

ANNUAL REPORT

2022



CZECH ASSOCIATION
OF PETROLEUM
INDUSTRY AND TRADE

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ANNUAL REPORT

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PRAGUE

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CHAIRMAN'S MESSAGE

Dear ČAPPO Members/Dear Friends,

The past year has brought enormous challenges and changes to our industry that required an immediate and thorough response. At the very beginning of the year 2022, we faced the shock of Russian aggression, which not only brought devastation to the values of the whole of Europe and many lives needlessly lost, but also a sharp change of energy dogmas. This conflict forced us to reassess and adapt our pan-European business strategies and approaches.

Nevertheless, I would like to highlight the fact that ČAPPO and its member companies in this situation significantly contributed to coping with this first shock. Thanks to our joint efforts, we succeeded in solving many major problems and ensured substantial share of fuel and oil supplies to the Czech market. Our trading and logistics activities have demonstrated not only the fairness and transparency of the Czech market, but also the futility of its regulation.

Even in these tense times, we did not neglect our standard activities in the area of legislation and the activities of other working groups of our Association. Thanks to all who continued to carry out their normal duties and tasks despite the activities we had not planned for 2022. This is an evidence of their professionalism and dedication to our industry.

At the same time, I appreciate the high credit achieved by our Association. Regular meetings with representatives of the Government of the Czech Republic testify to our importance and role in the energy sector. This dialogue allows us to actively participate in the creation of directives and policies that support and develop our industry.

I believe that we will continue to face the challenges with the firm conviction that we are ready and able to meet them. Through joint efforts, innovation and adaptability, we will be able to move our industry forward and contribute to a sustainable and prosperous energy sector in the Czech Republic.

Thank you for your support, loyalty, and professional approach to our Association. I am looking forward to more joint achievements in the future.

*Mgr. Jan Duspěva
Council Chairman*

Prague, June 2023

CHARACTERISTICS OF THE DEVELOPMENT OF PETROLEUM INDUSTRY IN THE CZECH REPUBLIC

BASIC INFORMATION

From late February 2022, the situation in Czech refinery industry and trade was affected by the Russian aggression in Ukraine, where the prices of products escalated (while they also grew progressively in the course of 2021). This was accompanied by concerns about the future development of both prices and market supply, which fortunately did not lead to panic buying and market stability was successfully maintained. The situation was also complicated by the outages of the refinery facilities in Austria and Hungary, where, in addition, price capping has led to market supply disruptions.

In 2022, 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 2022 reached 7,425 thousand tons, which is by 8.5% more than in 2021. In this, imports from the Russian Federation were decisive (56%); further, oil was imported from Azerbaijan (24%), Kazakhstan (9%) and the USA (6%). In 2022, local oil exports were not effectuated. Pipeline IKL delivered 44% of oil from the total imports.

While the deliveries of key products to the market in 2022 in comparison with 2021 generally grew, they did not always reach the level of the year 2019. In comparison with this year, the deliveries of petrol were lower by 1.5% and the deliveries of diesel fuel grew by 2.9%.

Total deliveries of selected petroleum products onto the market in the CR in 2022 are shown in Table 1.

Table 1

Product	Thousand tons	Index 2022/2021
Unleaded petrol, incl. biocomponent	1,592	105.0
Jet fuel	274	165.1
Diesel fuel, incl. biocomponent	5,171	101.2
Heating and other gas oils	10	66.7
Heating oils up to 1% sulphur m/m	13	76.5
Heating oils with more than 1% sulphur m/m	45	95.7
Total LPG	422	97.7
Lubricating oils and other oils in total	150	89.3
Bitumen and bitumen products	469	88.5
Biocomponents for transport	416	96.3

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 95 (SUPER)	97.4
Petrol with octane number min. 98 and more (SUPER PLUS)	2.6

Source: ČSÚ/MPO (Czech Statistical Office / Ministry of Industry and Trade)

In the Czech Republic, a part of diesel fuel consumption is covered by imports; specifically in 2022 it was 30.3% of consumption. According to the data from the Czech Statistical Office (data including biocomponents), 2,301 thousand tons of diesel fuel were imported (mainly from Germany and Slovakia), and 735 thousand tons of it were exported (mainly to Slovakia and Germany) in 2022. As for petrol, including biocomponents, 561 thousand tons were imported (mainly from Slovakia and Germany), and 473 thousand tons were exported (mainly to Germany, Slovakia and Poland); the market in the Czech Republic is self-sustaining.

In 2022, ČAPPO member companies achieved outstanding results in the area of quality of sold motor fuels: all samples checked were without any deviations in quality as defined by the European and Czech standards. In 2022, the inspectors of the Czech Trade Inspection (ČOI) collected 2,545 samples of all kinds of motor fuels at the public service stations in the Czech Republic. At service stations operated by ČAPPO members, 891 samples, i.e. 35%, were collected. In other parts of the market, 1,654 samples, i.e. 65%, were collected. Overall defect rate of the market was 0.71%, which means 18 samples.

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	%	Not complied At ČAPPO member companies
Petrol	1,000	5	0.50	0
Diesel fuel	1,204	12	1.00	0
Diesel blend, biodiesel, and E85 fuel	0	0	0.00	0
LPG and CNG	341	1	0.29	0
Total	2,545	18	0.71	0

Source: ČOI (Czech Trade Inspection)

The same as in the previous years, ČAPPO asked the Ministry of Industry and Trade of the Czech Republic that the Czech Trade Inspection tolerate the deviation of the parameter “vapours pressure“ in the period till 30 June 2022 in the checks at the service stations and evaluate the samples in the range of 45 – 70 kPa as faultless. The Ministry of Industry and Trade agreed.

In the long-term perspective, it is true that the motor fuels quality in the Czech Republic 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 of motor 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 recent years, number of service stations in the Czech Republic remains practically unchanged. Based on 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 2 May 2022*), the total of 7,643 service stations and fuels delivery points, including 3,965 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 3 January 2022), total number of service stations increased by 10.

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 2,847 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 2022, the following major events were recorded in the area of petroleum industry and trade:

- Total consumption of motor fuels achieved 8.228 billion litres (6,763 thousand tons), which is more than in 2021 by 2.1%. The decisive share has diesel fuel (74.4% of the volume).
- From the beginning of March, price of motor fuels steeply rose, with considerable daily fluctuations; the prices started to decrease in November.
- From March, the Ministry of Finance started to monitor the daily development of margins at service stations and to evaluate it.

- From 1 June 2022, excise tax for diesel fuel and petrol was reduced by CZK 1.50 per litre; in the case of petrol, the reduction applied till 30 September 2022 and the termination of the reduction in the case of diesel fuel is currently under legislative preparation.
- In 2022, 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.
- According to the Czech Statistical Office, the gross consumption of biocomponents in petrol was 101 thousand tons, and in diesel fuel 315 thousand tons.
- The member companies complied with the requirements for the reduction of greenhouse gases emissions originating from motor fuels combustion.
- At 1 July 2022, the obligation to add certain volume of biocomponents was repealed.
- The sales of AdBlue liquid significantly rise.
- The consumption of LPG motor fuel made up 84.8 thousand tons; thus, it significantly grew by 13.2% in comparison with its consumption in the previous year.
- The consumption of CNG and LNG for transport lightly decreased by 1.1% to 96.1 million m³ in comparison with the previous year. The share of bio-gas increased from 25.6% to 36.3%.
- 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. That, in fact, reduces its competitiveness.

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, in 2022, too, 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.
- 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 2022, 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 modernised. 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.

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 sharp rise in prices at service stations also triggered intense negative media coverage, accompanied by a series of distortions that the technical spokesman had to face. The technical spokesman also answered questions from the public asked on ČAPPO website and took part in the preparation of the contents of the website of the Association from the professional point of view.

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

On 26 October 2022, PETROLsummit 22 was organised after a three-year break. ČAPPO representatives delivered more than half of the lectures and it is gratifying that ČAPPO member companies won all but one of the PETROLawards 22 and Mr. V. Loula was awarded the title of the Personality of the Year.

PRINCIPAL ISSUES DEBATED IN 2022

The outbreak of the Ukrainian conflict in late February 2022 dramatically changed the situation also on the motor fuels market with many effects for ČAPPO members, starting from the concerns related to the stability of the market, because due to its inland location, the Czech Republic is one of the countries most vulnerable to the impact of the stopping of oil deliveries from the Russian Federation. Immediate shutdown of Russian oil deliveries would lead to a price increase on the EU and Czech markets, limited operation of Czech refineries, in the extreme case the use of emergency supplies of oil and oil products, and a rapid need to introduce regulatory measures to limit consumption. In April and again in early May, ČAPPO sent to the Ministry of Industry and Trade a letter with a summary of the situation and of the risks; it became one of the argumentation documents during the negotiations between the Czech Republic and the EU on the oil embargo and exemptions for the Czech Republic

On 3 June 2022, the European Union adopted the so-called "6th sanctions package", which gradually bans imports of oil and oil products from Russia to the EU, but provides for various time-limited exemptions. For the Czech Republic, the most important exemption is the one allowing oil to be imported from Russia using the Družba pipeline until 5 December 2023 and to purchase Russian oil products imported into the EU via the Družba pipeline, but the volume of fuels imported in this way should not exceed the values of the last five years.

Several times, ČAPPO debated with the Financially Analytical Office (FAU) the interpretation and application of some provisions and also prepared the reporting of ČAPPO member companies for FAU to be sent by December 2023.

After the outbreak of the conflict, motor fuel prices significantly grew; simultaneous rapid growth in oil prices, weakening Czech koruna and significant deviation in the link crude oil – quotation were the negative factors. While the motor fuels prices slowly grew starting from

the year 2021, the increase in prices, in particular in the first half of March, was unprecedented. In its reaction to the increase in prices, the Ministry of Finance started extensive data collection on motor fuels prices at the service stations, first retrospectively from 15 February 2022, and after ČAPPO's objection that the comparison period was too short, it also organised data collection for the full year 2021 and after the beginning of 2022. Subsequently, it extended the price data collection to fuel distributors and began requiring monthly sales data for BA 95 and NM and the weighted sales and purchase price of both products for each service station, retrospectively from the beginning of 2022. On the basis of these data, the Ministry started to prepare a proposal for regulating the margin at service stations and distributors, which was presented in mid-August and consisted in capping the margin at a specific service station at the level of January to February (or alternatively January to June) 2022 with a possible correction in the following month and capping the distributors' prices at the level of the deviation from the previous period. The Ministry of Finance debated the issue of margins capping with ČAPPO very intensively, ČAPPO and its members were very cooperative, but, on the other hand, ČAPPO repeatedly submitted its objections to the introduction of the regulation and numerous comments concerning its individual provisions. Eventually, the Ministry of Finance did not introduce the margins regulation. The Ministry also filed a complaint with the Office for the Protection of Competition (UOHS) due to suspected cartel agreements among certain service stations networks; ČAPPO considers this complaint completely unjustified.

In the summer months of 2022, the Ministry of Finance also prepared a proposal for the introduction of so called windfall tax whose payers will be, in the opinion of the Ministry of Finance, "extremely profitable companies" in the field of energy production and trade, banking, petroleum and fossil fuel extraction for a period of three years. Specifically, in the area of motor fuels, the following NACE fields will be affected: 06 – Crude oil and natural gas extraction; 19.2 – Production of refined petroleum products; 46.71.2 – Wholesale of liquid fuels and related products; 49.50.1 – Pipeline transportation. The tax will be calculated as a 60% tax surcharge applied to the excess profit, determined as the difference between the tax base in a given year and the average of the tax bases for the last 4 years (i.e. 2018-2021), increased by 20%. The Ministry of Finance planned the state budget revenue of approximately CZK 85 billion from the introduction of this tax; this estimate has already been significantly reduced. ČAPPO occupied itself intensively with the issue of the windfall tax introduction and prepared a letter to the Prime Minister and to the minister of finance and the minister of industry and trade. In it, it expressed concerns about the proposal to introduce windfall tax for entities operating in the segment of oil processing, production of products from oil and distribution of fuels in the Czech Republic. In particular, it pointed out that the entire crude oil transport and processing sector, including the downstream logistics of petroleum products, must ensure the deliveries of fuel to the Czech Republic, even in the context of the risks and constraints caused by Russian aggression against Ukraine. The ongoing diversification of the logistics flows of crude oil and petroleum products requires not only one-off investments, but also increased operating costs, which are, and especially in the coming year will be largely borne by the petroleum companies. The rapid introduction of a windfall tax also reduces long-term investor confidence in the stability, predictability and certainty of the regulatory environment

Green Deal, Fit for 55

In the complicated situation of the year 2022, proposals within FIT for 55 package (by the way, frequently changing) were monitored with less attention than before. Nevertheless, they were not neglected by ČAPPO and a number of meetings and discussions have taken place on its various components.

Regarding the key directive RED III, the proposal as currently drafted for the 2030 target introduces the option for member states to choose the binding target of a 14.5% reduction in the intensity of greenhouse gases emissions in transport by 2030 through the renewable energy sources or the binding target of at least 29% e/e renewable energy sources in the consumption of energy for transport. It also sets a binding target for 2030 of 5.0% e/e (1% in 2025) for advanced biofuels and biogas (as per Annex IXa) and renewable fuels of non-

biological origin (RFNBOs - mostly renewable hydrogen and hydrogen-based synthetic fuels). This target requires that the share of energy from the renewable energy sources in 2030 should be at least 1% of RFNBOs. It also maintains the limit for first generation biofuels at a 2020 share of +1% (max. 7%), i.e. 5.6% for the Czech Republic, allows double counting of alternative fuels produced from Annex IX feedstocks and confirms the 1.7% cap for alternative fuels produced from Annex IXb raw materials (the member states may increase the cap). It sets multipliers for the calculation of the renewable energy sources: electricity in road transport will be counted 4 times, in rail transport 1.5 times. The proposal also mentions the introduction of B10 diesel. So far, calculations show that the very ambitious emissions savings target of 14.5% is more feasible than achieving of a 29% share of the renewable energy sources.

The regulation on the deployment of infrastructure for alternative fuels (Alternative Fuel Infrastructure Regulation, AFIR) will have significant impact. It foresees the construction of a significant number of high-capacity charging stations for electric vehicles along the main and global TEN-T network and in urban nodes as early as in the year 2025 as well as the construction of hydrogen refuelling infrastructure for light and heavy vehicles.

Other topics are the introduction of emission allowances (ETS2) in road transport from the year 2027 and the amendment of the directive for fuels taxation.

In general, it is necessary to note that the vast majority of proposals in the field of transport do not respect the principle of technological neutrality – preference for electromobility, many proposals amend the directives and regulations within a short period of time after their adoption, thus making the investment and technology decisions more uncertain, and the proposals do not take into account regional differences, most of them are EU-wide. It can be summarised that ČAPPO members, as providers of the basic form of energy for transport, are deeply interested in discussing a stable, unifying and realistic policy for the development of alternative fuels, which will accentuate the likely technical development of car drives, respect the state of the vehicle fleet and its development trends in the Czech Republic as well as the possibilities of infrastructure development. ČAPPO is interested in the preparation of a stable and achievable plan for the deployment of alternative fuels to meet legislative targets at acceptable cost both to petroleum industry and the end consumer in cooperation with all responsible authorities.

Legislation, Czech technical standards and non-legislation acts

ČAPPO, 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:

- The already mentioned amendment of the Excise Tax Act (131/2022 Coll. and 286/2022 Coll.), reducing the excise tax on diesel fuel and petrol by CZK 1,50 per litre; in the case of petrol, the reduction applied till 30 September 2022 and in the case of the diesel fuel it was supposed to last until 31 December 2023. Currently, legislation for earlier termination of the reduction in the case of the diesel fuel is in preparation;
- Amendment of the Income Tax Act (indirect support for electromobility), the Road Tax Act (tax relief for carriers) and the Air Protection Act No. 143/2022 Coll. The amendment abolishes the volumetric obligation to blend biofuels under Section 19 of the Air Protection Act, but maintains the obligation to save emissions under Section 20 as well as the capping of savings of emissions from the extraction;
- Act No. 360/2022 Coll. on the Promotion of Low-emission Vehicles through Public Procurement and Public Passenger Transport Services (Act on the Promotion of Low-emission Vehicles);

- Act. No. 458/2022 Coll., repealing Act No. 112/2016 Coll., on the registration of sales.

ORGANIZATION OF ČAPPO

Membership

As of 31 December 2022, the Association had 10 regular members. In 2022, 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 2022, 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 23 June 2022. It debated and adopted the Annual Report of ČAPPO for the year 2021, closing of books and the economic result for the year 2021, the Report of the Council about the activities of ČAPPO in the period after the regular meeting in December 2021.

The regular General Meeting was held on 8 December 2022. The General Meeting debated and adopted the Report of the Council about the Activities of the Association since the Annual General Meeting in June 2022 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 31 October 2022, draft of the budget and the amount of the membership fees and fees of the specialised sections for the year 2023 and adopted them. Further, members of the Working Group focused on the audit of accounting in 2022 were approved.

The Council

In the year 2022, the Council held seven regular meetings and one irregular meeting – online (14 March 2022). In particular, the Council focused in its debates on current situation after the outbreak of the conflict in Ukraine, the market situation and current measures taken in consequence of the crisis. Further, it regularly debated the development of proposals from 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. 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 as well as the fulfilment of the budget

The Working Groups

The Working Group Taxes met on 21 September 2022 and on the agenda of the meeting were, in particular, the amendments of directive 2003/96/ES on taxation of energy products and electricity (information about slow progress of the debates was provided by Mr. V. Píša from the Ministry of Finance) that are in preparation, further, the introduction in preparation of electronic monitoring of the transport of selected products in free tax circulation (information provided by Ms. P. Mauerová and Mr. J. Boháč from the General Customs Directorate), live operation from 13 February 2023. Further, possible solutions of problems in colouring and marking; excise tax (SPD) in diesel fuel (NM), and petrol (BA) from 1 October 2022; VAT from fuel cards; price regulation for motor fuels supplied from / sold at publicly accessible service stations and the windfall tax under consideration.

At its meeting on 22 September 2022, the Working Group Legislation and Ethics occupied itself with the monitoring of the legislation and selected decisions of the courts,

penalty legislation and connected tools for the screening of business partners in comparison with the penalty legislation / penalty lists, problems of updating announcements according to Section 252 of Act No. 370/2017 Coll. on Payment Transactions (questionnaire of the Czech National Bank for the limited networks operators) and other current topics.

The Working Group Safety held its meeting on 6 October 2022 and focused on information about the emergency events at service stations. Further, it debated the necessity to review the safety standards. Standards related to the “routine” activities should be priority standards. Safety standard 009/2019 – LPG Service Stations was newly amended to comply with the applicable legislation.

The Working Group Fuels met on 29 November 2022 and debated the problems of determination of oxidation stability by different methods and possible causes of deviations. It is not excluded that various influences are involved, but it is still not clear why the frequency of deviations has increased in the last year. The Group met again on 18 January 2023 when the results of oxidation stability were on a very good level with a minimum of deviations.

Specialised Sections

The specialised section Alternative Fuels met on 11 February 2022 and focused on the Fit for 55 package; beyond the above, it was stated that the Czech Republic does not have a clear idea of what to aim for, the issue of alternative fuels and drives is fragmented among a number of ministries (The Ministry of Industry and Trade; the Ministry of Transport; the Ministry of Environment, the Ministry of Agriculture; the Ministry of Finance). ORLEN Unipetrol reported on two coprocessing projects, but their continuation faces the customs administration's refusal to use the mass balance to calculate the alternative component in products.

The specialised section Motor Fuels Transportation met on 24 November 2022 and focused on information about criminal behaviour, the need to update ČAPPO standard for motor fuels delivery into tanker trucks in fuels warehouses (delivery bridges), the progress of investing at ČEPRO terminals, results of the checks in the field of safety and health protection during work in connection with tank trucks, problems of corrosion of pneumatic distribution systems and fittings of tank trucks and the recommendations for the checks and safety of the pneumatic distribution system and the findings from a tank truck accident between Loukov and Valašské Meziříčí.

The ad hoc Working Groups and other meetings

- On 7 January 2022, meeting of ČAPPO with the management of the Market Operator (OTE) and the representatives of the General Customs Directorate was held in the ČEPRO warehouse at Hněvice. The participants debated the data flows in the area of liquid fuels as a basis for further debates connected with the preparation of the Market Operator for the duties that follow from the amendment of the Act on Supported Renewable Energy Sources. Close cooperation with the Market Operator is necessary, because it does not have detailed know-how in the field of liquid fuels.
- On 12 January 2022, a meeting of ČAPPO was held on the issue of the exemption for the Administration of State Material Reserves (SSHR) from the obligations under Section 19 and Section 20 of the Air Protection Act. The representatives of MOL, ČEPRO and ORLEN Unipetrol did not agree on the necessity to repeal the exemption. From the point of view of competences, the issue should be solved by the Ministry of Environment and by the Administration of State Material Reserves, and also by the Ministry of Finance that exercises shareholder rights in ČEPRO.
- During the meeting on 10 February 2022, results from the investigation to the actual safety incidents (fires at Třemošná and Loukov) with the focus on the risks assessment, subsequent preventative measures and preparation of the safety measures. In the light of this knowledge, it appears necessary to develop model standards for certain types of activities, describing correct procedures to be followed from the perspective of industry practice. Subsequently, the question of the correct organisation of safety training was proposed as the first topic.

- On 15 March 2022, some of the ČAPPO member companies (ČEPRO, MERO, MOL, ORLEN Unipetrol) met with the representatives of the National Cyber and Information Security Agency (NÚKIB) to debate the issue of cyber security: the meeting focused on current situation, legislative changes resulting from the implementation of the NIS2 Directive and in particular on the possibilities of direct cooperation of ČAPPO and its member companies with the National Cyber and Information Security Agency. The meeting was friendly and open and, if member companies are interested, it may be repeated in the future or an ad hoc working group may be formed to meet at approximately six-monthly intervals.
- On 14 July 2022, a meeting was held with the presence of the representatives of ČEPRO, MERO, ORLEN Unipetrol (a representative from Kaučuk Kralupy was also invited) to debate the issue of the digital technical maps of the regions. The participants discussed the question whether the map should include data on the route and protection zones of oil and gas pipelines as public data, which is the general purpose of the digital map, or whether the data on pipelines should be included as a non-public layer (reducing criminal risk). No consensus was reached at this meeting and another meeting was held on 18 August with a similar result.

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 General Customs Directorate (GŘC), and the Czech Statistical Office (ČSÚ). It is a member of the committee 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 Czech Republic.

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 association FuelsEurope and processes other information from Czech and foreign sources.

The Association also supplied, mainly on request, information and data to the 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 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 of the Technological Agency of the CR (TAČR) and the University of Chemistry and Technology (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. On 5 January 2022, ČAPPO representatives met with Senators V. Vilímec (Chairman of the Committee on Economy, Agriculture and Transport), H. Žáková (Vice-Chairman of the same Committee and Chairman of the sub-committee for power industry and transport) and J. Drahoš in the Senate. The aim of the meeting was to introduce the role and position of ČAPPO and it was agreed to meet as and when necessary, especially when the Senate is discussing current issues related to fuels and energy for transport. The meeting was held in a very constructive atmosphere. It will be necessary for this committee to bring its own input on the issues discussed.

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

Also in the year 2022, 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, 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 ATTACHMENTS

ČAPPO Council as at 31 December 2022

List of ČAPPO members as at 31 December 2022

ČAPPO Working Groups, specialised sections and Secretariat as at 31 December 2022

**COUNCIL OF THE CZECH ASSOCIATION OF PETROLEUM INDUSTRY AND TRADE (ČAPPO)
AT DECEMBER 31, 2022**

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.

Ľuboš Dinka

Shell Czech Republic a.s.

Ing. Daniel Vagaský

MEMBERS OF THE ČAPPO AT DECEMBER 31, 2022

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, 2022

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, 2022

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.

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 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:

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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)
CS	Service station
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
FAÚ	Finančně analytický úřad (Financial Analytical Office)
FuelsEurope..	an interest organization of petroleum companies, representing their interests in relation to the EU institutions
GFŘ	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)
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)