

by email to LowCarbonFuel.Consultation@dft.gov.uk

Increasing the Renewable Transport Fuel Obligation buy-out price to ensure continued greenhouse gas savings

The REA's Renewable Transport Fuels Group welcomes the above consultation.

In response to the questions posed-

Question 1: Do you agree that we should increase the buy-out price under the RTFO as soon as possible? (Agree/~~Disagree~~).

Question 2: If you agree that we should increase the buy-out price under the RTFO, do you agree that it should be 50p/litre? (Agree/~~Disagree~~).

Question 3: Would an increase to the RTFO buy-out price to 40p/litre be acceptable to you? (~~Yes~~/No).

We would like to make one additional comment.

We welcome that the prospect of DfT keeping future GHG reduction targets under review and want to see this expedited in order that the UK does not become the market of choice for fuel and feedstocks with inferior carbon savings.

It is extremely disappointing that the Government could not continue with the GHG savings obligation. This was implemented by Fuel Quality Directive 98/70/EC which set targets for the years 2019 and 2020. The EU commission clarified at the end of last year, that whilst the targets do not increase beyond 2020, member states are obliged to respect the 6% target beyond that date.

Therefore, EU member states will have an incentive to ensure biofuels meet a 6% GHG savings target, whilst the UK will only require biofuels that meet the minimum GHG savings thresholds within the RTFO. The GHG regulations provided a welcome incentive for UK fuel suppliers to supply biofuels that achieved savings beyond these minimum thresholds.

As the consultation notes, biofuels and biofuel feedstocks are traded as commodities in a global market. There is a risk that the UK will attract biofuels with lower GHG savings once the GHG regulations fall away.

We understand that the intention had been to retain the GHG regulations, but that an unanticipated interaction between Brexit and the devolution legislation emerged, which could not be resolved in the required timeframe.