

National & International Contexts Low Carbon Fuel Programmes

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Both the UK & NL are introducing quota schemes to boost supply of sustainable fuels

❑ UK RTFO requires suppliers of transport fuels to:

- Sell a given amount of renewable transport fuel each year (for which they will receive certificates); or
- Purchase certificates from another company; or
- Pay a “buy-out” price of \$0.3/l – duty differential of \$0.4/l retained

❑ NL scheme commenced January 2007;
UK, April 2008

❑ UK targets:

- 2008/9 2.5% (by volume)
- 2009/10 3.7%
- **2010/11 5% [aim to save 1Mt Ceq]**

❑ Requirements to encourage companies source sustainable fuels with good GHG-savings



UK Renewable Transport Fuel Certificates issued on receipt of a carbon and sustainability report

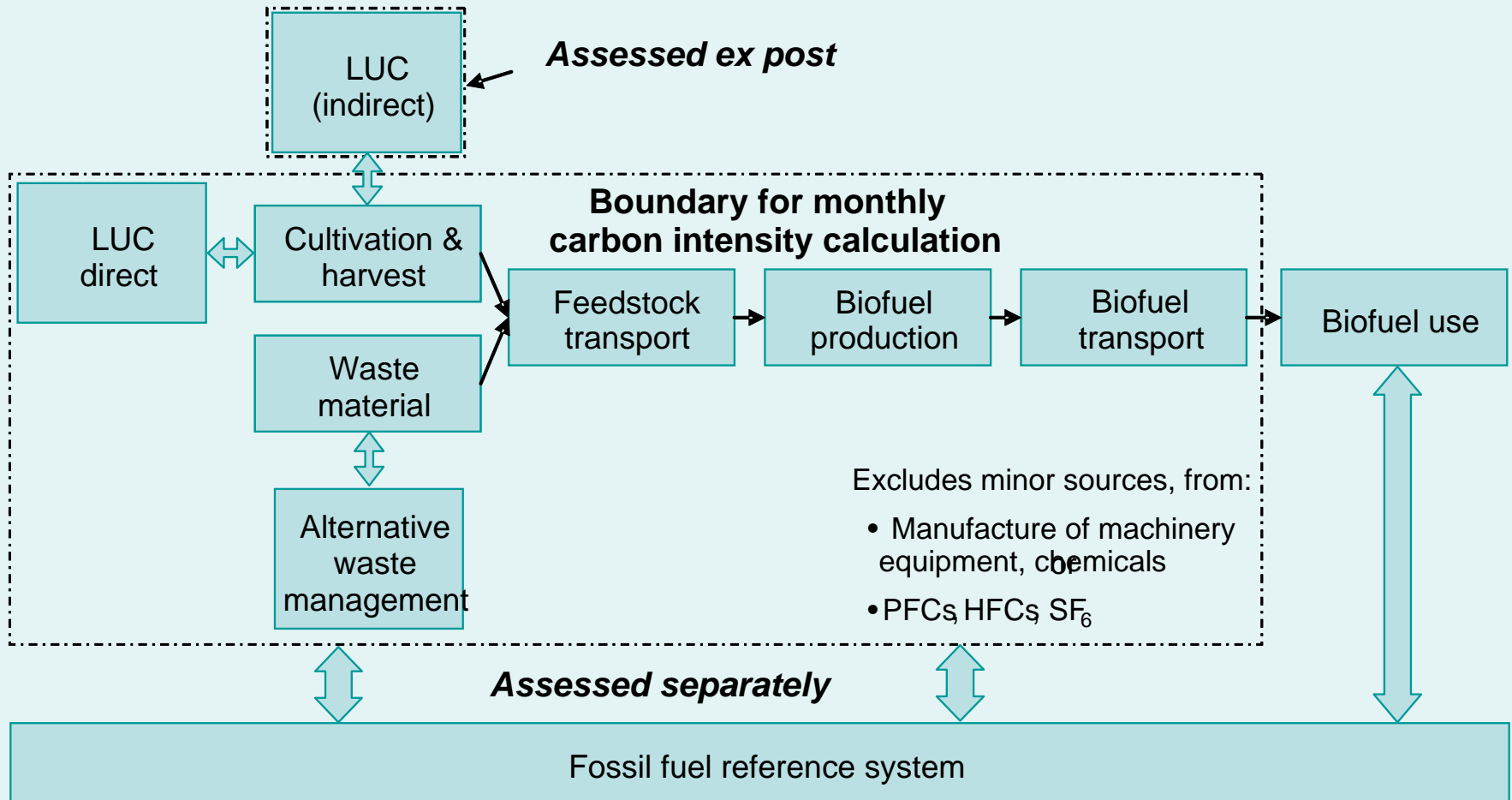
- ❑ Reports must be supplied on all fuels produced or imported to UK
- ❑ Monthly reports confidential – annual aggregate reports published
- ❑ Comparative reports of company performance issued – driving sustainable sourcing of biofuel
- ❑ Clear targets for company performance – no penalty for failing to achieve
- ❑ No exclusions of feedstock/fuel & “Not known” reports permissible

Annual supplier targets	2008-2009	2009-2010	2010-2011
Percentage of feedstock meeting the ‘Qualifying’ Standard	-	50%	80%
GHG saving	40%	50%	60%
Data provision	35%	65%	80%

Illustrative Monthly Sustainability Data Sheet

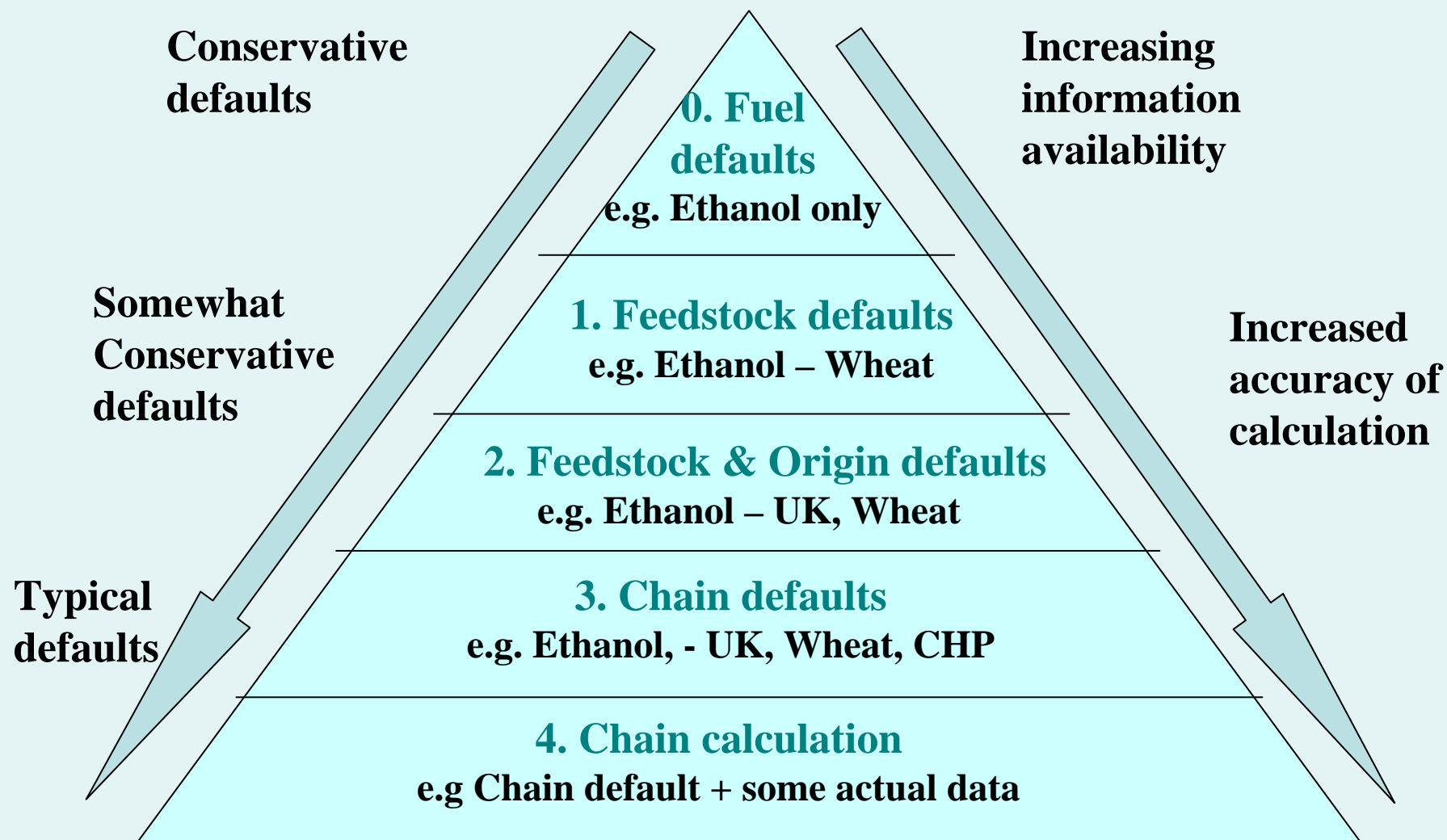
Ref	Fuel type	Quantity of fuel (litres or kg)	Biofuel Feed-stock	Origin	Sustainability Information			Carbon Information		
					Env. Stnd	Social Stnd	Land use in Nov 2005	Carbon intensity	Impact of LUC	Accuracy level
								g CO ₂ e / MJ		
3303	Bioethanol	250,000	Sugar beet	UK	ACCS	Mech	Crop	45	0	4
3304	Bioethanol	1,000,000	Sugar cane	Brazil	-	-	Crop	19	0	2
3305	Bioethanol	500,000	N/K	N/K	-	-	N/K	72	N/K	0
3306	Biodiesel	1,000,000	Oilseed rape	UK	ACCS	Mech + RTFO	Crop	79	0	2
3308	Biodiesel	500,000	Palm oil	Malay-sia	RSPO	RSPO	Crop	49	N/K	2
3309	BioCH4	150,000	Dry manure	UK	By-product	By-product	By-product	36	0	2
3310	Bio-ETBE	500,000	Wheat	UK	LEAF	Mech + LEAF	Crop	12	0	2

GHG savings measured on a well-to-wheel basis



- **System Boundaries**
- **Reference systems – alternative land use, waste**
- **Previous land use**
- **Co-product allocation**

A flexible methodology based on default values



There are parallels between the UK policy proposals and the proposed LCFS and some differences

UK RTFO

- ☐ Road transport fuels - primarily biofuels
- ☐ GHG and wider sustainability
- ☐ Volume based - absolute target (1Mt)
- ☐ Fuel suppliers obligated
- ☐ GHG Metric: C intensity = CO₂eq/ MJ
- ☐ Trading and banking of certificates

California LCFS proposals
















- ☐ Transportation fuels - including electricity
- ☐ GHG proposals only
- ☐ Proposed 10% reduction GHG to baseline
- ☐ Fuel suppliers obligated
- ☐ GHG Metric: C intensity = CO₂eq/ MJ
- ☐ Trading or banking of credits

Delivering not just low carbon but sustainable biofuels is becoming ever more significant ...

- ❑ Minimise unintended, negative consequences of biofuels market development
 - Maintain mainstream public and political support
 - To meet corporate CSR commitments and manage reputation risk
- ❑ Validate claims & avoid greenwash
- ❑ Maximise the GHG-savings delivered by biofuels
- ❑ **Public and political concerns about the sustainability of biofuels are growing rapidly**



There are a number of parties with whom collaboration on a GHG methodology could be co-ordinated

	GHG Calc Methodology	Sustainability Assurance
<input type="checkbox"/> UK Government		
<input type="checkbox"/> Netherlands Government		
<input type="checkbox"/> German Government		
<input type="checkbox"/> European Commission		
<input type="checkbox"/> Roundtable on Sustainable Biofuels		
<input type="checkbox"/> Global Bioenergy Partnership/UNEP		
<input type="checkbox"/> Californian LCFS		
<input type="checkbox"/> IEA Tasks 38, 40		

Key messages

- ❑ There are a number of low carbon fuel programmes under development – including proposals for a similar approach at the European level
- ❑ Parallels already exist between proposals from California and those under development in the UK
- ❑ Significant differences in emphasis on wider sustainability issues for biofuels
 - For some Member States sustainability concerns are key and assurance is an essential element of ensuring a public/political support
- ❑ International discussions on well-to-wheel methodologies issues should address the principles of:
 - System boundaries, reference systems, co-product allocation, land use, default values
- ❑ An internationally agreed methodology:
 - could enable minimum GHG saving standards to be developed and exclude worst performers from incentives
 - would benefit industry to have a common basis applied internationally
- ❑ Consensus will be challenging but significant opportunity for collaboration on a methodology exists - the UK is happy to disseminate its work and findings.

Thank you

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