

# Biofuels and the EU dimension

Department for  
**Transport**

- Biofuels Directive 2003 includes an indicative target that biofuels should make up 5.75% (by energy) of total fuel sales by 2010.
- Due to be superseded by a new Renewable Energy Directive which contains a proposed mandatory 10% (by energy) by 2020 biofuels target - as long as production is sustainable.



# Why does the Government support biofuels?

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- Primarily because of their **climate change benefits**
- On a “well to wheel” basis, biofuels generally emit less carbon than fossil fuels
- RTFO due to save up to 3 million tonnes of CO<sub>2</sub> per annum by 2010/11
- Other benefits too:
  - Rural economy
  - Diversity of energy supply



# Renewable Transport Fuel Obligation (RTFO) and wider policies

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- Transport accounts for approximately 25% of emissions (of that 80% is road)
- RTFO is part of a much wider low carbon transport strategy
  - Improving fuel efficiency of vehicles
  - Encouraging sustainable transport choices
  - Investment in public transport



# Renewable Transport Fuel Obligation *Department for Transport*

- The Renewable Fuels Agency is the new independent NDPB which will administer the RTFO.
- Obligation comes into effect in April 2008 and will require all suppliers of fossil transport fuels in UK to:
  - sell a given amount of renewable transport fuel each year (for which they receive certificates); or
  - purchase certificates from another company; or
  - pay a “buy-out” price per litre of their obligation (15p per litre).
- The level of the RTFO has been set at 2.5% of total fuel sales in 2008, 3.75% in 2009 and 5% in 2010.
- By 2010 it will have created a demand for 2.5 billion litres of biofuel a year in UK

## RTFO will create a new market for biofuels

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- To meet RTFO targets the UK will probably need a mixture of domestic and imported feedstocks.
- It will create a demand for locally produced biofuels and feedstocks but obligated suppliers will be able to source biofuels in a global market.



# Carbon and sustainability reporting

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- Carbon and sustainability reporting mechanism is an integral and very high-profile part of the RTFO:
- Suppliers will need to complete reports on the carbon and sustainability performance of the biofuels they supply to get certificates.
- This reporting mechanism is a first step towards mandatory sustainability standards for all biofuels which are likely to apply from around 2011.

