15, 2020 the variation of the parameter “vapours pressure“ within the range of 45-70kPa. It is necessary to add that this quality deviation does not threaten the environment, combustion engines' operation or drivers' health.

In the long-term perspective, it is true that the motor fuels quality in the CR is very good, also in comparison with other EU countries. We believe that the consistent, enduring

efforts of ČAPPO member companies aimed at keeping the high quality in the production, transportation and distribution of fuels, as well as ČAPPO's endeavours to maintain the frequency of samples taken by the Czech Trade Inspection, play a significant role in this result, although we would welcome more attention to the so-called courtyard stations.

In 2020, the following major events were recorded in the area of petroleum industry and trade:

- In consequence of the anti-epidemic measures, year-on-year, there was a significant decrease on the market with the motor fuels, by 5.8%. The deliveries of jet fuel dropped even by 67%.
- The range of motor fuels stabilised – petrol at type E5 and diesel fuel at type B7.
- From January 2021, excise tax for diesel fuel was reduced by CZK 1 per litre.
- In the second half of the year, petrol E10 with ETBE with octane number 98 and higher was launched.
- In 2020, diesel fuel with up to 30% hydrotreated vegetable oil (HVO) was sold on the market in significant quantities, in particular in the segment of premium fuels.
- E85 fuel was sold on the market only in minimum volumes. The sales of diesel blend SMN30 and B100 (pure FAME/RME) significantly rose in comparison with the previous year, because they are a tool for the fulfilment of legal obligation to reduce emissions.
- The gross consumption of biocomponents in petrol was 121 thousand tons, and in diesel fuel 354 thousand tons.
- The member companies fulfilled the obligation to use the set volumes of biocomponents in petrol and diesel fuel. They also complied with the requirements for the reduction of greenhouse gases emissions originating from motor fuels combustion.
- The sales of AdBlue liquid significantly rise.
- The consumption of LPG motor fuel made up 74.4 thousand tons, therefore it dropped to 84% of the level of the previous year. LPG was available at 533 public service stations and at additional 12 stations in the segment of service stations selling to specified entities and non-public service stations.
- The consumption of CNG and LNG for transport lightly rose to 92 million m³, i.e. by 1.8% in comparison with the previous year. CNG was available from 219 public service stations, LNG from 2 public service stations.
- In spite of the drop in the sales of motor fuels, the sales in shops at the service stations of ČAPPO member companies grew.
- In the Czech Republic, the petroleum products market has been constantly hindered by the regulatory environmental measures; which fact reduces its competitiveness.

COVID-19 EPIDEMICS

Since March 2020, the COVID-19 epidemics and the anti-epidemic measures significantly affected the life of the whole society, the petroleum market and the activities of ČAPPO and caused the need to quickly address new and highly disparate issues, the issue of communication with the crisis management group, the provision of personal protective equipment for the workers of ČAPPO member companies, locally inconsistent approach of the state bodies concerning the provision of refreshments at service stations under the anti-epidemic measures as well as the issue of expired training and permits. The deep market downturn made the replacement of the petrol stocks during the transition from winter to summer quality so complicated that in many cases it was impossible to comply with the quality parameter "vapours pressure" in time and it was necessary to request a tolerance from the Ministry of Industry and Trade and from the Czech Trade Inspection for the deviation. ČAPPO also ensured communication related to this issue with FuelsEurope. There were also debates how to ensure the deliveries to the market in the case of the necessity to close the service stations in the cases of high numbers of employees on sick leave.

The members of the Council met operatively online almost every week, especially in the spring months, often with the participation of other member companies.

ACTIVITIES OF THE CZECH ASSOCIATION OF PETROLEUM INDUSTRY AND TRADE

Long-term priorities of ČAPPO

- To be constantly the responsible entity (a guarantee) and referential point for motor fuels quality, including alternative fuels

The quality of motor fuels sold in the distribution network of ČAPPO members is constantly very good, high and in 2020 it was also better than the average on the market in the CR and significantly better than the average in EU countries. Thanks to the consistent care of the member companies concerning quality and use value of the motor fuels, certification of the producers, distributors and transporters, implementation of own quality control systems or the involvement of some of the member companies in the SGS "Seal of Quality" programme, the rate of member companies errors in 2020 was less than 0.1% of the total number of samples taken.

- To strive constantly for the transparent and fair legislation and competition on the motor fuels market (in co-operation with both governmental agencies and non-governmental institutions)

ČAPPO fulfils this task through its activities in the field of legislation, co-operation with the governmental agencies, engagement of its representatives in the working groups of various ministries and industry-related unions and associations, and through its contacts with the members of the Chamber of Deputies of the Parliament of the CR and with the senators. It continues to inform the governmental agencies about the shortcomings and fraud risks in petroleum industry business.

- To maintain constantly high safety standards in motor fuels distribution and service stations operations for the employees and customers

This priority has been constantly fulfilled through ČAPPO Working Group Safety and specialized section Motor Fuels Transport. They regularly debate emergency events and safety incidents with the aim of the exchange of experience. The Working Group Safety will start dealing with a relatively new area of safety risks of the co-existence of the classic and alternative fuels and their technology on service stations.

- To ensure the fulfilment of the plan to reduce greenhouse gases emissions by 6% from the year 2020

In 2020, the ČAPPO members who are obliged entities according to the Act on Air Protection fulfilled the plan to reduce greenhouse gases emissions in spite of considerable costs.

- To maintain and constantly improve positive image of ČAPPO in the media as professional industry institution in the field of petroleum industry and trade

As far as the improvement of ČAPPO image among the public is concerned, ČAPPO website was fully modernized both from the point of view of its contents and from the point of view of its form. It contains new materials, even the very elaborated ones, or their parts concerning the "Vision 2050" of the FuelsEurope Association, partly in Czech, and ČAPPO also took part in the "Clean Fuels for All" media campaign.

The Chairman and members of the Council, the Executive Director and, in particular, the technical spokesman supplied a number of articles, interviews and expert positions concerning the issues of the motor fuels, their quality and range, problems of biofuels and alternative fuels, and the situation on the service stations market to the media (for example MF Dnes, Lidové noviny, E15, Svět motorů, ČT1, ČT24, TV Nova, and TV Prima, Český rozhlas, Seznam.cz). The technical spokesman also answered questions from the public asked on ČAPPO website and took part in the preparation of the contents of the new website of the Association from the professional point of view.

Within the agreement with the company PETROLMEDIA, ČAPPO published several PR articles.

PRINCIPAL ISSUES DEBATED IN 2020 – REGULATORY

Draft of the legislation concerning the implementation of the RED II Directive, renewable energy sources in transport

In 2020, the key issue in the regulatory field was the implementation of EU Directive 2018/2001 (RED II) in the field of transportation into the legislation of the Czech Republic. The possibilities of the meeting of the target in 2030 under the conditions of the CR are roughly given by current structure of the vehicles fleet and the rate of replacement of the vehicles. Thus, various calculations show that in 2030 more than 90% of energy in transport will come from liquid fuels. While EU maintains the ambitious vision of rapidly accelerating electromobility, this notion cannot be used as a basis for further considerations. It turns out that a viable way for the Czech Republic is the development of bioCNG and (bio)LNG in public passenger transport and freight transport, where the use of LNG vehicles after 2025 will begin to be enforced by EU emission standards. It is not only about achieving a share of 14% of energy from renewable energy sources in 2030, but also about achieving a share of biofuels produced from raw materials according to Annex IXa RED II (especially after 2025) and of course electromobility does not contribute to this goal. Also according to the estimates of the Ministry of Industry and Trade, current bio-gas stations have a potential to produce sufficient quantities of bioCNG.

From the very beginning of the considerations concerning the implementation of the Directive, ČAPPO based its position on the principle that all energy companies must participate in meeting the renewable energy sources target in the Czech Republic, albeit to varying degrees. This principle was eventually accepted, although it was not easy to enforce it, because the Ministry of Environment strongly advocated a different path, based on the consideration of gradually increasing the obligation to save greenhouse gases emissions for liquid fuels suppliers. The need for a comprehensive view and preparation for implementation including all energy companies also required the involvement of the company Ernst & Young which prepared a detailed analysis of the issue and a comprehensive draft legislation in the Act on Energy, the Act on Supported Energy Sources, the Act on Air Protection and the Act on Motor Fuels, including the paragraphed wording.

In the preparation of the implementation of the RED II Directive, ČAPPO developed considerable activity and personal commitment. The role of the Chairman of the Council, some of the members of the Council and the members of the ad hoc working group focused on this issue should be appreciated. The negotiations were held on various levels and among various people and their list would significantly exceed the regular extent of the Annual Report. Nevertheless, the key negotiation initiated by ČAPPO in May 2020 deserves specific attention. In it, deputy ministers of the industry and trade and of environment met the representatives of the Ministry of Agriculture, the Ministry of Finance, the General Customs Directorate, ČAPPO, the management of the Czech Gas Association, the representatives of ČEZ, Ernst & Young and of the University of Chemistry and Technology.

At the meeting, the areas of problems in which there is agreement and the areas that will require further discussions were defined. In September 2020, the representatives of ČAPPO, together with the representatives of the University of Chemistry and Technology were invited to the joint meeting of the subcommittees for energetics and for transportation of the economic committee of the Chamber of Deputies of the Parliament of the CR, where they had the opportunity to explain in detail the opinion of ČAPPO concerning the steps that are necessary for the implementation of the RED II Directive. In early December 2020, ČAPPO and Ernst & Young supplied to the Ministry of Industry and Trade their proposals for the changes in legislation in relation to the implementation of the RED II Directive. These proposals were used in 2021 in the amendment of the affected Acts.

Closely connected is the issue of the launch of petrol E10 onto the market in the Czech Republic, because it is a significant and technically already available tool for the increase of the share of the renewable energy sources in transport. Therefore, ČAPPO supported in 2020 the efforts of the Ministry of Industry and Trade to increase the volume obligation of blending biocomponents with petrol in the amendment of Section 19 of the Act

on Air Protection Nevertheless, in 2020 the appropriate amending draft was not adopted by the Chamber of Deputies of the Parliament of the CR and it was repeatedly applied within the complex amending draft related to the implementation of the RED II Directive.

The necessary analyses and model scenarios related to the opportunities to increase the share of the renewable energy sources in transport in the Czech Republic were provided by the outputs of the project of the Technological Agency of the CR and the University of Chemistry and Technology (TAČR/VŠCHT) "Optimum Use of Renewable Energy Sources in Transport". ČAPPO was one of the co-investigators of this project, which reached a successful end in 2020 after more than two years.

Legislation, Czech technical standards and non-legislation acts

The Association, through its Council, Executive Director, working groups, specialized sections, members, and the Secretariat, developed and drafted several legislative initiatives and counselled the bills, implementation regulations and technical standards. Mainly, they concerned the field of petroleum, petroleum products and the environment. It also pays attention to the legislation standards that can significantly affect the operation of the member companies. The Secretariat regularly prepares their overview and sends it to the member companies. The Secretariat also prepares monthly excerpt of changes in technical standards from the Bulletin of the Office for Technical Standardization, Metrology and State Testing for the member companies. Of the approved legislative acts, special mention should be made of:

- Act No. 48/2020 Coll., amending Act No. 311/2006 Coll. on Motor Fuels and Service Stations
- Decree No. 516/2020 Coll. on requirements concerning motor fuels and the implementation of certain other provisions of the Act on Motor Fuels
- Order No. 492/2020 Coll., amending Order No. 189/2018 Coll., on sustainability criteria for biofuels and the reduction of greenhouse gases emissions from fuels
- Act No. 541/2020 Coll. on Wastes
- Act No. 542/2020 Coll. on Selected End-of-Life Products
- Act No. 543/2020 Coll., amending certain acts in connection with the adoption of the Act on Wastes and the Act on End-of-Life Products
- Act No. 545/2020 Coll., amending Act No. 477/2001 Coll., on Packaging and on amendment of certain acts (Act on Packaging), as amended
- Act No. 609/2020 Coll., amending certain acts in the area of taxes and certain other Acts
- Act No. 53/2021 Coll., amending Act No. 189/1999 Coll., Emergency Oil Supplies and the Resolution of Oil Emergency and on the Amendments to Certain Related Acts (Oil Emergency Act), as amended.

Debated and pending legislation acts (ranked by the number of the Parliamentary Journal)

- ST 317 proposal of a group of deputies to pass an Act amending Act No. 262/2006 Coll., Code of Labour
- ST 346 proposal to pass an Act amending Act No. 224/2015 Coll., on Prevention of Major Accidents
- ST 565 Draft Act on Lobbying
- ST 566 Draft Act amending certain Acts in connection with the adoption of the Act on Lobbying
- ST 799 amendment of Act No. 458/2000 Coll., Act on Energy, Act No. 455/1991 Coll., Trade Licensing Act, and Act No. 634/2004 Coll., on Administrative Fees
- ST 870 amendment of Act No. 165/2012 Coll., on Supported Energy Sources and on amendment to some laws, and Act No. 458/2000 Coll., Act on Energy
- ST 1008 new Act on Building
- ST 1009 Draft Act amending certain laws in connection with the adoption of the Building Act

- ST 1025 Draft Act amending Act No. 435/2004 Coll., on Employment and some other related laws
- ST 1121 Draft Act on the promotion of low-emission vehicles through the award of public contracts and public passenger transport services (Act on the Promotion of Low-Emission Vehicles)
- ST 1155 Draft Act on reducing the impact of selected plastic products on the environment and on the amendment of certain Acts (Act on Reducing the Impact of Selected Plastic Products on the Environment)
- ST 1156 Draft Act amending certain laws in connection with the adoption of the Act on Reducing the Impact of Selected Plastic Products on the Environment
- ST 1190 Draft Act amending Act No. 353/2003 Coll., on Excise Taxes, as amended, and Act No. 235/2004 Coll., on Value Added Tax, as amended
- Draft Act on Metrology.

There were also the debates concerning legislation acts that were not yet finalized:

- Meeting at the Czech Statistical Office under the participation of ČAPPO, the Ministry of Industry and Trade and the Administration of State Material Reserves concerning the proposal to increase the threshold values for reporting within Intrastat. The proposal which respects the opinion of the Association is now being discussed by legislation as a Draft Government Order to implement certain provisions of the Customs Act in the field of statistics.
- Concerning implementation of the comparison of prices of the classical and alternative fuels, as requested by EU Directive No. 2014/94 EU on the deployment of alternative fuels infrastructure. The resulting draft respecting the position of ČAPPO to this issue is included in the amending draft of the Parliamentary Journal No. 870.

Non-legislation government acts

- The national plan of the Czech Republic in the field of energy and climate;
- The Clean Mobility National Action Plan

ORGANIZATION OF ČAPPO

Membership

As of December 31, 2020, the Association had 10 regular members. In 2020, five specialised sections worked within ČAPPO:

- Alternative Fuels
- LPG
- Operation of Service Stations
- Motor Fuel Transportation
- Oil processing, Production of Fuels and Lubricants

As of December 31, 2020, total number of specialised sections members made 15. The lists of the regular members and members of specialised sections are attached.

The General Meetings

The Annual General Meeting was held on June 18, 2020. It debated and adopted the Annual Report of ČAPPO for the year 2019, closing of books and the economic results for the year 2019 and the Report of the Council about the activities of ČAPPO in the period after the regular meeting in December 2019. Further, it approved the admission of the company AXIGON a.s. as a member of the specialized section Service Stations Operation. In particular, the debate focused on the transformation of the RED II Directive into the Czech legislation, renewable energy sources and new themes for the media policy of the Association.

The regular General Meeting was held on-line on December 17, 2020. It debated and adopted the Report of the Council about the Activities of the Association since the Annual

General Meeting in June 2020 and further information of the members of the Council from the individual areas of ČAPPO activities under their powers. It also debated the Report on the Keeping of the Budget as at November 30, 2020, draft of the budget and the amount of the membership fees for the year 2021, and adopted them. At the General Meeting, the Council requested the extension of the term of the Council and its officers by one year and the General Meeting adopted the request.

The Council

In the year 2020, the Council held seven regular meetings and one irregular meeting. In particular, the Council focused in its debates on the issues of renewable energy sources and the transformation of the RED II Directive. In particular in the spring months, the situation caused by the COVID-19 epidemics was an important subject.

Great attention was also paid to information from FuelsEurope and to the activities of ČAPPO in the media, in particular to the preparation of the contents and form of the new website of ČAPPO. The Council regularly debated current problems of the legislation and the activities of the Working Groups, specialized sections and the Secretariat.

The Council regularly debated a number of other topics mentioned in the previous chapters and common issues, the membership and specialized sections of ČAPPO and the fulfilment of the budget. It also established the ad hoc working group for financing the reserves in the Administration of State Material Reserves (SSHR) and the removal of the exclusions for the SSHR from the Act on Air Protection.

The Working Groups

In the year 2020, the permanent Working Groups had eight regular meetings. The agenda of the Working Groups meetings included the issues of the preparation of the drafts of amendments of the legislation, monitoring of their discussion in the approving bodies, the counselling to the new law regulations from the area of motor fuels, excise taxes, environment protection, safety and general law regulations. The appropriate Working Groups provided source documents for industry events and presentations, regularly debated the development of the range and quality of motor fuels from 2020 through 2030, the transformation of EU legislation into Czech law in the area of indirect taxes on mineral oils and the use of biofuels in transport; they regularly assessed the situation of fuels and lubricants deliveries to the domestic market and the situation on the service stations market. They regularly debated the results of checks of motor fuels quality at service stations performed generally by the Czech Trade Inspection. Representatives of the Working Groups as well as of the state administration (the Finance Ministry, the General Customs Directorate and the General Financial Directorate), of the University of Chemistry and Technology Prague and professional institutions (SGS Czech Republic, the Czech Metrology Institute) took part in the activities of the Working Groups.

The Working Group Safety met once and debated the findings from the anti-epidemics measures in the service stations operation and motor fuels production and distribution from the point of view of their safety aspects. The members of the group were also informed about some safety incidents.

The Working Group Taxes met once and focused on the comments on the amendment of the Act on Value Added Tax, experience with the launch of the diesel fuel with 30% hydrogenated vegetable oil (HVO) onto the market, statistics concerning the consumption tax collection and the tax on the natural gas for transport. A representative of the Ministry of Finance informed about the state of the works on the project of the EU "Electronic Monitoring of Transport of the Selected Products among the Member Countries" and about the state of preparation of the review of Directive 2003/96/EC about the taxation of energy products and electricity.

The Working Group Legislation and Ethics met once and debated current events in the field of motor fuels (the launch of the E10 petrol, amendment of the decree on motor fuels quality and records, comparison of the prices of classic and alternative fuels on service stations, the implementation of RED II Directive). Further, a number of amendments of the

Acts affecting the member companies as well as a number of new courts decisions was noted. The Working Group also debated the proposal for the implementation of the Compliance programme within ČAPPO.

The Working Group Public Relations held five meetings and debated the national programme documents “The National plan of the Czech Republic in the field of energy and climate” and “The Clean Mobility National Action Plan” and the basic programme documents of the EU (“Green Deal”) and their effects in the refinery industry and mobility. Further, it debated the information from FuelsEurope and its strategic document “Vision 2050”. The document “Vision 2050” was localized thanks to the efforts of our colleagues from UNICODE SYSTEMS localized in Czech and published on ČAPPO website. Further, the Working Group focused on the plan of communication and media activities of ČAPPO and, in particular, on the preparation of the new website of the Association. Considerable attention was paid to changes in the content focus of the PETROLsummit conference.

The Working Group Accounting, confirmed by the General Meeting on December 17, 2020, examined the financial management of ČAPPO for the year 2020, which ended with a loss of 1,686 thousand CZK. The control group did not detect any errors

The ad hoc Working Groups

In relation to the implementation of the RED II Directive into the Czech legislation, a working group was established. It debated the issue often and almost regularly and co-operated closely with the company Ernst & Young as well as with the Ministry of Industry and Trade.

Another working group, established early in 2020, focused its attention to the issue of the value added tax for fuel cards and the draft of the instruction from the General Customs Directorate reacting to EU court decisions (case VEGA). It was concluded that the draft needed deeper analysis and the effectiveness from April 1, 2020 was not reasonable. ČAPPO sent its comments and proposals concerning the draft. Nevertheless, both the General Customs Directorate and ČAPPO paid attention to other issues after the outbreak of the epidemics of COVID-19.

Another ad hoc working group focused on the source documents to be used in the discussions with the Roads and Highways Directorate (ŘSD). The topic was contractual relations at rest areas, the need for timely information about closures on highways or about the changes in the announced dates, and problems with parking trucks. The negotiation of ČAPPO with the Roads and Highways Directorate was held in early December 2020, another one in March 2021, and the discussions will continue.

Specialized Sections

In consequence of the anti-epidemics measures, the members of the specialized sections held no meetings.

The Secretariat

The Secretariat properly dealt with daily clerical work, organised all the Association's events and prepared materials for them. Further, it prepared or co-ordinated the preparation of opinions concerning a number of both legislative and non-legislative proposals. The Executive Director participated in many negotiations with governmental bodies and other institutions and was active in the specialized working groups of the Ministry of Transport (MD), the Ministry of Finance (MF), the Ministry of Industry and Trade (MPO), the Ministry of Agriculture (MZe), the Ministry of Environment (MŽP), the Administration of State Material Reserves (SSHR), the Czech Customs Administration (GŘC), and the Czech Statistical Office (ČSÚ). He is a member of the National Emergency Sharing Organisation (NESO).

The Secretariat prepares various information materials for the member companies, including the monthly overview of ČAPPO's activities and the regular overview of the development in the field of the legislation. Usually with a monthly periodicity it also prepares and distributes among the member companies a number of data source documents, in particular the survey of the sales at the service stations of ČAPPO member companies, the development of the motor fuels market according to the data of the Czech Statistical Office

and the General Customs Directorate, the summary of the results of the checks of motor fuels quality (the Czech Trade Inspection), the comparison of the prices of petrol and diesel oil at the service stations in the Czech Republic and neighbouring countries, or of the development of the vehicle fleet in the CR.

In addition, the Secretariat collects and distributes to the member companies and working groups various technical and legislative information, issued by the international petroleum industry organization FuelsEurope and processes other information from Czech and foreign sources.

The Association also supplied, mainly on request, information and data to the member companies, state authorities, institutions, foreign petroleum industry associations, and specialists' community, as well as interns and students.

CO-OPERATION AND CONTACTS OF ČAPPO

Governmental Bodies

Through the Council and its members, the Secretariat and the Working Groups, ČAPPO maintained close contacts and co-operated, in particular, with the following governmental bodies:

- The Ministry of Industry and Trade (MPO), the division of gas industry and liquid fuels: Intensive co-operation in the preparation of the implementation of the RED II Directive; further, the co-operation also focused on the preparation of the National Plan of the Czech Republic in the field of energy and climate and the up-date of the National Action Plan Clean Mobility. The question of tolerance of potential deviations in motor fuels quality in spring 2020 and the details of some investigations were also debated. Within the project TAČR/VŠČHT "Optimum Use of Renewable Energy Sources in Transport" ČAPPO closely co-operated with the division of the strategy and international co-operation in the field of energetics. Further, ČAPPO expressed its positions concerning some of the legislative drafts through the ministry.
- The Ministry of Finance (MF), the General Customs Directorate (GŘC), and the General Financial Directorate (GRF): In particular, the Working Group Taxes co-operated with these institutions, mainly in the solution of current technical and legislative issues connected with the problems of the Excise Tax Act, the Value Added Tax and their amendments.
- The Ministry of Environment (MŽP) – the division of air protection: Throughout the year, a number of discussions took place in connection with the preparation for the implementation of the RED II Directive. Nevertheless, the parties did not always agree. Co-operation in the legislative area is ongoing, especially in amendments to the Act on Air Protection and the governmental Decree on Sustainability Criteria for Biofuels.
- The Ministry of Agriculture (MZe) – the same as in 2019, there were irregular debates concerning the development of the compensation of the illicit support for highly concentrated blended fuels and clean biofuels.
- The Ministry of Transport (MD) – ČAPPO is a member of its working group for hydrogen mobility; it also met in 2020.
- The Administration of State Material Reserves (SSHR) – some of the member companies and the Executive Director of ČAPPO are members of the committee of the National Emergency Sharing Organization (NESO).
- The Czech Statistical Office (ČSÚ) – ČAPPO uses monthly statement Petroleum and Petroleum Products. Unusual differences in various market development statistics are consulted as necessary. Negotiations to increase the reporting thresholds in Intrastat have already been mentioned.
- The Czech Office for Standards, Metrology, and Testing – the representatives of some of the member companies took part in the meetings of the technical standards commission Petroleum and Petroleum Products (TNK 118).

Committees of the Czech Parliament's Chamber of Deputies and the Senate

In September 2020, the representatives of ČAPPO were invited together with the University of Chemistry and Technology to a joint meeting of subcommittees for energy and transport of the economic committee of the PSP CR. Through the Deputies of the PSP ČR, ČAPPO also expressed its positions concerning the drafts of amendments of some acts and provided, on request, basic data and information from the field of petroleum industry and trade.

OTHER CONTACTS AND DOMESTIC CO-OPERATION

ČAPPO co-operates as necessary and with variable intensity in relation to a number of professional or legislative issues with a number of institutions, companies, associations and unions, including, but not limited to the Economic Chamber of the Czech Republic, the Association of Chemical Industry of the CR, the Confederation of Industry and Transport of the CR, the Czech Gas Association, the Association of Car Importers, the Association of the Automotive Industry, the Association of Automobile Carriers ČESMAD BOHEMIA, the Association of Biodiesel Producers, CZ Biom, the University of Chemistry and Technology Prague, the Research Institute of Agricultural Technology, ŠKODA AUTO, ČEZ, the Transport Research Centre.

INTERNATIONAL CO-OPERATION

In 2020, there was an intensive and mutual exchange of information with the organization FuelsEurope, in particular concerning the issues of the future of the fuels industry till the horizon of 2050. A representative of ČAPPO regularly and actively took part in a number of the meetings, including the "Refining Forum" conference, and regularly informed ČAPPO Council and the Working Group for public relations about them. Some of the documents of FuelsEurope were translated into Czech and published on ČAPPO website. ČAPPO also joined the media campaign of FuelsEurop "Clean Fuels for All".

Consultations and exchange of information with the Slovak Association of Petroleum Industry and Trade (SAPPO) continue as necessary, though not as intensively as in 2019.

LIST OF ANNEXES

Council of the Association at December 31, 2020

List of member companies at December 31, 2020

Working Groups, Specialized Sections, and the Secretariat at December 31, 2020

**COUNCIL OF THE CZECH ASSOCIATION OF PETROLEUM INDUSTRY AND TRADE (ČAPPO)
AT DECEMBER 31, 2020**

Chairman:

ČEPRO, a.s.

Mgr. Jan Duspěva

Vice-Chairman:

Shell Czech Republic a.s.

Pavel Los

Members:

AGROFERT, a.s.

Ing. Martin Kubů

MOL Česká republika, s.r.o.

Ing. Richard Austen, MBA

UNIPETROL RPA, s.r.o.

Maciej Libiszewski

MEMBERS OF THE ČAPPO AT DECEMBER 31, 2020

AGROFERT, a.s.^{5,6}

Pyšelská 2327/2

149 00 Praha 4

ČEPRO, a.s.^{5,7,8,9}

Dělnická 12, čp. 213

170 04 Praha 7

MERO ČR, a.s.

Veltruská 748

278 01 Kralupy nad Vltavou

MOL Česká republika, s.r.o.^{5,6,7,8,9}

Purkyňova 2121/3

110 00 Praha 1

OMV Česká republika, s.r.o.^{5,7,8,9}

Štětkova 1638/18

140 00 Praha 4

UNIPETROL RPA, s.r.o.^{5,6,7,9}

Záluží 1

436 70 Litvínov

Shell Czech Republic a.s.^{5,6,7,8}

Antala Staška 2027/77

140 00 Praha 4

TOTAL ČESKÁ REPUBLIKA s.r.o.^{5,7}

IBC, budova C, Pobřežní 3

186 00 Praha 8

UNICODE SYSTEMS, s.r.o.

Průmyslová zóna 161

674 01 Třebíč

W.A.G. payment solutions, a.s.^{5,6,7,8,9}

Na Vítězné pláni 1719/4

140 00 Praha 4

⁵ Simultaneously, a member of the Alternative Fuels (Alternativní paliva) Section

⁶ Simultaneously, a member of the LPG Section

⁷ Simultaneously, a member of the Service Stations Operation (Provozování čerpacích stanic) Section

⁸ Simultaneously, a member of the Motor Fuels Transport (Přeprava pohonných hmot) Section

⁹ Simultaneously, a member of the Oil Processing, Motor Fuels and Lubricants Production (Zpracování ropy, výroba paliv a maziv) Section

PERMANENT WORKING GROUPS OF THE CZECH ASSOCIATION OF PETROLEUM INDUSTRY AND TRADE (ČAPPO) AT DECEMBER 31, 2020

Safety (Bezpečnost)

Head: Ing. Zdeněk Stejskal (ČEPRO, a.s.)

Taxes (Daně)

Head: Ing. Jitka Danielová (MOL Česká republika, s.r.o.)

Legislation and Ethics (Legislativa a etika)

Head: Mgr. Pavel Císař (ČEPRO, a.s.)

Motor Fuels (Paliva)

Head: Ing. Jan Mikulec, CSc./Ing. Václav Loula (ČAPPO)

PR (Public Relation)

Head: Ing. Martin Kubů (AGROFERT, a.s.)

SPECIALIZED SECTIONS AT DECEMBER 31, 2020

ALTERNATIVE FUELS (ALTERNATIVNÍ PALIVA)

TECHNOEXPORT, a.s.

Třebohostická 14
100 31 Praha 10

LPG

HUNSGAS s.r.o.

Franzova 125
614 00 Brno

Tomegas s.r.o.

Táborská 260
399 01 Milevsko

KRALUPOL a.s.

Jandova 10/3
190 00 Praha 9

SERVICE STATIONS OPERATION (PROVOZOVÁNÍ ČERPACÍCH STANIC)

AXIGON a.s.

Výtvarná 1023/4
161 00 Praha 6

SGS Czech Republic s.r.o.

K Hájmům 1233/2
155 00 Praha 5

CCS Česká společnost pro platební karty s.r.o.

Voctářova 2500/20a
180 00 Praha 8

TSG, s.r.o.

Nad Vršovskou horou 88/4
101 00 Praha 10

KM-PRONA, a.s.

463 55 Rynoltice 21

MOTOR FUELS TRANSPORTATION (PŘEPRAVA POHONNÝCH HMOT)

ABS Bonifer Czech, s.r.o.

K Hájmům 946/10
155 00 Praha 5

PETROTRANS, s.r.o.

Střelničná 2221/50
182 00 Praha 8

Klacska s.r.o.

Kozomín 503
277 45 Úžice

**OIL PROCESSING, MOTOR FUELS AND LUBRICANTS PRODUCTION (ZPRACOVÁNÍ ROPY,
VÝROBA PALIV A MAZIV)**

AutoMax Group s.r.o.¹⁰
K Hájiům 1233/2
155 00 Praha 5

PARAMO, a.s.
Přerovská 560
530 06 Pardubice

Eni Austria GmbH, odštěpný závod Praha
Klimentská 1216/46
110 00 Praha 1

¹⁰ membership terminated at December 31, 2020

SECRETARIAT OF THE ČAPPO

Executive Director

Phone:

E-mail:

Ing. Jan Mikulec, CSc.

+420 274 817 404

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Technical Spokesman

Phone:

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Ing. Václav Loula

+420 736 506 460

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Assistant

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cappo@cappo.cz

Web:

www.cappo.cz

Address:

Rubeška 393/7, 190 00 Praha 9 – Vysočany

ABBREVIATIONS

AdBlue	high-purity aqueous solution of synthetic urea, used as an additive for selective catalytic reduction technology to achieve emission savings of diesel engines according to EURO IV standards and higher
CNG	compressed natural gas
ČOI.....	Česká obchodní inspekce (Czech Trade Inspection)
ČSN	Česká technická norma (Czech Technical Standard)
ČSÚ	Český statistický úřad (Czech Statistical Office)
ČPS.....	Český plynárenský svaz (Czech Gas Association)
ETBE.....	Ethyl tertiary butyl ether
FAME	Fatty acids methyl esters
FuelsEurope..	an interest organization of petroleum companies, representing their interests in relation to the EU institutions
GŘ	Generální finanční ředitelství (General Financial Directorate)
GŘC	Generální ředitelství cel (General Customs Directorate)
HVO	Hydrotreated vegetable oil (paraffinic diesel fuel)
Intrastat	Statistical system of data collection and processing, monitoring the trade in goods among the members of the European Union
LNG.....	Liquefied natural gas
LPG.....	Liquefied petroleum gas
MD	Ministerstvo dopravy (Ministry of Transport)
MEŘO	Rape seed oil methylesters
MF.....	Ministerstvo financí (Ministry of Finance)
MPO.....	Ministerstvo průmyslu a obchodu (Ministry of Industry and Trade)
MZe.....	Ministerstvo zemědělství (Ministry of Agriculture)
MŽP	Ministerstvo životního prostředí (Ministry of Environment)
NAP.....	Národní akční plán (National Action Plan)
NESO.....	Národní organizace pro společný postup ve stavu ropné nouze (National Emergency Sharing Organisation)
OZE.....	Renewable energy sources
PHM.....	Motor fuels
PS	Working group
PSP ČR.....	Poslanecká sněmovna Parlamentu ČR (Chamber of Deputies of the Parliament of the Czech Republic)
RED II	Renewable Energy Directive (directive to support the use of energy from the renewable sources)
ŘSD	Ředitelství silnic a dálnic ČR (Roads and Highways Directorate of the CR)
SAPPO.....	Slovenská asociace petrolejářského průmyslu a obchodu (Slovak Association of Petroleum Industry and Trade)
SSHR	Správa státních hmotných rezerv (Administration of State Material Reserves)
TAČR	Technologická agentura ČR (Technological Agency of the CR)
TNK.....	technická normalizační komise (Technical Standardization Commission)
VŠCHT	Vysoká škola chemicko-technologická v Praze (University of Chemistry and Technology Prague)