Consultation Response

Sunday 3rd May 2020

Introducing E10 Petrol

The Gas Vehicle Network (GVN) is an established trade body which represents a diverse range of businesses involved in the production of gas-derived fuels and gas-powered vehicles, particularly heavy goods vehicles. Given that air pollution, and related preventable deaths, are at unacceptably high levels, the work of our members is vital in developing the next generation of cleaner transport fuels and vehicles.

The GV Network is one of the eseven divisions of the Energy and Utilities Alliance (EUA), a company limited by guarantee and registered in England. Company number: 10461234, VAT number: 254 3805 07, registered address: Camden House, 201 Warwick Road, Kenilworth, Warwickshire, CV8 1TH.

Given that our member companies operate solely in the field of gas fuels and vehicles, we will refrain from commenting on the petrol-related aspects of this consultation and focus our response on the potential changes to the Renewable Transport Fuel Obligation (RTFO) and the greenhouse gas (GHG) reporting regulations, both of which would affect our members.

14. Would an increase in RTFO targets, alongside or subsequent to an introduction of E10, deliver additional GHG savings from the scheme?
15. Would you be supportive of such a change?
    You may wish to consider the level of any increase and the timing of it within your answers. Please provide any evidence you may have to support your response.

An increase in the RTFO targets would deliver additional GHG savings, and the GVN supports the target being increased. We anticipate significant growth in biomethane for transport, particularly in the HGV sector, and this coupled with the electrification of cars and light vehicles will mean that blending levels for other biofuels will go down unless the target level is increased. The Renewable Energy Association has suggested that the target should be increased to 16% or more, by 2032. We suggest that an increase of the target should take place as soon as possible.

17. Please provide any evidence you have on the potential impacts of continuing the GHG saving obligation beyond 2020. We are interested in evidence relating to costs and GHG savings as well as wider impacts on the industry.
    If the targets were to continue, do you have any views on:
    a. Which measures should be rewarded with GHG credits? For example, should UERs continue to be included?
    b. The level of the obligation, i.e. should it remain at 6%?
    c. Any other changes to the system you would like to propose.

GVN fully supports the extension of the GHG saving obligation beyond the end of 2020. The feedback received from our member companies, particularly those owning and operating filling stations for gas fuels, is that the obligation and measures to incentivise GHG savings have driven desirable behaviour in the fuel supply industry and have boosted the development of biofuel production in the UK.

If the GHG saving obligation is allowed to expire at the end of this year, one of the key incentives for transport biofuels which deliver high levels of GHG emission savings will disappear. It is a well-known fact that road transport-derived emissions have remaining stubbornly high in the UK for at least the past three decades, actually increasing by 6% between 1990 and 2017[1] against an overall 42% drop across all sectors during that period[2]. Slow progress in the development and uptake of biofuels compared with many other European countries has exacerbated this issue and held back the development of domestic production capacity and supply chains.

The GHG saving obligation finally set clear targets to drive the uptake of less carbon intense road transport fuels. Whilst much of the focus of this consultation is on making fossil petrol and diesel cleaner, GVN members have been supplying liquefied and compressed methane which offer GHG savings in the region of 15%, in comparison with diesel Both fossil and renewable methane benefit from this saving under the GHG reporting regulations, with biomethane getting additional benefit under the RTFO.

Clear road fuel emissions reduction targets from the Government, combined with other measures such as the net zero 2050 target, Clean Air Zones, etc. are providing HGV operators with an incentive to switch to cleaner fuels and vehicles. Whilst the GHG saving obligation is only a part of this jigsaw of policies, it is an important part as far as road transport is concerned.

It would be extremely concerning if, in 2021, we find ourselves without a clear target for fuel suppliers to reduce the carbon intensity of their products and without GHG credits to incentivise fuels which deliver greater GHG emissions reductions than the minimum requirement. This could risk stalling the progress which has been made so far, progress which needs to continue if the UK is to have any hope of bringing down its road transport emissions and ensuring the supply of low carbon alternative fuels is sufficient to meet widespread uptake in the next two decades. Whilst there will undoubtedly be legislative challenges to extending the GHG saving obligation and GHG credits, GVN believes that the consequences of not doing so would be adverse enough to warrant urgent attention from the Department and swift efforts to ensure its continuation beyond the 31st December.

a. GVN believes that given the ability of GHG credits to incentivise desirable behaviour and positive transitions in the fuel supply industry, they ought to be restricted to encouraging the delivery of fuels which deliver the greatest GHG savings. We therefore do not believe that upstream emissions reductions should continue to be eligible. Whilst incentivising carbon intense processes, such as oil extraction, to be slightly less polluting can reduce emissions, we believe that far greater environmental and economic benefit could be gained from focusing GHG credits on supporting additional GHG savings over and above the thresholds required under the RTFO.

   As previously mentioned, the demand and supply of biofuels in the UK lags behind that of many other European countries. This discrepancy can be addressed through more effective and efficient use of existing subsidies with a keen focus on delivering the greatest GHG emissions savings. For

[1] Road transport and air emissions, Office for National Statistics
[2] 2017 UK Greenhouse Gas Emissions, Department for Business, Energy and Industrial Strategy

this reason, we believe that GHG credits should be retained and funding moved away from UERs and towards waste-derived road transport fuels.

b. It is particularly important that the GHG reporting regulations do not fall away after 2020. For this reason, we advocate minimal change in 2021, with consultation on improving the mechanism taking place for 2022 and beyond. GVN does not support a specific level of obligation going forward but we would wish to emphasise that the level of obligation should be continuously reviewed to ensure that its primary purpose is driving desirable behaviour i.e. usage of the feedstocks which can deliver the greatest GHG savings. It may be best for the obligation to no longer be raised by set amounts over a fixed timeframe but to instead be raised incrementally in response to the development of the UK's biofuel market, for example the capacity of production and supply chains.