

Practical implementation of sustainability criteria in the UK

Biograce

21 March 2011

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Communications Manager



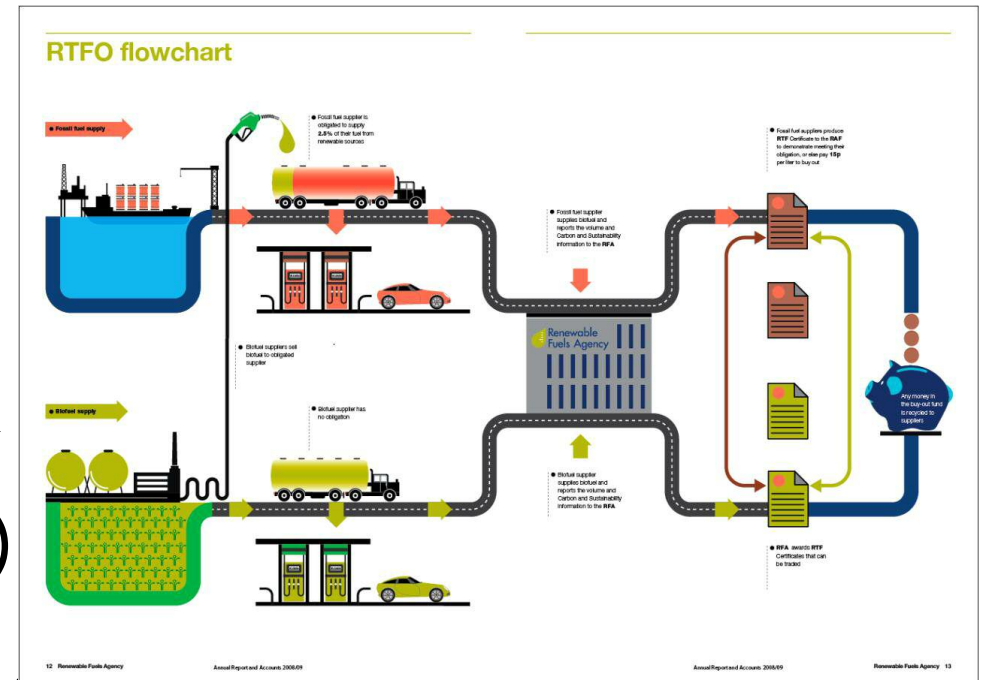
Outline

- RTFO Overview
- RFA Annual report to Parliament
- Latest Quarterly Report
- RED implementation



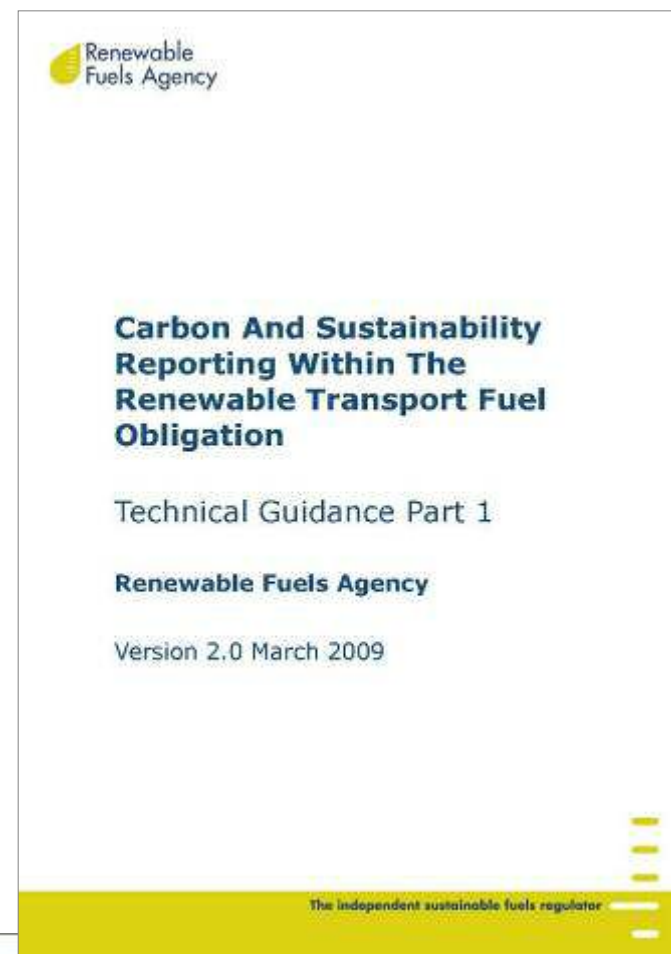
The RTFO

- Duty point obligation
- 2.5% to 5% biofuel
- Tradable certificates & buy-out option (30pppl)
- Carbon & sustainability reporting



The role of the Technical Guidance

- 'Rule book' for suppliers
 - Chain of custody
 - Sustainability standards
 - Eligible 'by-products'
 - Carbon defaults
 - Reporting rules
 - Verification
 - Etc.



Regular 'RED ready' reporting

| General information | | | | | | Country of origin information | | Sustainability information | | | | Carbon information | | Plant in operation on 23 Jan 2008? | Indicative RED-ready | | | |
|---------------------|-------------------------------|-------------|---------------------------|-------------------|----------------------------|-------------------------------|-------------------------|----------------------------|------------|--------------|--------------------------|------------------------------|----------------|------------------------------------|----------------------|--------------|---------|-----------|
| Batch No. | Internal Batch no. (optional) | Fuel type | Quantity of fuel (litres) | Biofuel Feedstock | Biofuel Production Process | Country | NUTS 2 compliant region | Standard | Env. Level | Social Level | Land-use on 1 Jan 2008 | Carbon intensity g CO2e / MJ | Accuracy level | | GHG | Biodiversity | C-stock | RED-ready |
| 3301 | | Bio-ethanol | 250,000 | Wheat | Unk | UK | Y | LEAF | QS | - | Cropland – non-protected | 70 | 1 | Y | Y | Y | Y | Y |
| 3302 | | Bio-ethanol | 100,000 | Wheat | Natural gas CHP | France | FR51 | RED - Biodiv | - | - | Cropland – protected | 44 | 2 | N | Y | Y | Y | Y |
| 3303 | | Bio-ethanol | 250,000 | Sugar beet | - | UK | N | ACCS | QS | - | Cropland – non-protected | 40 | 6 | Y | Y | Y | Y | Y |
| 3304 | | Bio-ethanol | 1,000,000 | Sugar cane | - | Brazil | N/A | RTFO Meta-Standard | RTFO | RTFO | Cropland – non-protected | 24 | 1 | Y | Y | Y | Y | Y |
| 3305 | | Bio-ethanol | 500,000 | Unk | - | Unk | Unk | Unknown | - | - | Unknown | 115 | 0 | Y | Y | N | N | N |
| 3306 | | Bio-diesel | 1,000,000 | Oilseed rape | - | UK | Y | ACCS | RTFO | RTFO | Cropland – non-protected | 52 | 1 | Y | Y | Y | Y | Y |
| 3307 | | Bio-diesel | 250,000 | Oilseed rape | - | Unk | Unk | Unknown | - | - | Unknown | 52 | 1 | Y | Y | N | N | N |



RFA Annual Report to Parliament

- **Published 25 Jan**

- **Annual report**

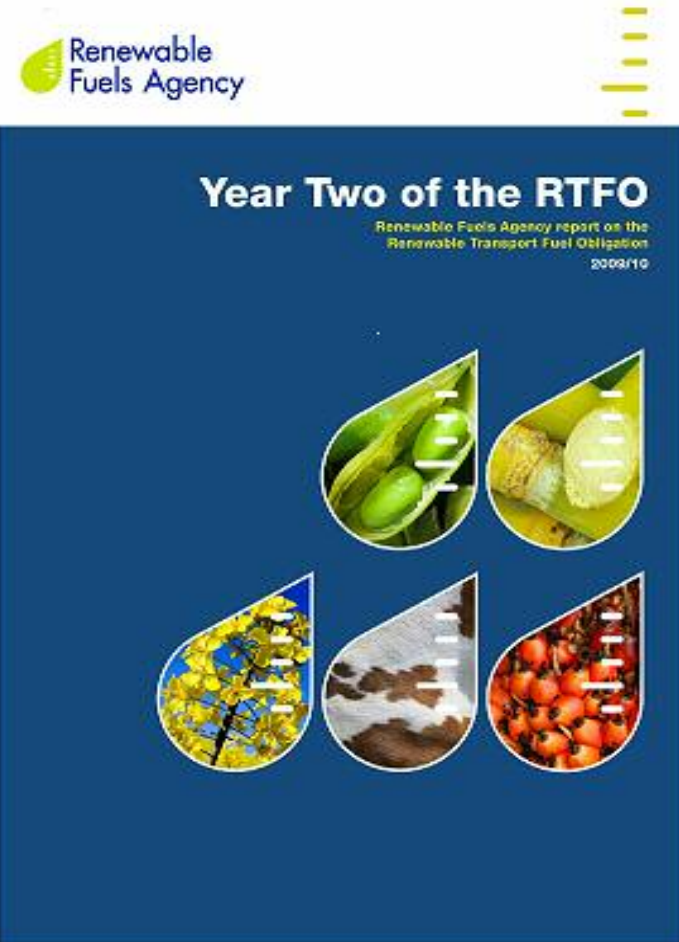
- Impacts of RTFO on environment, business, agriculture etc.**

- + Full verified dataset**

- + Supplier reports & verifier statements**

- + Background studies**

- + Presentations**

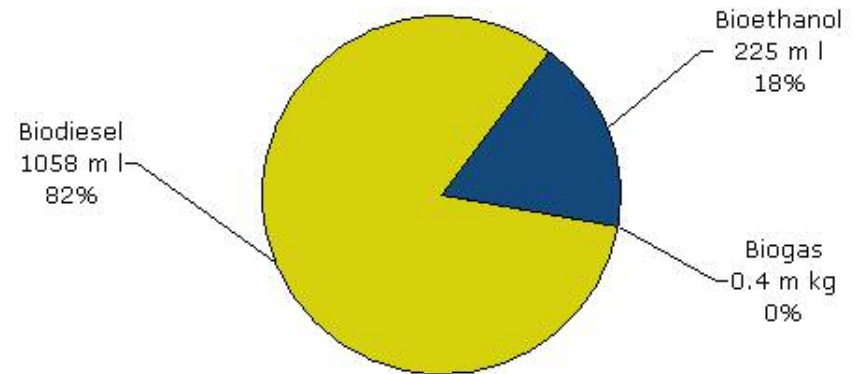


Biofuel volumes

- **2.9 billion litres over 2 years**
- **3.25% target met (3.33%)**
- **71% biodiesel**
29% Argentinean soy
- **29% bioethanol**
68% Brazilian sugarcane

Year One

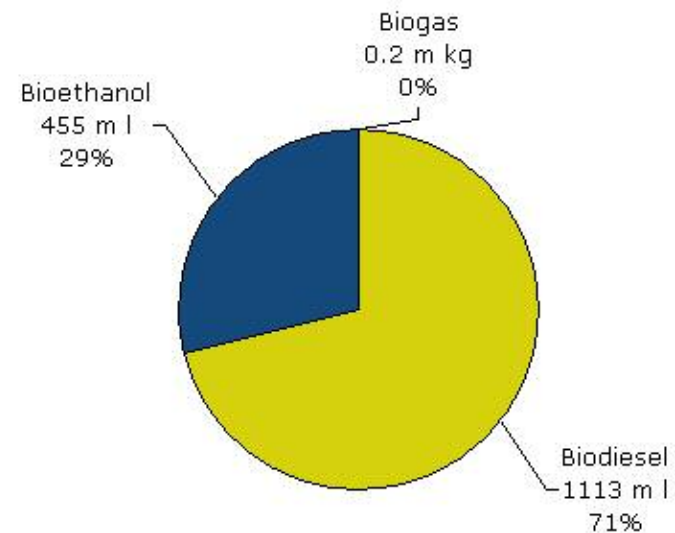
Proportion of biofuel by fuel type



Verified data 2008/09 obligation year.

Year Two

Proportion of biofuel by fuel type

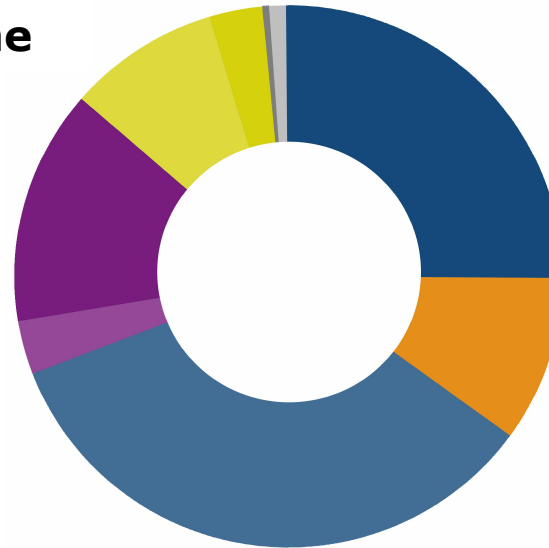


N.B. verified data 2009/10 obligation year.

Biofuel feedstocks

17+ feedstocks
(12+ in Year One)

Year One



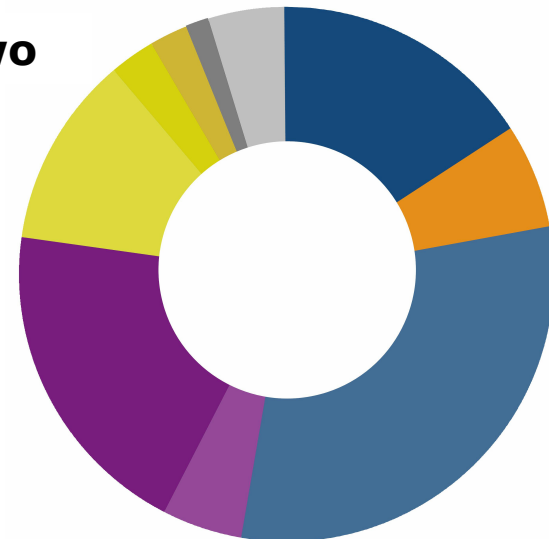
Verified data
2008/09 obligation year

Volume of feedstock, litres

| | | |
|--------------|------|-----|
| Oilseed rape | 324m | 25% |
| Palm | 127m | 10% |
| Soy | 438m | 35% |
| Sugar beet | 41m | 3% |
| Sugar cane | 180m | 14% |
| Tallow | 115m | 9% |
| UCO | 40m | 3% |
| Other | 5m | <1% |
| Unknown | 13m | 1% |

'Other' includes cheese by-product, municipal solid waste, molasses, sulphite and sunflower

Year Two



Verified data
2009/10 obligation year

Volume of feedstock, litres

| | | |
|--------------|------|-----|
| Oilseed rape | 250m | 16% |
| Palm | 99m | 6% |
| Soy | 480m | 31% |
| Sugar beet | 76m | 5% |
| Sugar cane | 308m | 20% |
| Tallow | 182m | 12% |
| UCO | 43m | 3% |
| Wheat | 36m | 2% |
| Other | 22m | 1% |
| Unknown | 72m | 5% |

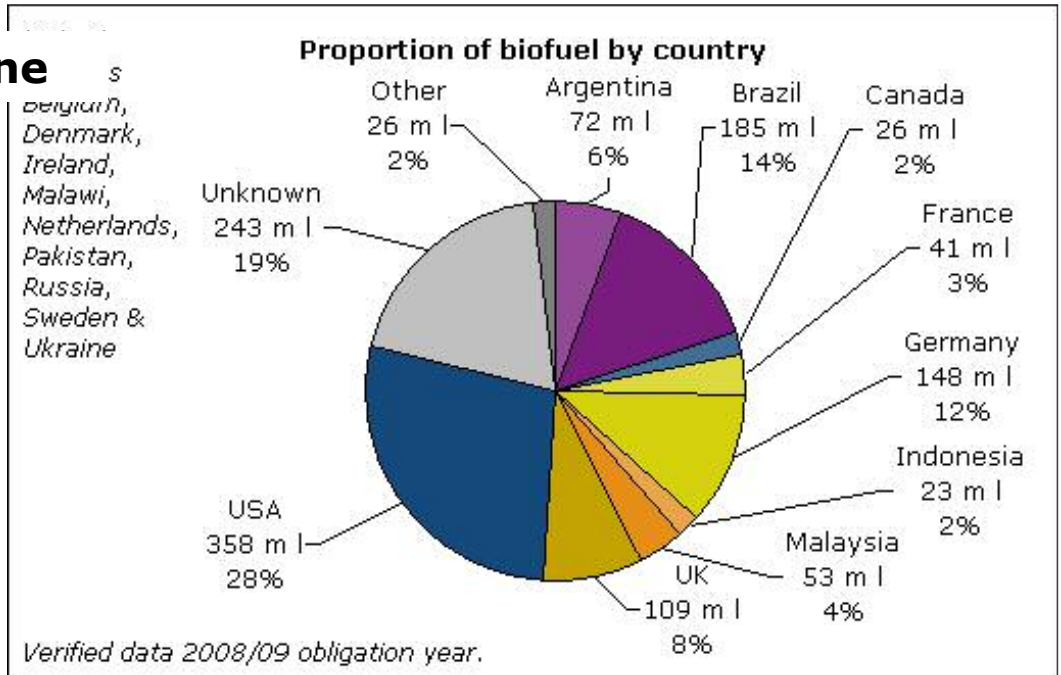
'Other' includes barley, cassava, corn, corn oil, molasses, municipal solid waste, sulphite, sunflower and triticale



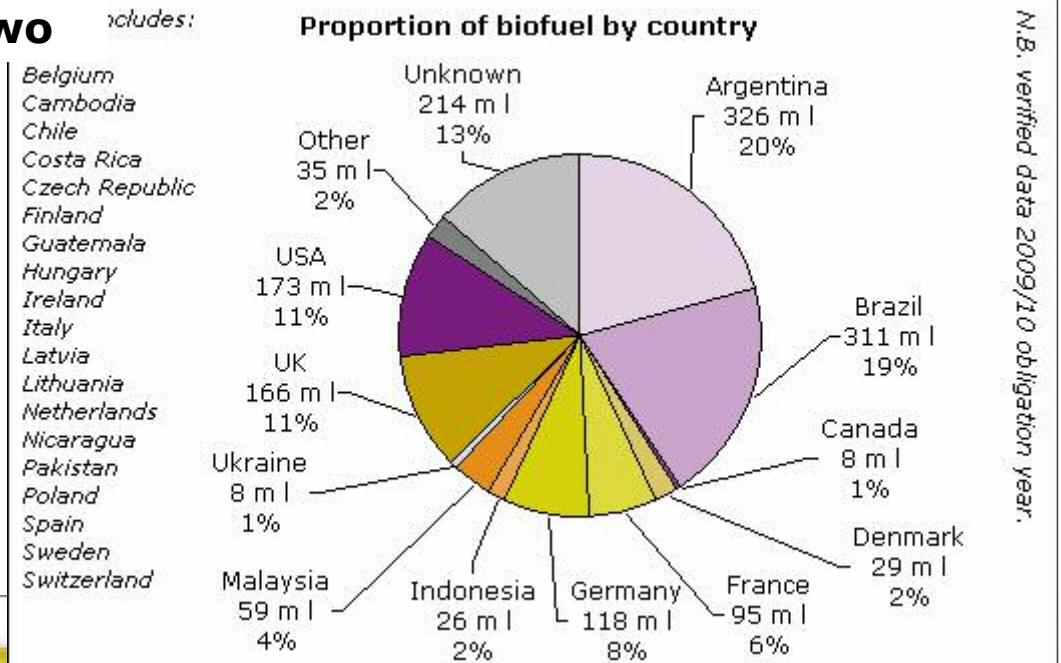
Which countries are the biofuels coming from?

- 31+ countries (18 in Year One)

Year One



Year Two



includes:

Belgium
Cambodia
Chile
Costa Rica
Czech Republic
Finland
Guatemala
Hungary
Ireland
Italy
Latvia
Lithuania
Netherlands
Nicaragua
Pakistan
Poland
Spain
Sweden
Switzerland



GHG savings in Year Two ~

- 2.0 million tonnes of CO₂e saved (3.6 million tonnes over first two years)
- 3.3% biofuels, 51% GHG saving
- 1.7% of cars off the road
- Cardiff, Belfast, Edinburgh populations not using their cars for a year

~any indirect effects not reflected



Year 2 Performance against RED criteria

- 35% GHG savings
- Cross-compliance
- High carbon stock protection*
 - Wetlands
 - Peatlands
 - Continuous forest
- High biodiversity protection*
 - Undisturbed primary forest
 - Conservation areas
 - Biodiverse grassland
- **60% of biofuel met the 35% GHG saving threshold (may not have met all sustainability criteria e.g. unknown land use)**
- **29% from unknown land use**
- **31% met an environmental standard**

*Post Jan 2008



Q2 of Year Three[†]*

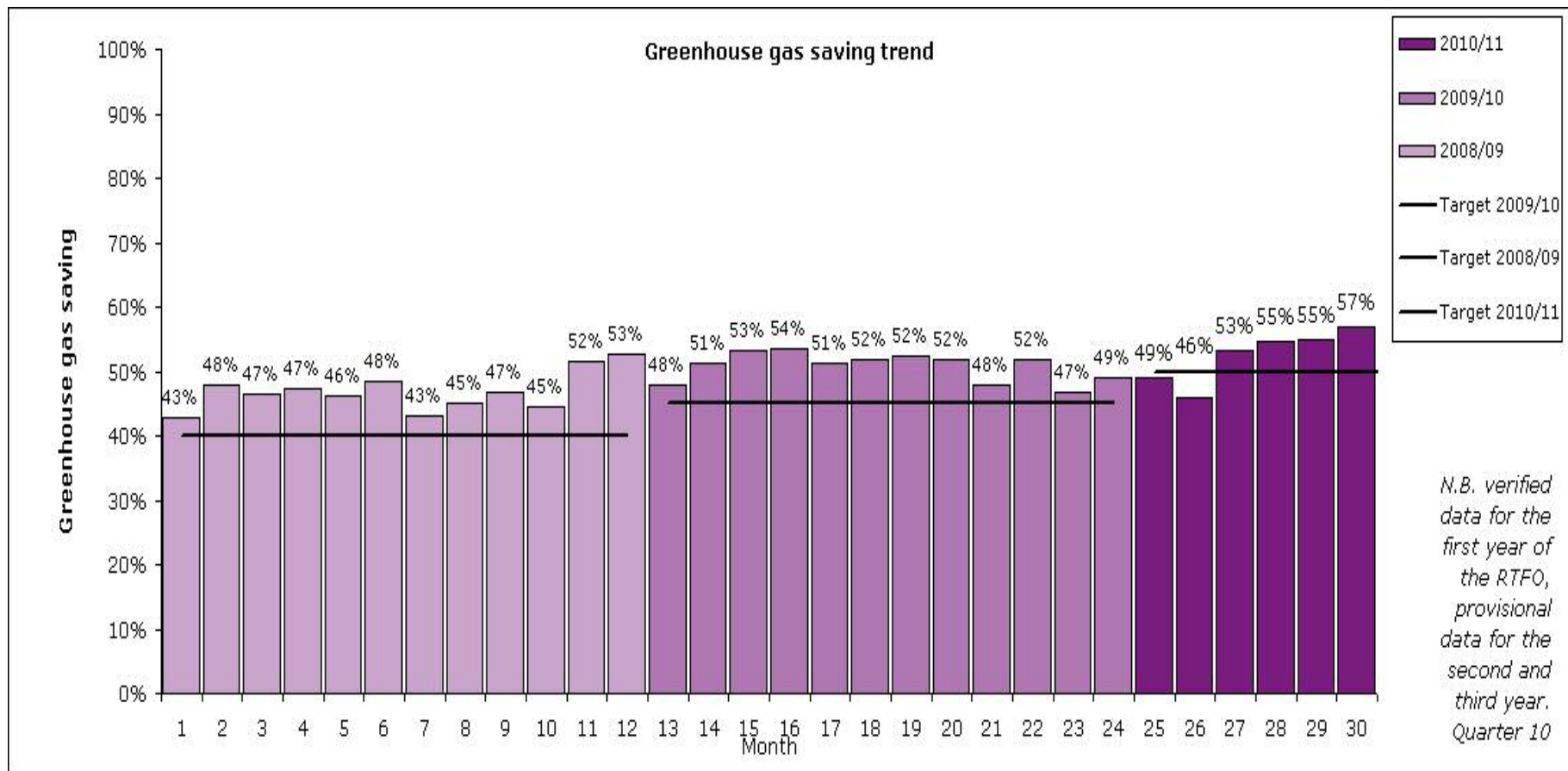
Performance Against Targets

- **3.5%** (876ml) of road transport (3.5% target)
- **51%** GHG savings~ (50% target)
- **42%** met a qualifying environmental standard (80% target)
- **81%** data capture (90% target)

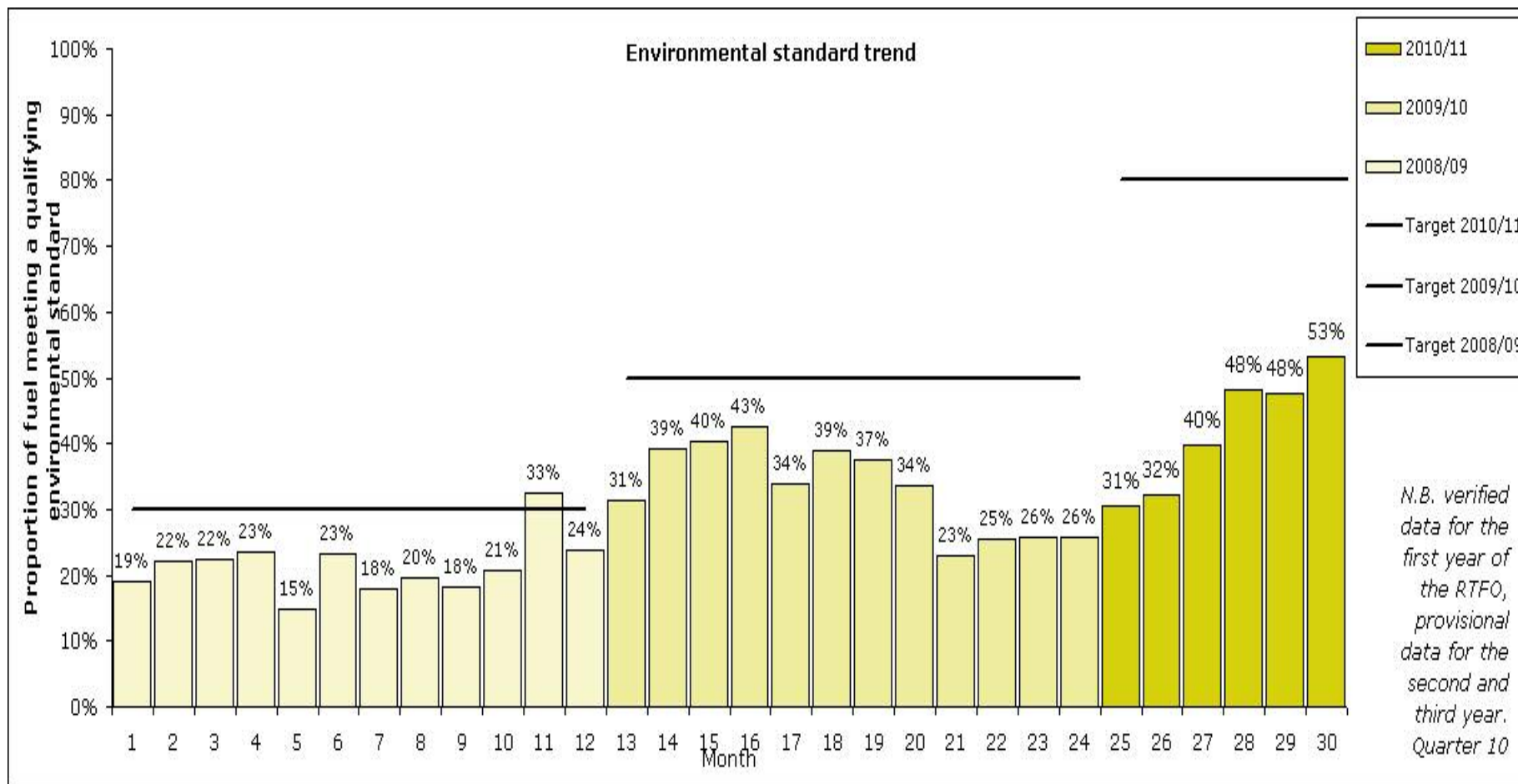
[†]15 April 2010 – 14 October 2010 *provisional ~any indirect effects not reflected



GHG saving trend is up

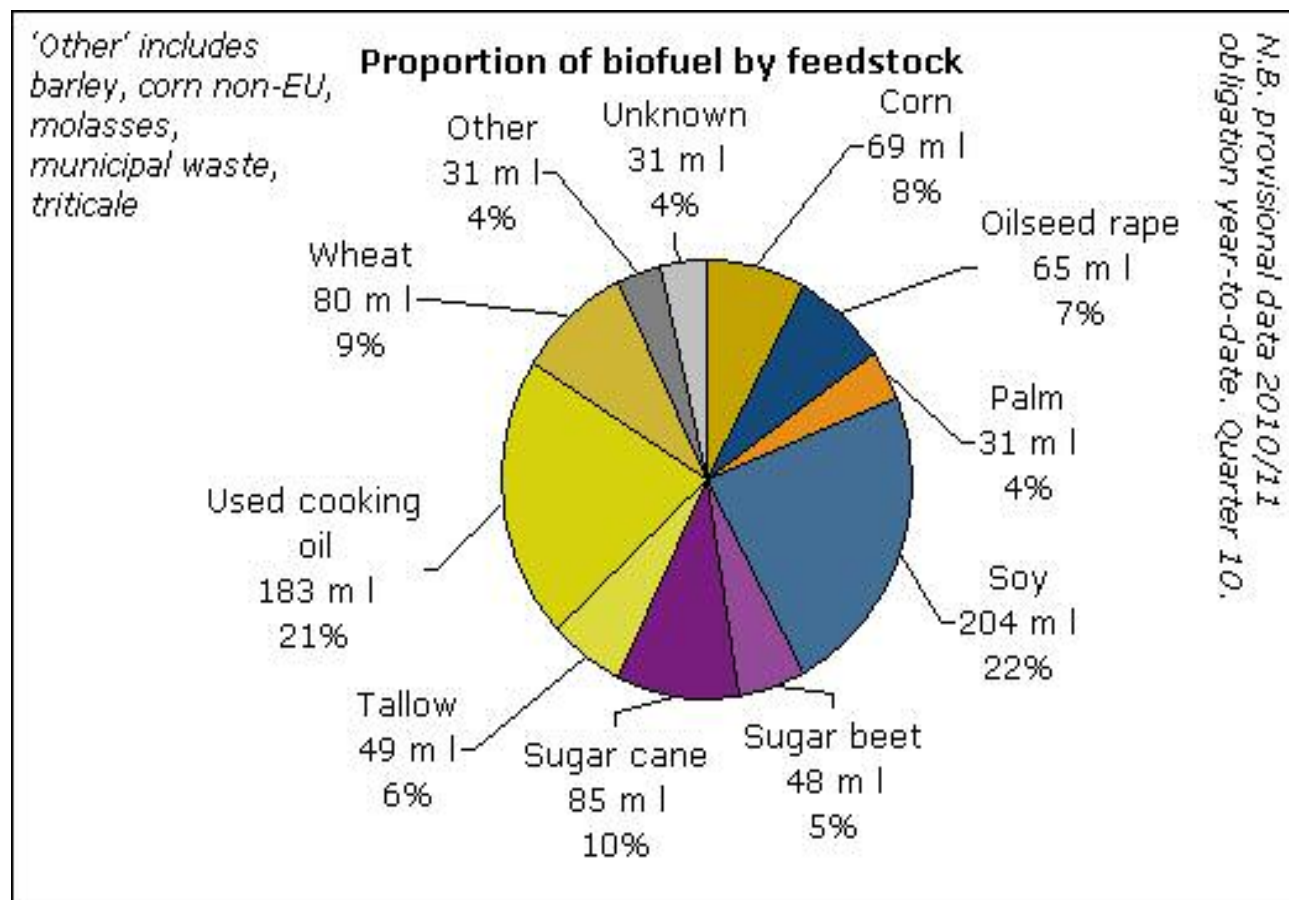


Environmental QS trend is up

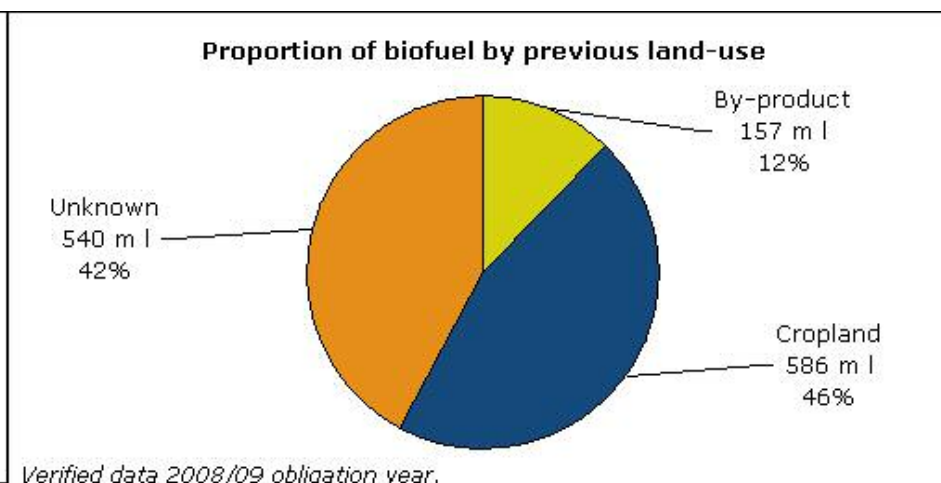
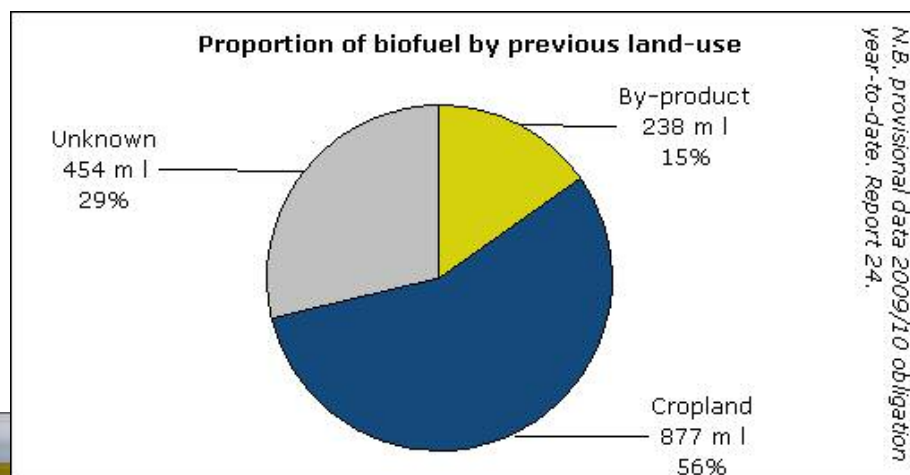
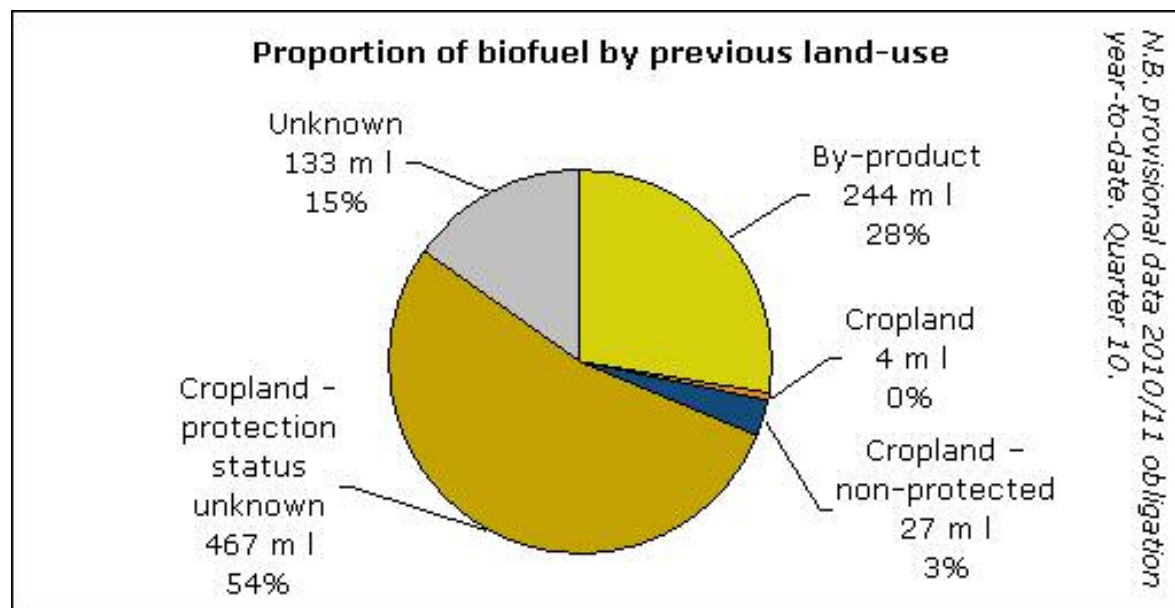


Biofuel feedstocks

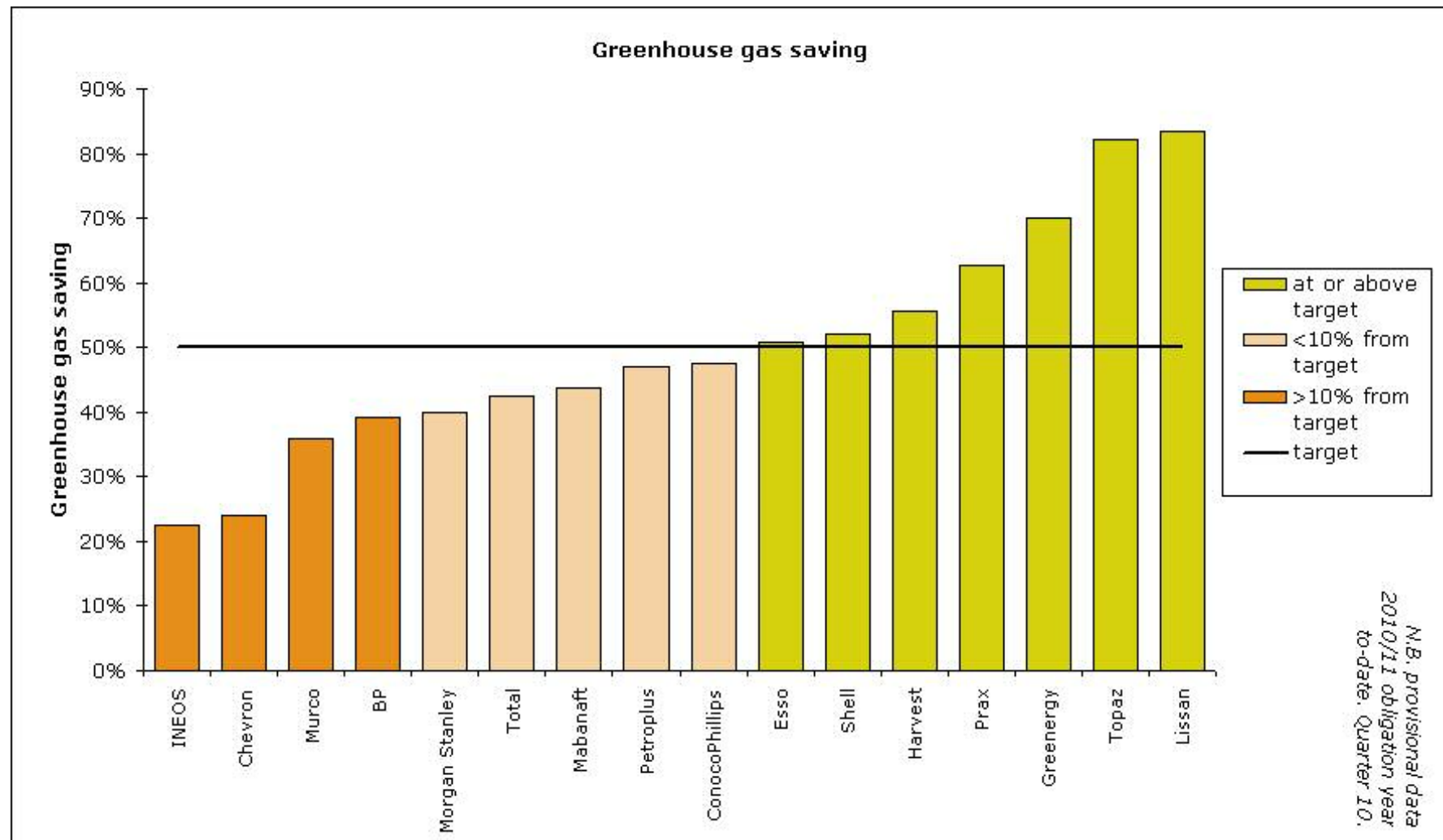
- **UCO up from 12% in Q1**
- **Rape down (Q1 16%)**
- **Soy down (Q1 22%)**



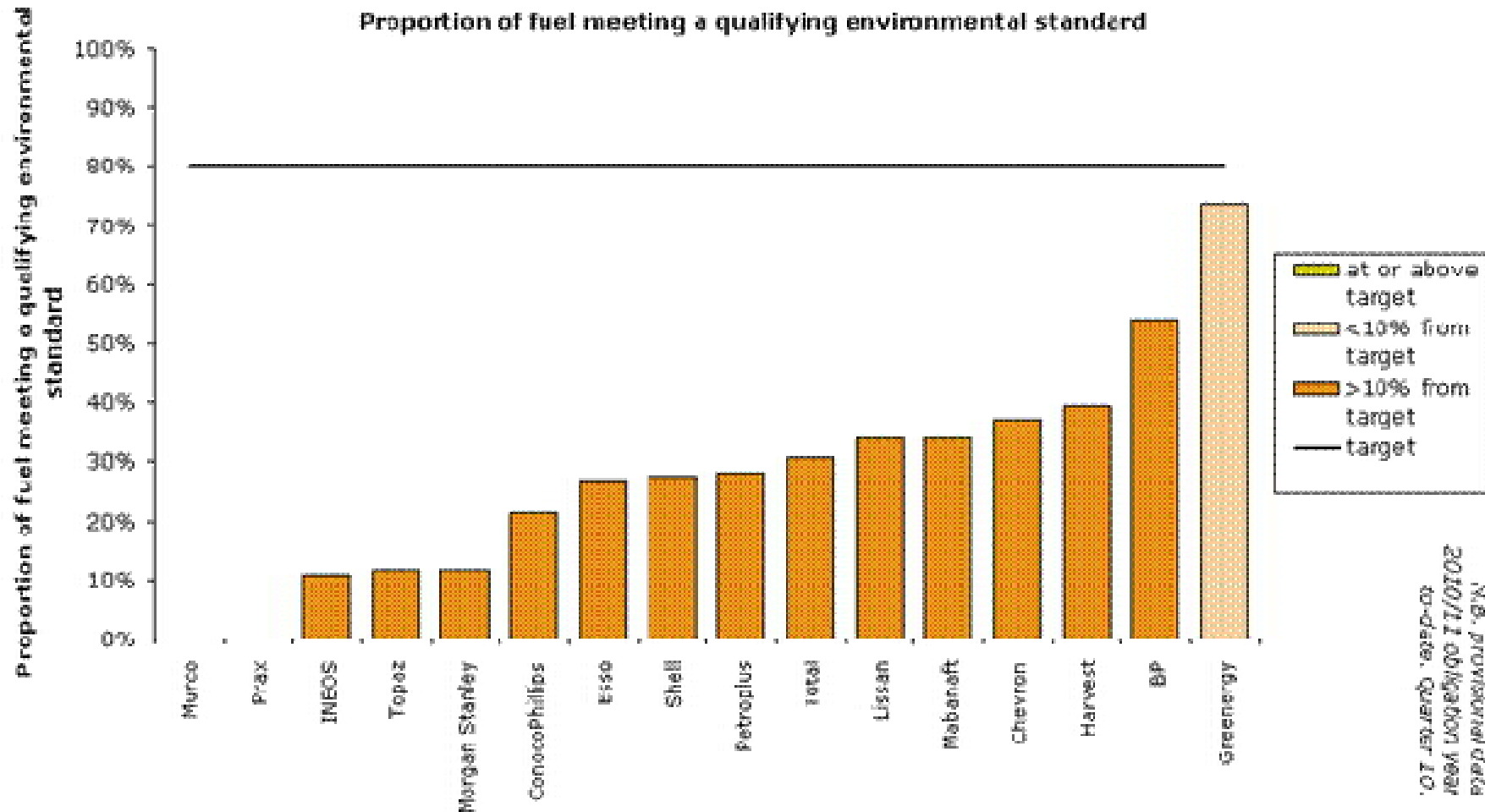
Previous land use improving



GHG saving by company



Environmental sustainability by company



RED implementation in the UK

- **DfT to implement this year**
- **Will do so by amending the RTFO**
- **Consultation now open**
- **TG will require further updates**
- **RTFO administrator expected to consult on revisions in time for implementation**



RED implementation - main changes

- **Introduction of mandatory sustainability criteria**
- **Introduction of new reporting requirements related to sustainability**
- **Double counting for wastes and residues**
- **Changes to who (and what fuel) is obligated**
- **Allowing all renewable transport fuels to count towards the targets**
- **Changes to rules allowing carry over of RTFCs**
- **Introduction of new civil penalties**
- **Changes to timings of certain actions under the RTFO**
- **Changes to the allocation of the buy-out fund**
- **Removal of requirement to report to Parliament**



RED implementation – *what won't change*

- **The RTFO will be a volume based scheme**
- **Fuel will be counted towards the scheme as it crosses the fuel excise duty point**
- **The obligation or reward for the supply of fuels will be on the owner of the fuel, rather than the entity that pays any duty that is due on it**
- **RTFCs will be issued for the supply of biofuel and can be traded between suppliers**
- **The obligation and the issuing of RTFCs will continue to be per litre or kg of relevant fuel**
- **Obligated suppliers will be able to meet 25% of their obligation with certificates from the previous year**
- **Suppliers will be able to meet their obligation by making a buy-out payment.**



Year 4 Technical Guidance

- **Revisions to further align with RED**
 - changes with low risk of being reversed takes into account
 - Communications/Decisions from EC
 - updates to carbon calculator & defaults
 - includes process clarifications
 - additional guidance on verifier statements



TG issues - carbon

- **Grandfathering** – update definition of installation
- **Default values** - input data and standard EFs to match BioGrace (& any new values from Commission)
- **NUTS 2** – Process for using
- **New accuracy levels**
- **Rules on using actual values**
- **Rules on the conservative factor** (i.e. how much actual data needed to remove 40% uplift in process emissions)



TG issues - Sustainability

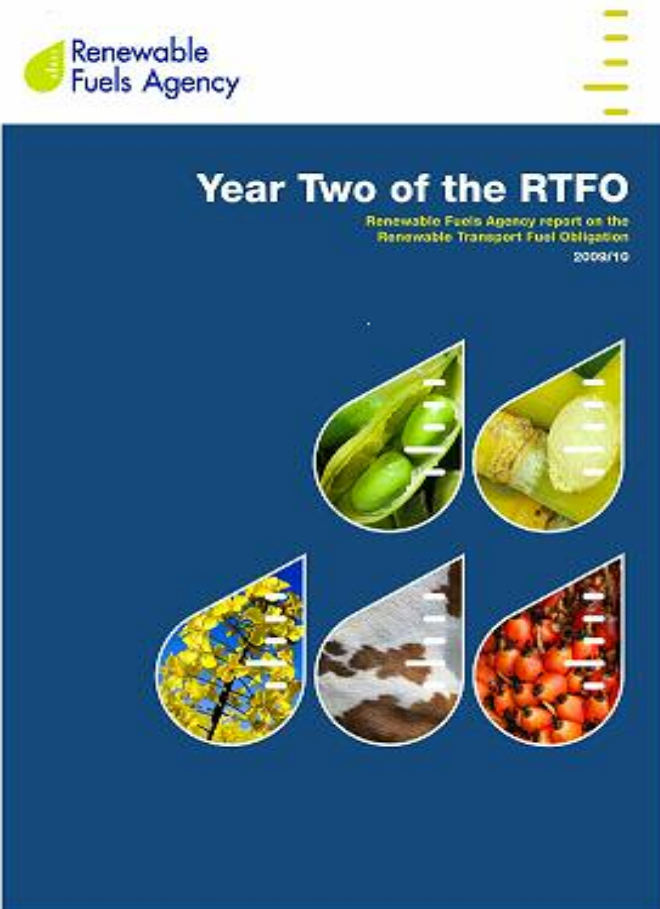
- **New processes:**
 - for EC Decisions on standards
 - for OMS decisions on voluntary schemes
- **Mass balance** (proportionate feedstock reporting etc)
- **By products/Wastes & residues**
- **Approach to remaining 'known-unknowns'**



Available on our Website

www.renewablefuelsagency.gov.uk

- **Annual report**
 - Annual report
 - Full verified dataset
 - Supplier reports & verifier statements
- **Consultation on TG**
- **Quarterly Reports**





Thank you

**Full data set available at:
www.renewablefuelsagency.gov.uk**

