



HM Revenue
& Customs

Implementation of the Court of Justice of the European Union (CJEU) judgment on diesel fuel used in private pleasure craft

Summary of responses

9 July 2020

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Chapter 1. Introduction

Reasons for a consultation

Historically the UK has charged two rates of duty on diesel fuel: the full rate (currently 57.95 pence per litre) on road fuel (known as “white diesel”) and the rebated rate (currently 11.14 pence per litre) for other uses. Rebated fuel is marked with various chemicals including a red dye to enable misuse to be detected, hence it is known as “red diesel”. White diesel is subject to a VAT rate of 20% whereas red diesel for propulsion is subject to a reduced rate of VAT, currently 5%, provided the delivery does not exceed 2,300 litres.

In 2007, the government consulted on three options for ending the practice of allowing red diesel to be used to propel private pleasure craft (PPC), which had been allowed under the Energy Taxation Directive (ETD) (2003/96/EC) until 2007. Only a minority of fuel supplier respondents stated they would make both red and white available if PPC were prohibited from using red diesel for propulsion. Many PPC owners and users were also strongly opposed to such a prohibition, citing concerns about how long the marker residue would continue to be detected in their tanks after they had switched to white diesel. They also highlighted the risk that fuel suppliers would not invest in new infrastructure to supply both red and white diesel. Instead they would supply the fuel that the majority of their customers could use, which would lead to fuel suppliers with predominantly commercial craft customers (e.g. fishing boats) continuing to supply red diesel only. These respondents suggested this may make areas of the UK inaccessible for PPC after the introduction of the prohibition because they would not be able to refuel legally in these areas.

Following the consultation in 2007, the government decided to allow PPC to use red diesel for propulsion and domestic use on board (such as heating and lighting) subject to paying the difference in duty to their fuel supplier on the proportion they intended to use for propulsion. This practice was introduced in 2008. However, following a complaint from another Member State in 2010, the European Commission decided that the UK’s current system breached the Fuel Marker Directive (95/60/EC) on the grounds that the UK was allowing red diesel on to the market that had the full duty rate paid on it. The Commission were concerned that this would make it difficult for other Member States to determine whether the red diesel was purchased legally in the UK or illegally in their country. Despite rigorously defending the current scheme in the ensuing court case, in 2018 the UK lost the case at the Court of Justice of the European Union (CJEU).

While the UK is legally bound by the Fuel Marker Directive, the government has a duty to implement the judgment in a reasonable timeframe. Failure to do so could result in heavy fines.

The 2007 consultation included three options:

- introducing the current UK scheme;
- introducing the pre-January 2020 Republic of Ireland scheme (requiring PPC users to declare annually how much green diesel, the Republic of Ireland equivalent of red diesel, they used for propulsion and then pay the duty differential); and
- prohibiting the use of red diesel for propulsion of PPC.

Given that in 2018 the CJEU ruled that both the current UK scheme and, in a separate case, the Republic of Ireland scheme were illegal, the government decided to consult on prohibiting the use of red diesel for propulsion of PPC to implement the judgment.

HMRC's consultation was launched on 15 July 2019 and closed on 9 September 2019. The aim of the consultation was to determine whether a period of adjustment would be required for fuel suppliers to change their operations in response to the prohibition, and if so, how long.

HM Treasury has published a consultation alongside this government response document covering the wider reform of red diesel entitlement from 1 April 2022 that was announced at the Budget in March 2020. This consultation will affect the use of diesel by a wide range of sectors, including PPC.

Chapter 2. Summary of responses

This chapter sets out:

- a high-level breakdown of the number of responses sent and by whom; and
- a summary of the main findings in narrative form.

A more detailed summary of responses, including statistics provided in response to the request for specific data, is set out in Annex A (split into three sections):

- responses from fuel suppliers
- responses from private pleasure craft owners/users
- responses from representative bodies

Breakdown of responses

HMRC received 1,601 responses.

- 127 responses from those supplying controlled oils to PPC owners/users, sometimes known as Registered Dealers in Controlled Oil (RDCOs) but referred to throughout this document as fuel suppliers. This was a response rate of 26.6% of all such fuel suppliers. Some respondents have multiple sites, so this figure represents 258 different refuelling stations.
- 1,469 responses from owners and users of PPC. 310 of these were sent to HMRC by British Marine who asked their members to respond to them and then forwarded a spreadsheet to HMRC with a consolidated response. (The figure of 310 removes those who responded to both HMRC and British Marine to avoid any double counting.)
- 5 from representative bodies (see Annex B).

The total of 1,601 includes 13 letters sent by PPC users or owners to MPs on the subject, which the MP referred to HM Treasury for reply (though, to avoid double counting, it does not include those letters where the constituent made the same points directly to HMRC in the consultation).

HMRC also offered all 466 fuel suppliers that currently supply red diesel to PPC users the opportunity to meet to discuss the consultation proposal and 9 took up this offer. HMRC also met 7 of the representative bodies (see Annex B).

The consultation asked 11 questions of PPC owners and users and 9 of fuel suppliers. Some respondents provided statistical data and others narrative responses. However, the majority of replies received from PPC owners and users did not answer all the questions directly, but instead provided general comments that addressed the questions indirectly. Therefore, the summary of responses from PPC owners and users has been set out by the themes raised, rather than grouped by the questions asked in consultation. The majority of fuel suppliers answered questions directly and provided

the data requested. Therefore, in summarising the points raised in these responses, we have set out the statistical data obtained.

Main findings

The proposed approach was opposed by the vast majority of fuel suppliers that supply fuel to PPCs and the owners and users of the craft themselves (approximately 90% of overall responses). Both groups agreed that the chemical markers used to identify rebated fuel, including the red dye in red diesel, would remain in tanks for a long time and therefore enforcement of the prohibition would be difficult for a significant period of time (the exact period of time depended on the throughput time of fuel in fuel tanks).

The replies received from fuel suppliers corroborated the concerns expressed by PPC owners and users that they would be unable to refuel when they needed to do so. Fuel suppliers indicated that their commercial decision on what fuel to supply would be based on what the majority of their customers were able to use. Therefore, PPC owners and users would likely find it difficult to refuel in coastal locations because fuel suppliers there would continue to supply red diesel for the majority of their customers, who are commercial users. In addition, commercial craft on the inland waterway network would find it difficult to refuel because fuel suppliers there would switch to white diesel to supply the majority of their customers who are PPC owners and users.

Since the consultation, the government has announced a wider reform to red diesel entitlement from 1 April 2022. HM Treasury has [launched a consultation on this](#) alongside publication of this government response document PPC users and their fuel suppliers are encouraged to reply before the deadline of 1 October 2020.

The other main findings from the responses received were:

Fuel suppliers

- Those that currently supply red diesel to PPC owners and users highlighted the expense of converting fuel tanks from supplying red diesel to white diesel. Most estimated the cost of converting tanks at between £7,000 and £10,000 but a significant proportion, over a fifth, estimated the cost at around £35,000.
- Just over half of those that supply red diesel to PPC owners and users have annual sales of 100,001 – 250,000 litres sold via a single pump.
- Nearly half of those currently supplying PPC owners and users stated they would continue to sell red diesel only with a further approximately 20% stating they would switch to white diesel only.
- Of those suppliers that stated that in response to the prohibition they would supply white diesel in addition to red diesel, 40% estimated it would take between 1-2 months; and a further 40% estimated it would take between 6-12 months to install the necessary infrastructure.
- A number of fuel suppliers during the stakeholder meeting suggested introducing a new fuel duty category of 'marine diesel' for fuel that is produced specifically for use in all craft. This idea was also supported by 6% of PPC owners or users who suggested an alternative solution if red diesel cannot be used by PPC for propulsion.

Private pleasure craft (PPC) owners or users

- Around a third of PPC owners or users asked whether the UK's then upcoming exit from the European Union would affect whether the policy change would be implemented.
- Nearly 40% of PPC owners or users estimated it would take between 6 months and a year to use up red diesel in their tanks after the prohibition on sales of red diesel for propulsion.
- Of those PPC owners or users that provided information on how they use their craft, all said they either predominantly use their craft in the summer with very occasional use in the winter, or only use their craft in the summer with no use in the winter. Most PPC owners or users with no use in the winter would ensure a full tank of fuel is in their craft during this period to prevent condensation.
- Nearly all PPC owners or users expressed concern that fuel suppliers in areas of the UK coastline used predominantly by commercial craft would not supply white diesel after red diesel use was prohibited, making it impossible for them to refuel legally in these areas¹. (The government's proposal to require all waterborne craft to use white diesel from 1 April 2022 should minimise the impact on access to diesel given that the proposal would mean that suppliers would have to supply white diesel for both commercial vessels and PPC.)
- Virtually all PPC owners and users stated they were concerned the prohibition would lead to them not being able to refuel with white diesel at marinas with just over half stating they would have to purchase it from a road side filling station and make multiple journeys to transport it by hand using "jerry cans" to their craft.
- Nearly all PPC owners and users highlighted the problem of residue red dye in their tanks following the prohibition and were therefore concerned about the impact this would have on them being able to prove they had purchased the correct fuel after the prohibition's introduction.
- Of the 863 PPC owners or users that gave reasons why they were not in favour of implementing the proposal, approximately 40% stated it would not be possible to fit a separate tank for domestic use on board and therefore they would have to use white diesel for this purpose as well as propulsion. This would lead to them paying extra duty and VAT.
- Over half of PPC owners or users favoured an adjustment period (a period of time from passing legislation in Parliament to the commencement of the legislation) of between 2 and 4 years. One-third suggested over 4 years.
- Just over 10% of PPC owners or users suggested an alternative solution to the proposed prohibition if the current system could not continue. Nearly half of these suggested all craft should be required to use white diesel with commercial craft being allowed to reclaim the appropriate amount of duty. This was also suggested by one of the fuel suppliers. Approximately 15% of those that suggested an alternative solution favoured returning to the pre-2008 law that allowed the use of red diesel to propel PPC at the rebated duty rate.

Fuel suppliers and PPC owners and users

¹ Areas highlighted by PPC owners and users as of particular concern were: the West Coast, North West Coast & Hebrides, Shetland & Orkneys and East Coast of Scotland; and the North East coast of England.

- Two-thirds of fuel suppliers expressed an opinion on whether penalties for the misuse of red diesel in PPC should be aligned with those currently in place for misuse in road vehicles. Around 50% of these respondents were against the proposed alignment with 44% in favour and the rest unsure. Nearly 80% of PPC owners or users that expressed an opinion on alignment of penalties (423 respondents) were opposed.

Chapter 3. Next steps

The government welcomes the large number of responses received to the consultation.

Budget 2020 announced that the government would include changes to primary legislation in Finance Bill 2020 to allow the policy change consulted on in 2019 to be implemented later by secondary legislation. Clause 86 and Schedule 10 of the Bill as published on 19 March set out the provisions on PPC. This was the government's first opportunity to legislate following the consultation as there was no Finance Bill in 2019 due to the General Election.

Budget 2020 also announced the government's intention to reform entitlement to use red diesel across a wide range of sectors from 1 April 2022. Before it sets out its detailed implementation plans relating to diesel use in PPC, the government wishes to consider the impact the wider red diesel reform will have. It will do this as part of the consultation on "Reforms to the tax treatment of red diesel and other rebated fuels", also published today, which includes proposals relating to diesel use in PPC.

The consultation paper published today also includes a proposed relief scheme for fuel used for non-propulsion of craft which would allow fuel suppliers to refund PPC users at the point of sale the duty difference between white diesel and red diesel on the amount of white diesel a PPC user with one fuel tank estimates they would use for non-propulsion. The government welcomes views on these proposals.

On request this document can be produced in Welsh and alternative formats including large print, audio and Braille formats

Annex A: Data from the consultation responses

This annex summarises the data collected from the consultation and is produced here for transparency. It is split into three sections:

- **Responses from fuel suppliers** - the consultation asked 9 questions of fuel suppliers, mainly requesting statistical data. The majority of fuel suppliers answered questions directly and provided the data requested. Therefore, in summarising the responses from fuel suppliers below, we have set out the statistical data obtained from their responses.
- **Responses from PPC owners/users** - the consultation asked 11 questions of PPC owners and users, some requesting statistical data and others narrative responses. The majority of replies received from PPC owners and users did not answer all the questions directly, but instead set out a general narrative that addressed the questions indirectly. Therefore, the summary of responses from PPC owners and users has been set out by the themes raised, rather than grouped by the questions asked in consultation. For this reason, the specific questions raised in the consultation are not repeated in the summary of responses below.
- **Responses from representative bodies** - comments from the representative bodies in support of comments made by their members. This section is sub-divided into comments from those representing fuel suppliers and those representing PPC owners/users.

Section 1 - Responses from fuel suppliers

Question 1 - Approximately how many litres per year do you sell of the following:

- Red diesel;**
- White diesel;**
- Other fuel (please specify)?**

Table 1: Number of litres of red diesel sold by fuel supplier respondents per year.

Range (litres)	Responses	
	Number	Percentage
0 – 5,000	9	3
5,001 – 10,000	9	3
10,001 – 50,000	66	26
50,001 – 100,000	22	9
100,001 – 250,000	130	50
250,001 – 500,000	15	6
500,001 – 1,000,000	2	<1
Greater than 1,000,000	1	<1
No Answer	2	<1
NB: Those that sell both red and white diesel	2	<1
Total	258²	

² Where a single response covered multiple sites, sales have been apportioned.

None of the fuel suppliers that responded provided figures for annual sales of white diesel or other fuels.

Question 2 - How many fuel tanks of each type do you currently have? If you have more than one of any fuel type, how easy would it be to convert an existing tank to a different type of diesel? Please provide details.

Table 2: Number of fuel tanks and pumps at fuel supplier respondents that supply red diesel to PPC

Number of tanks	Responses	
	Number	Percentage
1	223	86
2	31	12
5	2	<1
6	2	<1
Total	258	

Note: Some multiple tanks are listed as being interlinked or feeding a single pump.

Question 3 - Will the requirement that private pleasure craft can only use white diesel to propel their craft make you decide to:

- a. stop selling either red or white diesel, or
- b. start selling either red or white diesel?

Please outline the reasons for your answer. We need as much evidence as possible to support your response. For example, is your answer based on:

- the cost of selling white diesel (including one-off infrastructure costs) is outweighed by the profit you expect to generate
- the likely difficulty of accessing finance to pay for new infrastructure required to supply red/white diesel
- the difficulties you think you will encounter in gaining planning permission for the necessary changes to your site
- the number of private pleasure craft customers you serve being too small for it to be economically viable to supply both white and red diesel?

Ease of conversion of a fuel tank and pump to white diesel from red diesel – information provided was analysed and then grouped. Number of responses for each group is shown in brackets.

- Uneconomical to supply white diesel (24).
- Geography of the site makes providing white diesel impossible (22).
- Removal of all marker in fuel tanks and pumps created from using red diesel would be expensive to remove (15).
- Unviable (non-economic reason) to supply white diesel (9).
- The cost of supplying white diesel because of the small quantities purchased by fuel suppliers would lead to the price for the consumer being higher than that at the roadside filling station (5).
- Commercially more viable to supply red diesel for commercial craft use (3).

- Commercially more viable to supply red diesel for agriculture/plant/machinery use (2).

Current commercial decision if prohibition of red diesel for PPC were introduced – information provided was analysed and then grouped. Number of responses for each group is shown in brackets.

- Sell red diesel only (128).
- Sell white diesel only (58).
- Start selling red and white diesel (18).
- Continue to sell red diesel but consider selling white diesel at a later date (4).
- Would supply only one fuel (not specified) (3).
- Possibly sell white diesel though probably uneconomic (2).
- Would supply white diesel on demand (2).

Other responses included:

- Continue to sell red and white diesel.
- Examine whether to sell red diesel because concerned would lose customers.
- Did not answer (17).
- Do not know (5).

Question 4 - If you currently sell only red diesel and have indicated you intend to supply only white diesel, how long do you estimate it will take to run down your current red diesel fuel supply tanks (you will need to factor in the need to flush out your tank to remove traces of the fuel marker before refuelling with white diesel – please provide details of likely costs)?

Table 3: Length of time required to change tanks from red to white diesel

Time	Responses	
	Number	Percentage
1 month	13	21
2 months	11	17
3 months	6	10
4 months	4	6
5 months	1	2
6 months	10	16
1 year	15	24
Greater than 1 year	1	2
Considerable (unspecified)	1	2
Do not know	1	2
Total	63	

Table 4: Suppliers' estimated investment cost required to start selling white diesel

Cost (£)	Responses	
	Number	Percentage
0 – 5000	4	6
5,001 – 1,000	4	6
1,001 – 1,500	-	0
1,501 – 2,000	1	2
2,001 – 3,000	1	2
3,001 – 4,000	1	2
4,001 – 5,000	3	5
5,001 – 6,000	2	3
6,001 – 7,000	-	0
7,001 – 8,000	13	21
8,001 – 9,000	-	0
9,001 – 10,000	12	19
25,000	1	2
35,000	14	22
50,000	2	3
80,000	1	2
“considerable” (undefined)	1	2
Do not know	4	6
Total	63	

Question 5 - If you currently sell only white diesel and have indicated you intend to supply only red diesel, how long do you estimate it will take to run down your current white diesel fuel supply tanks?

In response to question 5, no suppliers stated they would switch from white diesel fuel tanks to red diesel tanks.

Question 6 - Do you envisage any problems with the proposed treatment of mixed use craft? Specifically, do you envisage a problem requiring documentary proof of registration as a commercial craft before supplying red diesel? Information provided was analysed and then grouped. Number of responses for each group is shown in brackets.

This question was designed to gather information on issues likely to be faced by commercial craft that occasionally use their craft for private pleasure following the introduction of the prohibition. However, fuel suppliers almost unanimously interpreted this as a question regarding the impact of a mixture of commercial and private craft using their facilities.

- Difficult to validate the status of craft between private and commercial (21).
- Administration – time taken to check status of boats (7).
- Owners/users of PPC dishonestly obtaining red diesel (3).
- Self-declaration not being accurate (2).
- Fuel sellers should not be made responsible for misuse (2).

Other responses included:

- Inland refuelling stations would not supply red diesel.
- Fuel suppliers should not have to enforce rules set by HMRC/government.
- Customer (PPC user/owner) not present when fuel is delivered to them.

Question 7 - To help us analyse the likely impact of the proposed change it would be helpful to know:

Are you based on:

- **A river (please specify which)**
- **A canal (please specify which)**
- **Inland lakes / broads (please specify which)**
- **The coast (please specify where)**
- **A depot away from these but deliver fuel to boats on demand (please specify where)?**

Question 8 - What is your town/postcode?

Questions 7 and 8 were designed to ascertain whether there was a correlation between location of the fuel supplier and their intention regarding what fuel to supply after the prohibition was introduced.

- Fuel suppliers with majority commercial customers: The majority of these suppliers stated they would continue to supply red diesel only. The location of these fuel suppliers suggests this would lead to PPC users being unable to refuel in certain coastal areas.
- Fuel suppliers with majority PPC customers: The majority of these suppliers stated they would switch from supplying red to white diesel. The location of these fuel suppliers suggests this would lead to commercial craft being unable to refuel in certain inland waterway locations. In addition, a significant number stated they would stop supplying fuel because the wholesale cost to them was higher than that for local roadside filling stations, thereby making it likely that PPC users would purchase and then transport fuel from roadside filling stations.

Question 19 - Do you agree with aligning penalties for misuse of red diesel in private pleasure craft with the current penalties for misuse of red diesel in road vehicles is appropriate? If not, what difficulties do you foresee?

Table 5: Should penalties for misuse of marked fuel in PPC be aligned with penalties for road vehicles?

Alignment of penalties for misuse of marked fuel in PPC with road vehicles	Responses	
	Number	Percentage
Yes	38	45
No	43	51

Unsure	4	5
Total	85	

Reasons for answer regarding possible alignment of penalties for misuse of marked fuel in PPC with road vehicles. Few reasons were given therefore number of responses had not been provided.

Comments from those in favour of aligning penalties

- Time taken to remove all trace of red dye from red diesel would need to be taken into account.
- Temporary amnesty for minor traces of red dye found in PPC fuel tanks.
- In favour but concerned about practicality of enforcement.
- In favour but prosecution should only be undertaken when deliberate misuse is suspected.
- Guidance needs to be clear so that inadvertent misuse is minimised.
- Fuel suppliers that supply red diesel based on false information should not be liable for prosecution.

Comments from those against aligning penalties

- The dye in red diesel would persist in PPC fuel tanks for a long period of time, making it impossible to determine whether there was misuse of red diesel.
- This issue should be a UK competency not an EU competency therefore penalties for misuse of red diesel in PPC would not be needed because the government could allow PPC to use red diesel for propulsion.
- Temporary amnesty for minor traces of red dye found in PPC fuel tanks.
- PPC are often private residencies and therefore they shouldn't be seized and disposed of like vehicles can be if found to have misused red diesel.
- Hirers of PPC may use wrong fuel in boats owned by fuel suppliers.
- The road rate of duty on fuel is used to maintain the roads so why should it be charged on fuel used by PPC?
- The International Convention for the Safety of Life at Sea (SOLAS) means that PPC users may have to use whatever fuel is available if in distress at sea.

Section 2 - Private pleasure craft owners and users

Concerns expressed regarding the availability of fuel following the change in approach – Information provided was analysed and then grouped. Number of responses for each group is shown in brackets.

- Concerned marine fuel suppliers that they currently obtain their fuel from would not sell white diesel (290).
- Concerned it would be uneconomical for fuel suppliers to supply both white and red diesel, therefore they would choose to sell the fuel that the majority of their current customers could use following the prohibition (168).
- Residential craft users already find it difficult to source fuel, the prohibition would make it more difficult (29).
- Not practical to obtain white diesel from roadside filling stations therefore this would not be an alternative if white diesel was unavailable at my fuel supplier (15).
- Concerned about being able to purchase red diesel for their separate fuel tank for non-propulsion use because the craft is located in an inland waterway that is predominantly used by commercial craft (6).

Other responses included:

- Most pleasure craft would not be in use during the winter therefore potentially fuel suppliers in these areas would not supply white diesel during the winter.

Likely response if they could not source white diesel – Information provided was analysed and then grouped. Number of responses for each group is shown in brackets.

- Transport by hand from roadside filling stations (208).
- Not set sail/sell my PPC (90).
- Sail to another fuel supplier that sells white diesel (52).
- Continue to use red diesel (16).
- Seek out a supplier willing to deliver white diesel to my port/marina/inland waterway (4).
- Not sure (33).

Table 6: Length of time PPC owners or users estimated it would take to run down their tanks to empty

Length of time	Responses	
	Number	Percentage
0 – 3 months	54	12
3 – 6 months	65	14
6 – 12 months	112	24
12 – 24 months	60	13
Greater than 24 months	38	8
Never run down the tank	105	23
Impossible to completely remove red dye	29	6
Total	463	

Table 7: Length of time suggested by PPC owners or users for an adjustment period

Length of time	Responses	
	Number	Percentage
Less than 1 year	2	2
1 – 2 years	10	11
2 – 3 years	28	30
3 – 4 years	23	25
Greater than 4 years	30	32
Total	93	

Reasons for answer regarding possible alignment of penalties for misuse of marked fuel in PPC with road vehicles. Information provided in response to question 19 was analysed and then grouped. Number of responses for each group is shown in brackets.

Comments from those in favour of aligning penalties

- Agree (51).
- In favour if there was a long period of time between implementation of the prohibition and the enforcement to allow the red dye in PPC fuel tanks to dissipate (40).

Comments from those against aligning penalties

- The dye in red diesel is extremely persistent and therefore aligning penalties would not be appropriate without an ongoing amnesty for PPC users that had legally previously used red diesel (124).
- Penalties for misuse of red diesel in road vehicles are too draconian and are therefore not appropriate for PPC users (68).
- PPC regularly change legal user and therefore identifying the person responsible for the misuse would not be practical (52).
- The International Convention for the Safety of Life at Sea (SOLAS) means that PPC users may have to use whatever fuel was available if in distress at sea (38).
- Seizing of PPC is disproportionate because the craft is often someone’s home (35).
- If PPC owner or user cannot source red diesel then it wouldn’t be fair to penalise the use of red diesel (14).

Negative impacts of the prohibition – Information provided was analysed and then grouped. Number of responses for each group is shown in brackets.

- Not possible to fit a separate fuel tank to enable the use of red diesel for domestic use on board, therefore higher duty would be payable (375).
- Extra costs would cause hardship (189).
- Draining and flushing of tanks to remove red dye (70).

- A separate tank for heating would be inappropriate because the propulsion engine charges a battery for heating water (59).
- PPC users do not use the roads and therefore should not have to pay the road duty rate for diesel (56).
- PPC use is a pastime/hobby and therefore extra expense is not justified (46).
- Sale price of white diesel from fuel suppliers would be even higher than at roadside filling station (24).
- PPC users that can't fit an extra tank for on board domestic use would pay higher VAT rate (20%) compared with domestic energy use in houses (5%) (6).
- Prohibition would impact the desirability of PPC, adversely affecting their resale price (6).

Concerns regarding fuel quality post prohibition – Information provided was analysed and then grouped. Number of responses for each group is shown in brackets.

- Current red diesel for marine use has no bio content. Concern that fuel suppliers would supply white diesel intended for road use with up to 7% bio content, thereby clogging up marine engines (170).
- Risk of pollution at marinas/ports if PPC users used jerry cans to transport white diesel from local roadside filling stations (156).
- Vintage PPC cannot operate on modern fuels (8).

Section 3 - Representative Bodies

Those representing fuel suppliers

On **costs and fuel supply**, following a survey of their members British Marine made the following points:

- When asked if suppliers would stop selling red or white diesel as a result of private craft only being able to use white diesel, 62% of those surveyed said they would stop selling one or the other.
- Overall, the answers paint a bleak outlook for the marine industry if the current supply of red diesel were to change. The benefit of currently supplying red diesel is that it allows those supplying fuel to craft to set a competitive price against white diesel. However, with this ceasing to exist, many suppliers expressed concern over competing with roadside filling stations who would be able to supply white diesel at a far lower rate than waterfront suppliers, due to their economies of scale.
- With a shift in the market, there was a concern that many tourist and leisure boat operators would be negatively impacted because of a general rise in the overall cost of boating.

Those representing PPC users

- On the matter of **safety**, the Inland Waterways Association told us that some boaters may be tempted to install temporary tanks in their boats for supplying the lesser fuel, but this would have safety and environmental implications and would contravene the Boat Safety Scheme (see below). Given that Boat Safety Scheme examinations are only carried out every 4 years, what a boat owner may do to their fuel systems in the intervening years would not be subject to any checks.

Excerpt from Boat Safety Scheme general requirements:

1. All permanently installed fuel systems and fixed engines must be designed, installed and maintained in a way that minimises the risks of explosion, or of fire starting or spreading.
2. Fuel filling arrangements must prevent any overflow from entering the interior of the vessel.
3. All fuel filling points must clearly identify the fuel in use.
4. Marking must be provided to identify the location of fuel system emergency shut-off devices, or their means of operation, which are not in open view.
5. All permanently installed fuel systems must be designed, installed and maintained to ensure fuel-tight integrity.
6. All permanently installed fuel tanks and fuel system connections must be accessible for inspection.

In addition, one check requires that all fuel system components in fixed inboard engine spaces must be permanently installed.

The Cruising Association also informed us of the provisions of International Convention on Safety of Life at Sea (SOLAS V)³, making the following observations:

- Ensuring sufficient room means there should be an allowance for a passage around headlands or rocky coasts to cater for any give failure and subsequent reliance on engine power especially where the wind direction would blow a sailing craft on to a lee shore. Prudent seamanship would take into account the need for departure with sufficient fuel on board or the facility to refuel in an emergency at a nearby port or marina. The requirement for handy ports and marinas becomes obvious.
- Even with careful weather passage planning, adverse conditions particularly a headwind can occur, especially the more so with our increasingly sudden changing vigorous wind and deteriorating weather conditions. This makes it even more prudent to be able to call on engine power and the required fuelling facilities as stated above.

These are of particular relevance to areas of the coast serving predominantly commercial vessels where private pleasure craft may experience difficulty in obtaining the appropriate fuel.

³ <https://www.rya.org.uk/knowledge-advice/regulations/pleasure-craft/Pages/hub.aspx#solas>

On the matter of **pollution**, the Cruising Association noted:

- The majority of members have said that if they had to buy white diesel there will be major problems in that they would have to obtain it from roadside filling stations. If from some marinas, members say there could be a sea journey of more than four hours to a marina. Most members said this lack of quickly available fuel is a major inconvenience.

And the Inland Waterways Association said:

- Some boaters may choose to continue to use red diesel by buying it in drums from fuel suppliers who supply red diesel for agricultural purposes. There is also a risk that some boaters would choose to buy white diesel from filling stations or supermarkets, rather than boatyards, at a lower cost. Boatyards are not able to buy fuel in the same quantities to get competitive prices. With both these scenarios there is a risk of pollution from filling boat fuel tanks manually from drums rather than via a boatyard pump.
- The use of drums or bowsers by boatyards to supply the lesser fuel could also be a source of pollution spills, and is unlikely to comply with Building Regulations which requires fuel tanks to have a bund.

On the matter of a need for a **transitional arrangement**, the Royal Yachting Association observed:

- Many sailing yachts with auxiliary diesel engines use only small quantities of fuel each year, perhaps only running engines when entering harbour meaning that diesel turnover is low. For many recreational boat owners, it will take a considerable period for traces of red dye to disappear.

On the matter of **fuel availability**, the Royal Yachting Association Scotland observed:

- The 2019 Welcome Anchorages publication lists 35 locations in the large area from Ardnamurchan Point to Cape Wrath including the Western Isles. Of these, 16 provide no fuel, 6 provide diesel in cans only and 13 provide diesel from a pump. Most of these are commercial ports that will need to continue to supply red diesel as that is their primary market. The likelihood of these 13 suppliers installing the additional infrastructure to supply white diesel purely for the recreational market is very low making it entirely feasible that the supply of white diesel in this area is non-existent.

On the matter of **fuel quality**, the Royal Yachting Association provided the following:

- BS ISO 8217 is the specified standard for marine fuels which meets certain other stringent international standards, it permits a maximum limit of 1,000 mg/kg sulphur and prohibits the use of biodiesel.
- BS ISO 2869 applies to gas oil for non-road use, including recreational craft that do not normally operate at sea and inland waterway vessels. This standard now specifies a maximum limit of 10 mg/kg sulphur but also permits the addition of up to 7% biodiesel by volume (without it having to be labelled as such).

- BS EN 590 applies to road diesel and meets the BS 2869 specification but requires suppliers to add a minimum proportion of biodiesel.

There is no specific standard for a fuel that meets the reduced sulphur content limit yet also prohibits the addition of biodiesel, although it is quite possible and lawful for the UK supply chain to supply such a fuel for all inland waterway and recreational craft irrespective of where they normally operate; they simply do not mix in the biodiesel.

Annex B: List of stakeholders that responded

Written comments

Written comments were received from:

- 127 fuel suppliers that currently supply red diesel to Private Pleasure Craft users, sometimes known as Registered Dealers in Controlled Oil (RDCOs)
- 1,465 users and owners of Private Pleasure Craft
- 5 representative bodies:
 - British Marine
 - The Inland Waterways Association
 - The Cruising Association
 - The Royal Yachting Association
 - Royal Yachting Association Scotland

Meetings with representative bodies

Attendees included those representative bodies that responded to the consultation (apart from the Royal Yachting Association Scotland) plus:

- The Barge Association
- British Ports Association
- Residential Boat Owners' Association