

GVN response to Targeting net zero - Next steps for the Renewable Transport Fuels Obligation

About us

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. Our members work is vital in developing the next generation of cleaner transport fuels and vehicles.

The Gas Vehicle Network is one of the seven divisions of the Energy and Utilities Alliance (EUA). 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.

Response

Question 1: Should we increase, decrease or keep the main obligation at the same level?

Please provide evidence and reasoning for your answer.

GVN believes that the main obligation should be increased above its current level. Please see our response below for the reasoning.

Question 2: If you agree that we should increase the RTFO obligation, what level should it be increased by; 1.5%, 2.5%, 5%? Please provide evidence and reasoning for your answer.

GVN is extremely disappointed at the decision to recommend an increase of 2.5% over the next ten years. We along with the wider biofuels industry are surprised at the lack of ambition shown by the DfT, especially given other announcements made by ministers that

demonstrate the UK's leadership in Climate Change policies. The reality of this lack or real increase in obligation means we are significantly less ambitious than other European countries, at a time when we are leading with other policies around electrification and decarbonising heat.

The introduction of E10 this year means that the real increase in obligation is probably only going to be around 1% over the next ten years. This is not nearly enough to further stimulate investment in this market.

It is particularly disappointing given the success of the RTFO to date. In 2020 the amount of gas dispensed for HGVs increased by over 78% and early estimates are that over 90% of that is biomethane. Industry believes that this level of increase will continue and an ambitious RTFO could see that ambition accelerate. Given the recent Zemo report¹ demonstrated that gas HGV's reduced carbon emission from HGVs by over 85% surely it would make sense to increase the ambition of the RTFO so that the decarbonisation of HGVs can keep pace with the electrification of cars and small vans.

A recent report by Cadent and Element Energy 'The Future Role of Gas in Transport'² indicates that biomethane could reduce emissions from HGVs by 38% by 2030. However, this needs to ramp up at a quick rate in order to meet the expected levels of decarbonisation. This necessitates a more ambitious RTFO. The same report also indicates a significant amount of biomethane production potential that is not currently being utilised. They estimate that AD plants can produce upwards of 52TWh of biomethane. Bio-SNG could potentially add an additional 70TWh. This, we believe, should allay fears that the feedstock is not available in enough quantity to support a 5% increase. In fact, we would argue that by increasing the target this feedstock will be viable, this in turn will accelerate carbon reductions from HGVs. With steep carbon reduction targets in place by 2030 we would assume that the DfT wants to achieve reductions now, again supporting a more ambitious RTFO.

¹ https://www.zemo.org.uk/assets/reports/LowCVP-LEFT_Dissemination_Report-2020.pdf

² <https://cadentgas.com/news-media/news/march-2021/green-gas-hgvs-are-key-to-net-zero-says-new-report>

In reality estimates by industry indicates that the RTFO could be more ambitious, even supporting an increase of 10 to 20% and there would still not be supply issues.

GVN are also concerned about the lack of clarity over the end date of the scheme. The continued use of 2032 and in some of the graphs in the consultation document of 2035, would seem to indicate that the scheme will come to an end in the 2030s. Whilst our understanding is that the scheme is in reality open ended, we believe the DfT should be more explicit in stating this, especially in a consultation on its future. The risk is that industry start to assume an end date in around a decade and therefore will plan accordingly. This will limit investments and the unlocking of certain feedstocks that may require a longer lead in period to realise.

Finally, we believe that an ambitious RTFO is good for the UKs recovery from Covid and the UKs position as a world leader going into COP26. We would have thought that the Ministers within the DfT would want to be able to present a genuinely world beating scheme, demonstrating the UKs climate ambitions. Along with the resulting increase in jobs, especially in more rural locations. However, an increase of just 2.5% will not be able to do that and will put us at the back of the queue of international comparators.

Question 3: Do you agree or disagree that recycled carbon fuels should be eligible for support under the RTFO given their potential to deliver GHG savings?

GVN Agrees. This could unlock new fuel development especially for more niche transport areas that are typically hard to decarbonise.

Question 11: Is *“renewable energy that would not have been available to the grid in the absence of power demand from the RFNBO plant in question”* an appropriate definition of additional renewable energy?

GVN agrees

Question 26: Do you agree or disagree that biomethane suppliers should be able to apply a GHG emissions saving credit for avoided emissions when calculating the carbon intensity of biomethane produced from manure?

GVN agrees. We believe that allowing the use of carbon negative feedstocks such as manure is an important step to increasing the savings from utilising biomethane. At the moment the carbon savings for using biomethane fuelled trucks is approximately 85%. Using carbon negative fuels could increase that saving to close to 100%. There is a trajectory in which biomethane could allow for zero carbon HGVs without the need for future fuel changes and developments.

Question 27: Do you agree or disagree that when biomethane is created via the codigestion of multiple feedstocks, the supplier should continue to be required to report the CI of each individual consignment? That is, the supplier should not be permitted to average the CIs across feedstocks, in line with the mass balance rules which apply to other biofuels.

GVN agrees and our understanding is that this is already standard practice.