

ANNUAL REPORT

2021



CZECH ASSOCIATION
OF PETROLEUM
INDUSTRY AND TRADE

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PRAGUE

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CHAIRMAN'S MESSAGE

For our Association as well as for the majority of other entities not only in the Czech Republic, the year 2021 was a year of anticipation of the end of the measures related to the COVID-19 pandemic, in expectation of a return to dealing with standard work problems and challenges.

In 2021, the Association succeeded in effectively dividing its activities: on the one hand, it addressed strategic issues (here, I would highlight, in particular, the contribution to the promotion of RED II in national legislation), and, on the other hand, it solved operative problems connected with the impact of the pandemic and of anti-pandemic restrictions. Here, co-organizing the "VIZE 2050" (VISION 2050) Conference, where the Association and its members played a key role, deserves special mention and appreciation.

In spite of the fact that the pandemic disrupted normal activities of the working groups of the Association, I am glad I can report effective fulfilment of routine tasks. The Association has become accustomed to using operational meetings at a distance. In the work of the Council, it is necessary to appreciate the flexibility in dealing with a number of sudden problems.

In conclusion, I would like to state that the Association returns to the addressing of standard problems, but, unfortunately, since the start of the Russian aggression against Ukraine, the Association has been faced with challenges that we have not yet imagined. I strongly believe that also for you ČAPPO fulfils its objectives in these crisis times to the benefit not only of its members but also of the whole market.

*Mgr. Jan Duspěva
Council Chairman*

Prague, June 2022

CHARACTERISTICS OF THE DEVELOPMENT OF PETROLEUM INDUSTRY IN THE CZECH REPUBLIC

BASIC INFORMATION

In the first half of 2021, the situation in Czech refinery industry and trade was affected by anti-epidemic measures aimed at the prevention of the spreading of COVID-19 epidemic. While the deliveries of key products to the market in comparison with 2020 generally grew, they did not always reach the level of the year 2019. In comparison with the year 2019, the deliveries of petrol were lower by 6.2% and the deliveries of diesel fuel grew by 1.7%.

In 2021, petroleum imports to the CR were effectuated according to the needs of the refineries as well as sales opportunities for oil products. Total oil imports to the CR in 2021 reached 6,841 thousand tons, which is by 10.8% more than in 2020. In this, imports from the Russian Federation were decisive (50%); further, oil was imported from Kazakhstan (18%), Azerbaijan (16%) and the USA (12%). In 2021, local oil exports were completely insignificant. Pipeline IKL delivered 51.2% of oil from the total imports.

Total deliveries of selected petroleum products onto the market in the CR in 2021 are shown in Table 1.

Table 1

Product	Thousand tons	Index 2021/2020
Unleaded petrol, incl. biocomponent	1,516	103.3
Jet fuel	166	112.9
Diesel fuel, incl. biocomponent	5,112	106.7
Heating and other gas oils	15	150.0
Heating oil up to 1% sulphur m/m	17	113.3
Heating oil with more than 1% sulphur m/m	47	138.2
Total LPG	432	115.8
Lubricating oils and other oils in total	168	101.8
Bitumen and bitumen products	530	108.4
Biocomponents for transport	432	96.2

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)	96.1
Petrol with octane number min. 98 and more (SUPER PLUS)	3.9

Source: ČSÚ/MPO

In 2021, diesel fuel and petrol accounted for the largest share of refinery products imports and exports. According to the data from the Czech Statistical Office, 2,641 thousand tons of diesel fuel, including biocomponents were imported (mainly from Germany and Slovakia), and 1,002 thousand tons of it were exported (mainly to Slovakia and Germany. As for petrol (including biocomponents, 570 thousand tons were imported (mainly from Slovakia and Germany and 630 thousand tons (mainly to Germany and Poland) were exported.

In recent years, number of service stations in the Czech Republic remains practically unchanged. Based on the result of the data from the Ministry of Industry and Trade (*Report on Update and Status of the Records of Service Stations in the Czech Republic at 3 January 2022*), the total of 7,633 service stations and fuels delivery points, including 3,978 public and the remaining number of service stations selling to specified entities and non-public facilities,

were operated on the market of the Czech Republic. In comparison with the number reported in the previous statistical check (at 7 April 2021), total number of service stations increased by 28. 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 2,848 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 indicated in Table 3.

Table 3

Product	Total of samples collected	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 standards
Petrol	1,015	1	0.10	0
Diesel fuel	1,247	8	0.64	5
Diesel blend, biodiesel, and E85 fuel	5	2	40	0
LPG and CNG	344	8	2.33	0
Total	2,611	19	0.73	5

Source: ČSÚ/MPO

In 2021, ČAPPO member companies achieved very good results in the monitoring of the quality of motor fuels sold. In particular, no samples of petrol, LPG and CNG that did not comply with ČSN standards were collected. Only five samples from the samples collected at the service stations of the member companies failed to meet the standard requirements, while 14 samples from the remaining companies on the market failed to meet the requirements. Total rate of non-compliant samples on the market achieved only 0.7%. In spring 2021, continuing anti-epidemic measures lowered the sales of motor fuels and in the case of petrol, supplies of petrol in the winter quality, in particular of premium petrol, grew. The situation made the replacement of supplies of the winter quality petrol with the supplies of the summer quality petrol more difficult. The same as in 2020, ČAPPO therefore 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 21 May 2021. Based on the request, the Czech Trade Inspection confirmed that till 30 June 2021, it would tolerate the deviations of the parameter “vapours pressure“ and assess the samples within the range of 45-70kPa as faultless. 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 2021, the following major events were recorded in the area of petroleum industry and trade:

- In 2021, total consumption of motor fuels achieved 6,628 thousand tons, which is more than in 2020 by 6%. The share of diesel achieved 77%.
- From January 2021, excise tax for diesel fuel was reduced by CZK 1 per litre.
- In 2021, 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, and petrol E10 with ETBE with octane number 98 or higher was available on the market.
- The gross consumption of biocomponents in petrol was 86 thousand tons, and in diesel fuel 346 thousand tons.
- The member companies fulfilled the obligation to use the set volumes of biocomponents in petrol and diesel fuel and 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 74.9 thousand tons; thus, it slightly grew by 0.7% in comparison with the consumption in the previous year.
- The consumption of CNG and LNG for transport lightly rose to 97.1 million m³, i.e. by 4.3% in comparison with the previous year.
- At the service stations of ČAPPO member companies, sales in shops and catering sections continued to grow.
- In the Czech Republic, the petroleum products market has been constantly hindered by the regulatory environmental measures; which fact reduces its competitiveness.

COVID-19 EPIDEMIC

In the first half of 2021, the anti-epidemic measures affected the fuels motor market and the sales of motor fuels did not achieve the level from 2019. The same as in 2020, the market downturn made the replacement of supplies of the winter quality petrol with the supplies of the summer quality petrol more difficult.

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, and the same as in the previous years, it was better than the average on the market in the CR and significantly better than the average in EU countries, also 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, in 2021, too.
- 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 Specialised 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 at service stations.

- To ensure the fulfilment of the plan to reduce greenhouse gases emissions by 6% from the year 2021

In 2021, 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

A very important event was “The VISION 2050 Conference – A Path to the Evolution of Liquid Fuels”, co-organized by ČAPPO (programme) under the auspices of the Ministry of Industry and Trade with the company PETROLmedia. It featured prominent speakers, including a representative of the FuelsEurope Association. The conference focused on a realistic view of the future of fuels and systems of propulsion in terms of the long-term outlook till 2050, the technical aspects of different vehicle propulsion systems and the prospects of alternative fuels from a technical and economic perspective.

As far as the improvement of ČAPPO image among the public is concerned, ČAPPO website was fully modernized and made accessible for public in spring 2021. It contains interesting materials, even the elaborated ones, or their parts concerning the “Vision 2050” of the FuelsEurope Association, partly in Czech. The website is updated regularly. The preparation of the new website and its operation was to a large extent provided by UNICODE SYSTEMS. ČAPPO also took part in the “Clean Fuels for All” media campaign of the FuelsEurope Association.

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 2021 - REGULATORY

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

Also in 2021, legislation connected with the implementation of Directive 2018/2001 (RED II) in the area of transportation into the legislation of the Czech Republic requested quite a lot of efforts of the Association. The proposals of the changes in legislation prepared in cooperation of ČAPPO and Ernst & Young arranged in the Sections of the Act were supplied to the Ministry of Industry and Trade that prepared, based on them, amending draft of the amendment of the Acts on Supported Renewable Energy Sources (“SRES”, in Czech abbreviated as “POZE”), already debated in the Chamber of Deputies. In it, the necessary amendment of a number of connected Acts was proposed. It also provided for a general introduction of petrol E10 onto the market in the CR, because it represents an important and technologically available tool for the increase of the share of renewable energy sources (“RES”, in Czech abbreviated as “OZE”) in transportation. Another amendment related to the implementation of the requirement of Directive 2014/94/EU on supporting infrastructure for

alternative fuels to introduce price comparisons between conventional and alternative fuels at service stations.

In the situation of the CR, the opportunities to achieve 14% share of energy from renewable energy sources in transportation in 2030 are generally affected 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 the required share 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. Therefore, ČAPPO 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.

Debating of the amendment of the Act on Supported Energy Sources ("SES") and of the amending proposal in the Chamber of Deputies was not easy and it was accompanied by disputes and discussions concerning renewable energy sources ("RES") support, in particular in the area of electricity (photovoltaic power stations) and biogas. In the field of transportation, it turned out that there is no political will for the universal introduction of petrol E10 and the proposal was submitted to be debated together with the amendment of the Act on Supported Energy Sources in the Senate. The Senate returned the amendment together with the proposal to the Chamber of Deputies and it passed the modified amendment of the Act. After the President's signature, the amendment came into force on 1 January 2022.

In the preparation of the implementation of the RED II Directive, ČAPPO developed considerable activity and applied 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 debates were held on various levels and among various people and their list would significantly exceed the regular extent of the Annual Report.

Fit for 55

In spite of the fact that the RED II Directive has not been in fact implemented, the European Commission issued its draft of a package of regulations "Fit for 55". Its stated goal is to reduce net greenhouse gas emissions by at least 55% by 2030 (compared to 1990) as a step towards making Europe climate neutral by 2050 (the Green Deal). The package includes a number of amendments of the existing directives and drafts:

- Substantial revision of the RED II Directive, where it is proposed to increase the overall target for the share of RES from 32% to 40% (energy). A new metric is proposed for transport: the 2030 target is 13% emissions savings instead of the current 14% share of RES. The limit for the share of first generation biofuels remains unchanged, but biofuels under IX(a) will not be counted twice and the targets are 0.2% 2022; 0.5% 2025 and 2.2% 2030 (it was 3.5%); the biofuels limit under IX(b) remains at 1.7%. A new target of 2.6% in 2030 for renewable fuels of non-biological origin is introduced.
- Revision of the Energy Taxation Directive proposes to "align the taxation of energy products with EU energy and climate policies and remove outdated exemptions and reduced tariffs that currently encourage the use of fossil fuels". All tariffs are proposed uniformly in EUR/GJ, with a significant increase in fossil CNG and LPG tariffs already proposed from 2023 and a uniform tariff for all fossil fuels from 2033 of EUR 10.75/GJ.

- Replacing the Alternative Fuels Infrastructure Directive with a revised regulation that sets very ambitious targets across the board for all Member States, regardless of regional differences.
- Revision of the Regulation on CO₂ emission standards for passenger cars and light commercial vehicles (reduction of average emissions of new passenger cars by 55% from 2030 (originally 37.5%), light commercial vehicles by 50% (originally 31%) and by 100% from 2035, all compared to 2021. The 2035 target would mean a ban on new passenger cars with internal combustion engines.
- Further, changes to the EU Emissions Trading System (ETS) are proposed, including an extension to road transport and energy for buildings, phasing out free allowances for air transport and the inclusion of shipping emissions in the EU ETS system; changes to Indirect Land Use Change (ILUC), the Energy Efficiency Directive; the Effort Sharing Regulation, the introduction of a new carbon offsetting mechanism on the borders and other proposals.
- Since the (not even hidden) impact will mean a general increase in energy prices with all the inflationary consequences, it is proposed to create "Social Climate Fund", which should eliminate the impact of the package on the socially vulnerable groups.

The dates for the Fit for 55 implementation are proposed to be phased in from 2023 onwards, with the proposal to be discussed in 2022 and 2023 under the FR-CZ-SE Presidency.

General findings

- The vast majority of proposals in the field of transport do not respect the principle of technological neutrality - preference for electromobility.
- Many of the proposals amend directives and regulations within a short time of their adoption, thus making investment and technology decisions more uncertain.
- Proposals do not take into account regional differences, most of them are EU-wide.
- The Fit for 55 legislative package is fragmented, with overlapping regulations and targets. The proposals and their impacts need to be considered as a whole.

ČAPPO has repeatedly considered both the findings from the RED II implementation debates and the proposals from the Fit for 55 package and the following has been agreed for future orientation of ČAPPO:

- Promote technological and raw material neutrality of supported solutions.
- Actively enter into negotiations on mechanisms for reporting fulfilment according to RED (the Ministry of Environment, Market Operator, the Ministry of Industry and Trade) and prepare a mechanism that will replace the current pooling in the area of emission savings with another solution in the future.
- Promote the introduction of higher levels of bio-based ingredients (E10, B8 to 10).
- Support the efforts of domestic refineries to deploy products made from plastic waste.
- Actively explain/argue the inappropriateness of banning the sale of internal combustion engines.
- Promote low carbon fuels.
- Organize educational meetings for representatives of the state administration and the Senate and the Chamber of Deputies.
- Generally support the maximum range of tools to fulfil the obligations that the RED allows/does not allow us and do not support any "challenges" beyond its requirements.
- Promote the possibility of using certificates of origin from other EU countries under the condition of ensuring full transparency and traceability (it means, for example, the introduction of a single EU database of certificates and other emission saving solutions according to RED II (and III)).
- Enable the use of RES to meet the obligation in any optimal fuel type within the overall fuel target for the sector (e.g. transport), especially in combination using certificates of origin and full negotiability between the obliged parties.
- All current and future options for meeting the targets, in particular the production and use of alternative fuels (advanced, recycled fuels of non-biological origin, etc.) should be supported at the same or similar legislative, investment, operational, tax, etc. level.

ČAPPO has commented on the proposal for revision of the RED II Directive, the Energy Taxation Directive, the proposal for a Regulation on alternative fuel infrastructure, the proposal for revision of the Directive on energy taxation and more.

Legislation, Czech technical standards and non-legislation acts

The Association, through its Council, Executive Director, working groups, specialised 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. 385/2021 Coll., amending Act No. 165/2012 Coll. on Supported Energy Sources and Act No. 458/2000 Coll. on Energy;
- Act No. 362/2021 Coll., amending Act No. 58/2000 Coll. on Energy, Act No. 455/1991 Coll. on Trade, and Act No. 634/2004 Coll. on Administrative Fees;
- Act No. 53/2021 Coll., amending Act No. 189/1999 Coll. on Emergency Oil Supplies;
- Decree No. 234/2021 Coll., amending Decree No. 165/2013 Coll. on the types of oil and oil products to be warehoused within the emergency oil supplies, on the calculation of the level of emergency oil supplies, on warehousing facilities and reporting of the emergency oil supplies;
- Act No. 283/2021 Coll. (new) Building Act, and Act No. 284/21 Coll., amending certain acts in connection with the adoption of the Building Act.

In connection with the end of the term of office of the Chamber of Deputies, debating of a number of legislative acts was not finalized and now, they are debated again:

- draft of the act on reducing the impact of selected plastic products on the environment and on the amendment of certain acts;
- draft of the act amending certain acts in relation to the adoption of the act on reducing the impact of selected plastic products on the environment;
- draft of the act on the promotion of low-emission vehicles through the award of public contracts and public passenger transport services;
- draft of the act amending Act No. 353/2003 Coll. on Excise Taxes, as amended;
- draft of the act on lobbying;
- draft of the act amending certain acts in connection with the adoption of the Act on Lobbying;
- draft of the act on whistleblowers protection;
- draft of the act amending certain acts in connection with the adoption of the act on whistleblowers protection.

ORGANIZATION OF ČAPPO

Membership

As of 31 December 2021, the Association had 10 regular members. In 2021, 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 31 December 2021, total number of specialised sections members made 14. The lists of the regular members and members of specialised sections are attached.

The General Meetings

The Annual General Meeting was held on 24 June 2021. It debated and adopted the Annual Report of ČAPPO for the year 2020, closing of books and the economic result for the year 2020, the Report of the Council about the activities of ČAPPO in the period after the regular meeting in December 2020 and the amendment of the electoral regulations of ČAPPO. Further, the General Meeting of ČAPPO elected ČAPPO Council for a two-year term from June 2021 consisting of AGROFERT a.s., ČEPRO, a.s., MOL Česká republika, s.r.o., ORLEN Unipetrol RPA s.r.o. and Shell Czech Republic a.s. Subsequently, the Council elected ČEPRO, a.s., for its Chairman, and ORLEN Unipetrol RPA s.r.o. for its Vice-Chairman.

The regular General Meeting was held on 9 December 2021. The General Meeting debated and adopted the Report of the Council about the Activities of the Association since the Annual General Meeting in June 2021 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 30 October 2021, draft of the budget and the amount of the membership fees and fees of the specialised sections for the year 2022 and adopted them. Further, members of the Working Group focused on the audit of accounting in 2021 were approved.

The Council

In the year 2021, the Council held seven regular meetings. In particular, the Council focused in its debates on the amendment of the Act on Supported Energy Sources, the transformation of the RED II Directive and the Fit for 55 package.

Great attention was also paid to information from the FuelsEurope Association 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, specialised sections and the Secretariat.

The Council regularly debated a number of other topics mentioned in the previous chapters and common issues, the membership and specialised 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

The Working Group Safety met on 16 November 2021 and following the meeting of the members of the Working Group Safety and of the meeting of specialised section Operating of Service Stations on 11 June 2021, it debated the issue of service stations operation with progressively growing range of alternative fuels/energies. In addition to the member companies of ČAPPO, guests from the Technical University Ostrava (VŠB – Mining College) and the Roads and Highways Directorate (ŘSD) took part in the meeting. After the opening presentation and extensive debate it was concluded that it was necessary for ČAPPO to continue debates in this field with the aim to prepare safety standard for the operation of service stations selling in addition to petrol and diesel fuel also alternative fuels or offering charging stations for electromobility that would be used as “the best practice” in the industry. This is a broad issue where technical security (environment protection, fire protection safety and health protection at work, traffic), criminal risks (thefts, assaults, leaving without paying, etc.) and traffic regulations are intertwined, with the resulting situation leading to the coexistence of multiple “risk owners” (liquid motor fuels, LPG, LNG, CNG, PB, charging stations, catering, shops, moto/services, parking places...). The result is a highly complicated, ambiguous and sometimes legally inconsistent situation that requires looking for ways to clarify.

The Working Group Taxes met once and on the agenda of the meeting were amendments to the EU Energy Taxation Directive (ETD) as part of the Fit for 55 package, taxation of hydrogen at the delivery to the service station, a transposition amendment to the SPD Act (e-VDO and others), the preparation of the practical application of the e-VDO system and on the development of the market and the legislative process of the legal standards regulating the business of ČAPPO member companies, as well as information from ČAPPO

life. Representatives of the Finance Ministry and of the General Customs Directorate took part as guests at the meeting.

The Working Group Legislation and Ethics met twice. At its meetings on 15 April and 2 December 2021 it focused on the monitoring of the legislation and decisions of the courts, and problems of advertising elements at the service stations as well as on the proposal of the principles of new law regulations concerning rest areas on motorways, submitted by the Roads and Highways Directorate.

The Working Group Public Relations held meetings as necessary. Early in the year, the main topic of its meeting was the preparation of new website of ČAPPO, and later the preparation of the "Vision 2050" Conference.

The ad hoc Working Groups

ČAPPO ad hoc Working Group established in relation to the implementation of the RED II Directive and RES in transportation continued its activity. This group met often, as necessary. The activities of this group are also related to the issue of recycling waste into liquid fuels, which the Ministry of the Environment in cooperation with the Ministry of Industry and Trade has started to address, and two meetings were held on this topic, but they have not progressed further since autumn 2021.

Another ad hoc Working Group, established in 2020, focused on the source documents to be used in the debates with the Roads and Highways Directorate (ŘSD). The topics were contractual relationships at the rest areas, the necessity of timely information about motorway closures, changes to announced dates and problems with truck parking. The meetings of this working group were followed by a meeting with the Roads and Highways Directorate in March 2021, focused on the problems of the rest areas, alternative fuels development, including safety connected with the co-existence of classic and alternative fuels at a rest area, and the issue of placing advertisements. In September, another meeting with the representative of the Ministry of Transportation followed, focused on the methodological instruction concerning advertising elements at the service stations. The methodology is based on the concept of "permissible advertising devices". The Ministry of Transportation declares a "wide tolerance band" in permitting and legalising advertising devices.

The increasing intensity and danger of attacks on IT systems is of considerable concern. On 7 September 2021, ČAPPO organized a meeting of IT specialists from the individual member companies and established an ad hoc Working Group "Cybersecurity". It will meet as necessary. The meeting highlighted the contradictions between cybersecurity requirements and the requirements of the Public Procurement Act, as well as the need to educate users in individual companies. Contact was established and cooperation with the National Office for Cyber- and Information Security was agreed.

The Working Group focused on auditing of accounts of ČAPPO, confirmed by the General Meeting on 9 December 2021, examined the accounting of ČAPPO in 2021. The year 2021 ended with a profit of CZK 521,000. The auditing group has not found any defects.

Specialised Sections

The specialised section Motor Fuels Transportation met on 23 April 2021 and focused on automation and digitalization of motor fuels delivery into tanker trucks (Čepro Loukov warehouse), serious technical problems of tanker trucks, especially during the February frost and the recovery of tanker trucks after a traffic accident. Help was offered to Čepro in the case of breakdowns and the possibility of training the units of the Fire and Rescue Service of the CR concerning specific aspects of liquidation of these accidents was debated.

The specialised section Oil Processing, Production of Fuels and Lubricants met twice (on 27 October and 16 December 2021) and focused, in particular, on the issue of determination of the amount of carbon of biological origin in alternative fuels. This is the determination of the amount of the 2nd generation biofuels (especially HVO – hydrotreated vegetable oil), which is currently determined by calculation based on the material and energy balance, but in the future it will probably be necessary to determine the content of HVO

(biocomponents) analytically. Another topic was the verification of the results in the fuels analyses among multiple entities.

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 specialised 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:

- 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 questions of tolerance of potential deviations in motor fuels quality in spring 2021 and the details of some investigations were also debated. Within the project TAČR/VŠCHT "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 (GŘF): 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 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

Through the Deputies of the Chamber of Deputies of the Parliament (PSP ČR), ČAPPO 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 and held a number of debates with the deputies, in particular with the members of the Economic Committee of the PSP ČR and with the senators. In relation to the debate concerning the amendment of the Act on Supported Energy Sources, ČAPPO representatives were invited to a meeting of the Economic Committee.

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 2021, 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 FuelsEurope "Clean Fuels for All".

LIST OF ANNEXES

Council of the Association at December 31, 2021

List of member companies at December 31, 2021

Working Groups, Specialized Sections, and the Secretariat at December 31, 2021

**COUNCIL OF THE CZECH ASSOCIATION OF PETROLEUM INDUSTRY AND TRADE (ČAPPO)
AT DECEMBER 31, 2021**

Chairman:

ČEPRO, a.s.

Mgr. Jan Duspěva

Vice-chairman:

ORLEN Unipetrol RPA s.r.o.

Ryszard Pilch

Members:

AGROFERT, a.s.

Ing. Martin Kubů

MOL Česká republika, s.r.o.

Ing. Richard Austen, MBA

Shell Czech Republic a.s.

Pavel Los

MEMBERS OF THE ČAPPO AT DECEMBER 31, 2021

AGROFERT, a.s.^{1, 3}

Pyšelská 2327/2

149 00 Praha 4

ČEPRO, a.s.^{1, 3, 4, 5}

Dělnická 213/12

170 04 Praha 7

MERO ČR, a.s.

Veltruská 748

278 01 Kralupy nad Vltavou

MOL Česká republika, s.r.o.^{1, 2, 3, 4, 5}

Purkyňova 2121/3

110 00 Praha 1

OMV Česká republika, s.r.o.^{1, 3, 4, 5}

Štětkova 1638/18

140 00 Praha 4

ORLEN Unipetrol RPA s.r.o.^{1, 2, 3, 5}

Záluží 1

436 70 Litvínov

Shell Czech Republic a.s.^{1, 2, 3, 4}

Antala Staška 2027/77

140 00 Praha 4

TotalEnergies Marketing

Česká republika s.r.o.^{1, 3}

Rohanské nábřeží 678/29

186 00 Praha 8

UNICODE SYSTEMS, s.r.o.

Průmyslová zóna 161

674 01 Třebíč

W.A.G. payment solutions, a.s.^{1, 2, 3, 4, 5}

Na Vítězné pláni 1719/4

140 00 Praha 4

¹ Simultaneously, a member of the Alternative Fuels (Alternativní paliva) Section

² Simultaneously, a member of the LPG Section

³ Simultaneously, a member of the Service Stations Operation (Provozování čerpacích stanic) Section

⁴ Simultaneously, a member of the Motor Fuels Transport (Přeprava pohonných hmot) Section

⁵ 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, 2021

Safety (Bezpečnost)

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

Taxes (Daně)

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

Legislation and Ethics (Legislativa a etika)

vedoucí: Mgr. Pavel Císař (ČEPRO, a.s.)

Motor Fuels (Paliva)

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

PR (Public Relation)

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

SPECIALIZED SECTIONS AT DECEMBER 31, 2021

ALTERNATIVE FUELS (ALTERNATIVNÍ PALIVA)

TECHNOEXPORT, a.s.

Třebohostická 3069/14
100 00 Praha 10

LPG

HUNSGAS s.r.o.

Franzova 830/125
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 Hájům 2671/8
155 00 Praha 5

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

Vocetářova 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 215

MOTOR FUELS TRANSPORTATION (PŘEPRAVA POHONNÝCH HMOT)

ABS Bonifer Czech, s.r.o.

K Hájům 946/10
155 00 Praha 5

PETROTRANS, s.r.o.

Střelnická 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)

Eni Austria GmbH, odštěpný závod Praha

Klimentská 1216/46
110 00 Praha 1

PARAMO, a.s.

Přerovská 560
530 06 Pardubice

SECRETARIAT OF THE ČAPPO

Executive Director

Phone:

E-mail:

Technical Spokesman

Phone:

E-mail:

Assistant

Phone:

E-mail:

Web:

Address:

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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
LUV.....	Light commercial vehicles
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)
OA.....	Passenger cars
OTE.....	Market operator
OS.....	Specialised sections
OZE.....	Renewable energy sources
PHM	Motor fuels
POZE.....	Supported energy sources
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)