Written evidence submitted by the Renewable Transport Fuel Association

About the RTFA

The Renewable Transport Fuel Association was formed in August 2020, with 12 founder members. It now has 31 members; including all UK bioethanol and biodiesel producers and all suppliers of biomethane to transport. The membership also comprises companies involved in the production of sustainable aviation fuel and renewable diesel, and biopropane suppliers. For more information see www.rtfa.org.uk

The feasibility, opportunities, and challenges presented by the acceleration of the ban of the sale of new petrol and diesel vehicles to 2030

Substituting fossil fuels for renewable alternatives enables the existing infrastructure to deliver carbon savings, which it can do rapidly and relatively cheaply. Genuine net zero electrification needs to be accelerated, whilst not undermining the contribution that renewable fuels can make. There are major challenges posed by electrification, not least being infrastructure to serve demand and additional net zero generation to match demand. Any delay in achieving the Government's electrification ambitions makes the role that renewable fuels can play more important.

The Renewable Transport Fuel Obligation (RTFO) must remain effective as the volume of liquid fuel consumption falls due to electrification. It is acknowledged this is not the case at present. DfT's early thinking (presented to stakeholders) suggests that the basic target level needs to be raised to around 14.6% from 9.6% in order to merely accommodate the existing levels of sustainable biodiesel and to take into account the anticipated introduction of E10 later this year. This figure is based on BEIS's rather than the DfT's assumptions on the rate of electrification. Ideally the target should be increased to over 20%. This is because the DfT's and National Grid's assumptions on the rate of electrification are more bullish that that of BEIS, plus there is sufficient sustainable biomass feedstock available to enable renewable fuels to make a greater contribution to decarbonising road transport.

The actions required by Government and private operators to encourage greater uptake of electric vehicles and the infrastructure required to support them;

Some EV stakeholders argue that the transition to electrification can be accelerated by increasing fuel duty to the level required to maintain income levels to HMRC, with no additional contribution from EV drivers. Irrespective of any other arguments against this approach, this would result in huge increases of duty paid on renewable fuels, as the duty level on liquid and gaseous transport fuels is identical, irrespective of whether the fuel is fossil fuel derived or renewable.

It is important that incentives to encourage the uptake of electric vehicles don't undermine the ability of sustainable renewable fuels to replace fossil fuels. Sustainable liquid fuels will continue to have a role in decarbonising transport for some time. Any blanket increase on liquid fuels duty is an inappropriate and clumsy mechanism as it will penalise the use of demonstrably sustainable renewable fuels. Therefore, an early shift to an alternate policy

mechanism for recovering the duty revenue lost, as the UK transitions to EVs is appropriate. It should be introduced whilst maintaining some level of duty on fossil fuels. This will allow any wrinkles in policy during early phases to be ironed out as fossil fuel duty revenue falls.

Renewable fuels meet very stringent environmental and sustainability criteria. Indeed the UK government takes an extremely cautious approach to sustainability. It has implemented measures to mitigate indirect land use change (ilUC) through the RTFO, specifically with a crop cap set at half the level advised by the EU. By 2032 no more than 2% of the UK's transport fuel can be accounted for by starch-rich crops, sugars, oil crops or main crops. The UK's ethanol production is largely based on feed wheat, which has very low iLUC implications on account of its by-product animal feed and with wastes being double counted towards the RTFO targets, very little if any oil-based crop fuel (which has a higher iLUC impact) is consumed in the UK. The by-product of bioethanol production is a protein rich animal feed which substitutes for soy-based feed much of which comes from South America and has a significant land use implication in its production. Furthermore there is scope for increased utilisation of waste-based feedstocks in renewable fuel production, as many sustainable supplies remain untapped.

The particular challenges around decarbonising buses and how these should be addressed;

The decarbonisation challenge gets greater in moving to heavier duty vehicles, and buses are a case in point. Whilst zero tailpipe solutions are developed and rolled out, every effort should be made to increase the replace the fossil fuel used in the existing bus fleet. GHG savings can be made through the use of high blend biodiesel, and with blending maximum levels of biodiesel along with drop in renewable diesel to replace the remaining fossil content. The important point to note is that blend walls should not be regarded as a constraint. The market can deal with increasing requirements for renewable fuels.

The Government's ambition to phase out the sale of new diesel heavy goods vehicles, including the scope to use hydrogen as an alternative fuel

The RTFA has reservations regarding the approach Government took to the ending of sales of ICE cars and vans. Instead of focusing on the objectives sought (falling levels of CO_2/km ultimately reaching zero) the approach was simply to ban vehicles with ICEs. This does not allow the market to find the optimum solution, and rules out options such as range extended vehicles running on 100% renewable fuel, which may have lower lifecycle carbon impacts than battery electric cars, particularly for smaller cars doing fewer miles.

The same arguments can be applied to how Government should go about decarbonising HGVs. If the policy sets diminishing emission levels, the market will find the right solution, whether it be hydrogen, hybrid, catenary electric, battery electric or some other alternative.

Road pricing

The case for introducing some form of road pricing and the economic, fiscal, environmental and social impacts of doing so;

The purpose of fuel duty originally was to collect funds to cover the cost of the road network. It stands to reason that the payment should be proportional to the impact that users have on the road network. Road pricing paid per mile of distance travelled seems most logical. It also creates an incentive to drive fewer miles (benefitting both wear and the roads, air quality and GHG emissions). It also avoids perverse incentives of drivers seeking alternative routes (a downside with tolls) and vehicles having to slow down in order to make payments.

There is a great deal of potential to nuance this approach however, such as taking into account vehicle weight, different types of roads, whether charging should vary according to time of day etc. The RTFA is not qualified to comment on this. But taking high-level principles, we want to point out that

- the polluter pays principle is well established in law,
- the ultimate polluters in the case of freight vehicles are the consumers of the goods they haul, not the haulage companies themselves. Therefore, the government must make it clear that the policy impact may be shifts in charges to those using freight/ delivery services,
- EV's should not be exempted from road price charging. Whilst their tailpipe pollutant and CO_2 emissions will be zero, they will still contribute to rolling road emissions and may arguably generate greater trye and road wear emissions. EV's also contribute to road congestion,
- vehicle excise duty could encompass an environmental tax on heavier vehicles, which will have a greater impact on rolling road emissions from tyre and road wear
- the technology involved in road pricing could have additional functionality regarding incentives for hybrid vehicles to be driven correctly, such as penalties for using the ICE when in a city centre.
- Finally, introducing a new tax early while duty from fossil fuels remains in place, will allow time for dealing with teething troubles to be ironed out. It will also provide more information to prospective EV purchasers on the total cost of ownership. The longer it is left, the more politically challenging it will be to fill the gap left by dropping fuel duty revenues, as there will be greater numbers of EV owners who had not factored in road pricing when they made their EV purchase.

February 2021