Written evidence submitted by Greenergy (NZG0073)

Greenergy are a waste-based biofuel producer and transport fuel supplier who are currently investing in development fuel production.

3. What signals and support does business need from the Government in order to deliver cross-economy decarbonisation in line with the carbon budgets and the net zero target? What delivery function should Government provide itself and are relevant regulatory bodies mandated and resourced effectively to deliver on Government priorities

a) How do policy and regulatory signals and support vary between Government Departments (and how have they varied over time)? How is this affecting business activity on climate change?

Greenhouse Gas (GHG) scheme - request for Motor Fuel Greenhouse Gas Emissions Reporting Regulations to be reintroduced by the Department for Transport (DfT)

The Department for Transport introduced the Motor Fuel Greenhouse Gas Emissions Reporting Regulations for a trial period of two year period covering 2019 & 2020. The scheme was shown to reduce the GHG emissions from road fuel supplied within the UK, by offering additional incentive to suppliers to provide the highest GHG saving material. We are not aware of any plans to reintroduce the GHG scheme.

The current incentive for supply renewable fuels is the Renewable Transport Fuel Obligation (RTFO), which is good at incentivising significant volumes of renewable fuels into the fuel supply. As a volumetric based scheme, it lacks an incentive to provide the highest GHG saving material. In the EU most member states are/have moved to GHG based schemes, the highest GHG saving material will be drawn to these EU member states where the reward is greater and the lower GHG saving material will make its way to the UK (meaning the GHG saving from the use of renewable material would be lower than otherwise possible).

It appears to us that a GHG incentive is would significantly help in reaching the Governments ambitious targets of reducing emission by at least 68% by 2030 and 78% by 2035.

Our preference would be that the GHG scheme is reintroduced for 2022 and beyond, or that the RTFO is revised to be based on GHG savings. The lack on a GHG based scheme is already meaning that the renewable fuels being blended into UK fuel offer a lower GHG saving than those going into European markets, such as Germany which are GHG based.

Road Fuel Duty differential for high blend biofuels in Heavy Goods Vehicles

The Department for Transport (DfT), the Renewable Transport Fuel Association (RTFA), Zemo Partnership (Zemo) along with a consortium of fuel suppliers are working together on a proposal to incentivise high blend biofuel take up within the Heavy Goods Vehicle (HGV) fleet. The HM Treasury are not yet supportive of the proposal, but have agreed to meet and view a presentation on how such a scheme might work.

It would support the UK in achieving its emission reduction goals if HM Treasury and DfT were to work together on this, by offering a sufficient incentive to decarbonise the existing HGVs fleet which would otherwise be difficult to decarbonise, and increasing the RTFO to account for the additional volume. Hauliers generally operate on thin margins, by creating a duty differential between conventional diesel (B7) and high blend biofuels for HGVs the high blend offering would become more attractive (covering/offsetting some of the increased costs of running high blend biofuels e.g. increase purchase/leasing costs, increased servicing intervals and potentially additional tankage) and likely increase uptake (resulting in GHG savings for the UK).

November 2021