ACS Submission: Future of the UK Downstream Oil Sector

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Department for Net Zero and Energy Security's call for evidence on the future of the UK downstream oil sector. ACS represents 50,487 local shops, including over 8,279 petrol forecourt including BP, MFG, Shell and thousands of independent sites. Our members form the final link in the downstream oil supply chain, providing geographically distributed access to fuel and essential services for consumers, businesses and public services.

A. Introductory questions

- **Please provide your name and contact details (e.g. email address). We may contact you for follow-up or in the event clarification is needed.**

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- **Are you responding as an individual, or on behalf of an organisation?**

Trade Association.

- **What is your/your organisation's relation to the downstream oil sector? What is your role/experience?**

Trade Association

- **Where are you, or your organisation based?**

Farnborough, Hampshire.

- **Approximately how many employees work for your organisation?**

B. Understanding the sector today

As we develop a future vision for the downstream oil sector, it is fundamental that we understand its strategic significance in the world today. Therefore, it would be useful for respondents to share views on:

- **How the current mix of domestic refining capacity and import capability supports the UK's energy security, national resilience and responses to potential and actual supply disruptions?**

ACS recognises that the UK's energy security is currently underpinned by a combination of remaining domestic refining capacity and a mature import, storage and distribution system. While domestic refining capacity has declined significantly over recent years, UK-based refineries continue to play an important strategic role by supplying core transport fuels, non-fuel petroleum products and specialist fuels required by essential services and critical industries.

Domestic refining provides a degree of insulation from international supply shocks, reduces reliance on shipping routes during periods of geopolitical instability, and supports short-term system responsiveness when global markets are volatile.

This is complemented by the UK's well-established import infrastructure, including coastal terminals, pipelines, storage facilities and road tanker networks. Import capability provides flexibility, diversity of supply and volume, enabling the system to respond to refinery outages, demand spikes or changes in product mix.

However, the effectiveness of both refining and imports ultimately depends on retail delivery capability. The network of convenience store forecourts provides the final, critical point of access for households, businesses, logistics operators, agriculture and emergency services. During periods of disruption, it is this widespread retail network that prevents localised supply pressures from escalating into wider system failures, particularly in rural, coastal and hard-to-serve communities.

ACS therefore considers that energy security and national resilience depend not just on refining and imports, but on maintaining a viable, geographically dispersed retail fuels network.

- **How the current downstream oil sector is integrated, both vertically and horizontally, to bring economic benefits to local areas and across the UK? Please provide specific examples of where your part of the sector contributes financially or through specific fuel and non-fuel products to the wider economy or other industrial sectors.**

The downstream oil sector is highly integrated both vertically and horizontally, delivering economic benefits nationally and at a local level.

From a vertical integration perspective, convenience store forecourts connect upstream refining, import, storage and distribution infrastructure directly with end

users across multiple sectors including retail, logistics, construction, agriculture, healthcare and public services. Many of these users remain heavily dependent on liquid fuels, particularly where electrification is not yet viable.

From a horizontal integration perspective, fuel retailing in the UK is characterised by a large number of independent and small multiple operators. The majority of ACS represented forecourts operate alongside convenience stores, offering fuel alongside groceries, food-to-go, parcel services, cash access, car washing and in some cases EV charging.

This integrated model generates economic value in several ways:

- Sustaining local employment and skills, often in areas with limited alternative job opportunities.
- Generating substantial tax revenues, including business rates, fuel duty and corporation tax.
- Acting as anchor sites for local economies, supporting surrounding businesses and community services.
- Providing critical infrastructure that supports other industrial sectors reliant on road transport and logistics.

Existing downstream infrastructure and retail expertise are also increasingly being used to support elements of the low-carbon transition, demonstrating the sector's ability to adapt where conditions allow.

- **If there are any weaknesses or vulnerabilities in the current downstream oil sector, and its integrated industries, that undermine the resilience of the current system?**

ACS has identified several structural and operational vulnerabilities that, if left unaddressed, could undermine resilience during periods of transition and disruption.

A key vulnerability is the declining number of retail fuel sites, particularly in rural, coastal and lower-volume locations. Rising compliance costs, tightening environmental regulation, planning constraints and pressure on margins are reducing site viability, leading to closures that weaken geographic coverage and increases the risk of localised supply pressures during disruption events.

There is also a disconnect between policy ambition and delivery capability at site level. Expectations placed on fuel retailers to invest in new infrastructure, such as EV charging or alternative fuels, are not always aligned with grid capacity, planning certainty or commercial returns, particularly for independent operators. This creates uncertainty for operators and may divert investment away from maintaining core fuel resilience.

The sector is additionally exposed to infrastructure dependencies, including electricity network capacity, digital systems and logistics availability. Fuel retail sites increasingly rely on power and communications to operate safely and effectively.

Outages or failures in these systems can interrupt fuel access even where supply is available.

Finally, policy fragmentation across fuel, energy, planning, transport and environmental regimes creates complexity and uncertainty. Where policies are developed in isolation, unintended consequences can arise that weaken resilience and deter investment.

C. Understanding the future of the sector

Whilst this call for evidence is not proposing any immediate policy changes, this is an opportunity for you to inform government of any areas where you think the current policy landscape provides opportunities for the growth and transition of the downstream oil sector. Equally, please provide information (including any evidence / other data) on where there are challenges for the sector in the current policy landscape. We welcome your views and evidence on global, European and domestic trends in supply, demand, investment opportunities and barriers to investment. The following prompts have been designed to bring this out of responses:

- **If current policies and market conditions remain unchanged, what is the expected trajectory for your part of the sector in terms of changing production levels, diversification of fuel type, decarbonisation plans, profitability etc. and what is driving this trajectory?**

If current policies and market conditions remain unchanged, ACS expects:

- A gradual decline in liquid fuel demand, rather than a rapid reduction, extending well into the 2030s and beyond.
- Continued consolidation of the fuel retail network, with higher-risk sites more likely to exit the market.
- Uneven diversification into EV charging and alternative fuels, concentrated in locations with sufficient space, grid capacity and throughput.
- Ongoing pressure on profitability, driven by rising energy costs, business rates and capital investment requirements.

Liquid fuels are expected to remain essential for many users, including heavy vehicles, rural communities, small businesses and those without access to home charging.

- **What are the key policies that your part of the sector has a vested interest in, to realise the opportunities outlined above? Can you provide evidence of how these policies are a barrier to the transition?**

ACS members have a direct interest in several policy areas that will shape the sector’s ability to transition:

- Planning and electricity grid policy, particularly faster and more flexible processes for grid upgrades.
- Business rates, to ensure investment in low-carbon infrastructure is not penalised.
- Fuel duty and wider taxation policy, providing predictability for businesses and consumers.
- Environmental regulation, where proportionate, risk-based approaches are essential.

Where these policies do not adequately reflect site-level realities, they risk becoming a barrier rather than an enabler.

- **Are there other factors that are either providing opportunities for growth in part of your sector or present challenges, such as, but not limited to, the price of energy or carbon emissions?**

Energy prices remain a major challenge for fuel retailers, materially increasing operating costs at a time when margins are already under pressure. This is particularly acute for sites operating refrigeration, lighting and other energy-intensive equipment alongside fuel operations.

At the same time, consumer affordability concerns constrain the pace at which higher-cost alternative fuels or charging services can be introduced, reinforcing the need for gradual and supported transition pathways.

- **Provide evidence on the global, European or UK trends for fuel demand and fuel types through to 2050? Please provide an insight into how you predict this demand could be met in the UK via production or imports and what the driving factors behind these changes are.**

ACS expects future demand for fuels to vary significantly by region, income, vehicle type and use case.

Electrification is expected to progress fastest in urban and higher-income areas, while rural, coastal and lower-income communities' transition more slowly. Freight and specialist vehicles are likely to remain reliant on liquid fuels for longer.

As domestic refining capacity declines, imports are expected to meet a growing share of UK demand, increasing the importance of resilient logistics networks and retail availability to ensure fuel can reach end users.

- **Does your part of the sector feel that current demand creation policies for Sustainable Aviation Fuel and Renewable Transport Fuel help or hinder these projections and UK's transition to net zero?**

From a fuel retail perspective, current demand creation policies for Sustainable Aviation Fuel and Renewable Transport Fuels are largely upstream-focused and have limited direct impact at the forecourt level.

Greater clarity is needed on how renewable fuels will be made available, affordable and compatible with existing retail infrastructure, and how obligations upstream will translate into consumer-facing options without disproportionately increasing costs.

- **For the production of sustainable or renewable transport fuels, is the UK competing with other regions globally? Which regions are these and what are the competitive differences? Please provide evidence on production capability, feedstock availability, import capability and policy frameworks.**

ACS recognises that the UK is operating in an increasingly competitive global market for sustainable and renewable transport fuels, including renewable liquid fuels and sustainable aviation fuels.

ACS would welcome greater clarity on how domestic production of renewable transport fuels will be supported at scale, how imports will be managed in the interim, and how policy frameworks can provide confidence that supply will be reliable, affordable and suitable for retail distribution.

A coordinated approach that aligns production incentives, supply chain development and retail deployment will be critical if the UK is to remain competitive while ensuring that end users are not disadvantaged during the transition.

- **What is the pathway for your part of the sector or asset to decarbonise either Scope 1, Scope 2 or Scope 3 emissions? What does this look like and how far along are you in progressing these plans? Where possible, please provide information of the specific technologies utilised, the investment required, the time taken to deliver these changes and how government policy can support this.**

Fuel retailers are primarily progressing decarbonisation through Scope 1 and 2 measures, including:

- Energy efficiency improvements
- LED lighting and refrigeration upgrades
- Improved heating systems
- Renewable electricity procurement where available

Scope 3 emissions are largely driven by consumer demand and vehicle technology, limiting the ability of individual retailers to influence outcomes directly.

The main barriers to faster progress are not willingness to invest, but constraints such as grid capacity, planning delays and access to affordable capital.

- **Is there any new infrastructure that needs to be built to support the UK's transition to net zero that you/your area are planning? Please provide the same level of detail as above for this answer.**

At retail level, the primary infrastructure requirement is electricity network reinforcement to support EV charging and other electrified services.

In many locations, the existing grid cannot accommodate additional demand without significant upgrades, creating delays that are outside the control of individual retailers. Coordinated infrastructure planning and faster grid delivery will be essential to enable transition at pace.

D. Understanding the liquid fuel transition for end users

As the UK transitions towards net zero it is critical that we do this in a whole of society way. Therefore, we want to hear any views and evidence from you on how we can ensure that all users of fuel and non-fuel products are brought along this transition at an equal pace. Please use the below prompts to provide this evidence:

- **Based on your projections of future supply, demand and fuel types (questions above) how will you/your part of the sector ensure that consumers are brought along in this transition? Have you identified any particular consumer groups that may need more support in the transition? Please also provide any evidence of regional or national differences.**

ACS strongly supports a whole-of-society approach to the transition.

Certain consumer groups will require additional time and support, including:

- Rural and coastal households
- Lower-income drivers
- Small businesses and trades
- Freight operators and emergency services

Convenience store forecourts often provide the only local access to fuel and essential services in these communities. Rapid removal of options or cost increases risk undermining consumer confidence and public support for the transition.

- **Are there any current policies that support this transition for fuel consumers or pose additional challenges? Please provide any evidence that supports this and sets out what you/your part of the sector would like to see to ensure a smooth transition for all end users.**

Policies that promote consumer choice, affordability and regional flexibility support a smoother transition.

Conversely, policies that increase costs or reduce availability faster than alternatives can be delivered pose challenges, particularly for those who are least able to adapt quickly. A managed, phased approach is essential to avoid unintended social and economic impacts.

E. Final considerations

Is there anything else you would like to tell us that is relevant to your work? Please provide any supporting evidence. You may like the consider the below prompts:

- **Energy security and resilience, infrastructure, decarbonisation**
- **Investment, fuel and non-fuel supply chains, import and export markets**
- **Access to capital and financing conditions**
- **Policy and regulation**
- **Technologies, AI (e.g. AI for process optimisation, industrial AI, advanced analytics)**
- **Jobs and growth, end consumers, affordability.**

The downstream oil sector, and fuel retail in particular, will remain strategically important for energy security, economic resilience and consumer access throughout the transition to net zero.

Convenience store forecourts already combine fuel supply, essential retail services and emerging low-carbon infrastructure in a single, accessible location. With a proportionate and coordinated policy framework that reflects regional diversity and site-level constraints, the sector can continue to support jobs, growth, affordability and resilience while adapting to a lower-carbon future.