

# Consultation on the Renewable Transport Fuel Obligation (RTFO) Guidance following Renewable Energy Directive (RED) implementation

# Contents

Context .....	3
How to respond.....	3
Transparency and Freedom of Information.....	4
The proposals .....	4
Consultation questions .....	5
General.....	5
Part One: Process Guidance .....	5
Part Two: Carbon and Sustainability Guidance .....	7
Part Three: Guidance for Verifiers .....	10
What will happen next.....	11

## Context

Since its launch in 2008, the Renewable Transport Fuel Obligation (RTFO) Order has been the UK's primary regulatory mechanism for increasing the volume of biofuels used in road transport and encouraging the sustainability of those fuels.

The RTFO Order is now being amended to implement the transport elements of the EU's Renewable Energy Directive (RED). This means that there will be a number of significant changes relating to the reporting of both biofuel volumes supplied to the UK and the carbon and sustainability (C&S) data associated with these fuels. Key changes include the introduction of mandatory C&S criteria and a new approach to the way fuels from wastes, residues and other low-impact feedstocks are incentivised. In addition, C&S data must now be verified before certificates are awarded.

It is expected that the RED will be implemented in the UK on 15 December 2011, subject to Parliamentary process. The Department for Transport's RTFO Unit is developing comprehensive guidance that will cover process, C&S reporting and the required standards for verifying data.

This consultation asks questions on the proposed RTFO Guidance. This guidance will come into effect from the date of RED implementation and cover the rest of Year Four of the RTFO. It is not anticipated that there will be further consultation on revised guidance for Year Five (15 April 2012 - 14 April 2013).

This is not a formal consultation and respondents should note that the consultation period is shorter than that of the Department's formal written consultations. This approach has been taken as this guidance is primarily of interest to a specialist audience and there is a need to deliver a working set guidance for suppliers and verifiers as soon as practical.

## How to respond

The consultation period began on 7 November 2011 and will run for four weeks until 4 December 2011. Please ensure that your response reaches us by that date. If you would like further copies of this consultation document it can be found at (web address) or you can contact [biofuel-sustainability@dft.gsi.gov.uk](mailto:biofuel-sustainability@dft.gsi.gov.uk) if you would like alternative formats (Braille, audio CD, etc).

We would prefer respondents to use the response form published alongside this document and to email it to the following address upon completion:

Email address [biofuel-sustainability@dft.gsi.gov.uk](mailto:biofuel-sustainability@dft.gsi.gov.uk)

## RTFO Guidance consultation document

Alternatively paper responses will also be accepted and should be sent to:

RTFO Guidance consultation responses,  
RTFO Unit, Floor D, Ashdown House,  
Sedlescombe Road North,  
St Leonards-on-Sea,  
East Sussex,  
TN37 7GA, UK

Phone number: +44(0)20 7944 8555 Fax number: +44(0)20 7944 8440

When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of a representative organisation please make it clear who the organisation represents, and where applicable, how the views of members were assembled.

If you have any suggestions of others who may wish to be involved in this process please contact us. If you have any queries about this consultation please contact: [biofuel-sustainability@dft.gsi.gov.uk](mailto:biofuel-sustainability@dft.gsi.gov.uk)

## Transparency and Freedom of Information

The Department intends to publish a summary of responses following the consultation. Information provided in response to this consultation, including personal information, may also be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004.

If you want information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data in accordance with the Data Protection Act (DPA) and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

## The proposals

A draft of the proposed RTFO Guidance can be found [online](#). Questions relating to the individual chapters can be found below.

# Consultation questions

The consultation questions can be found below, together with some context. It is recommended that respondents refer to these notes when answering the questions. When responding, please use the response form provided, which is available on the DfT website alongside this document.

## General

These questions give respondents an opportunity to make general observations on any or all parts of the Guidance. It would be helpful if responses to these three questions could identify whether they are referring to the Process Guidance, the Carbon & Sustainability Guidance and/or the Guidance for Verifiers as appropriate.

- 1 Is the overall structure and format of the guidance helpful?
- 2 Does it reflect the Government's announced policy on biofuels and RED implementation correctly?
- 3 Is there anything missing from the guidance?

## Part One: Process Guidance

### Chapter 1: Accounts

This chapter sets out how RTFO accounts should be opened, managed and, if necessary, closed.

- 4 Is sufficient guidance provided to suppliers on how to open, manage and close RTFO accounts?

### Chapter 2: Obligation

This chapter sets out how the obligation is calculated, including how unsustainable renewable fuels are treated and how partially renewable fuels are treated.

- 5 Is sufficient guidance provided to suppliers on how their obligation will be determined?
- 6 The RED lists bio-tertiary-amyl-ethyl-ether (TAEE) as a partially renewable fuel in Annex III. However it does not provide a percentage for the renewable content by volume derived in the same way as

those for MTBE and ETBE in the 2003 Biofuels Directive. What is the correct percentage from renewable sources, on a volume basis, to apply to TAEF produced on the basis of bioethanol? The approach detailed in the section entitled "partially renewable fuels" should be used to derive this figure.

- 7 Are there any additional partially renewable fuels where the renewable element will always be the same percentage of the final fuel that should be included in Table 2.2? If so, what are they and what percentages should be used (please provide supporting evidence using the approach detailed in the section entitled "partially renewable fuels")?
- 8
  - A. Is the approach detailed in the section entitled "partially renewable fuels" for fuels where the renewable element will form a variable percentage of the final fuel sufficiently flexible to enable the Administrator to deal with any partially renewable fuels that might be provided?
  - B. Is the  $C^{12}/C^{14}$  ratio methodology the correct methodology to use in this circumstance?

### **Chapter 3: Volumes submission**

This chapter explains how volumes should be reported to the Administrator.

- 9 Is sufficient guidance provided on how to report on volumes of fuel supplied?
- 10 Will there be any unintended consequences to the approach set out in the section entitled "what to submit" regarding how the subsequent movement of fuel back across the duty point (and hence exclusion from the RTFO) in a different obligation period will be dealt with?
- 11 Are there any unintended consequences of the approach for recording denaturant in ethanol and the fossil/renewable elements of partially renewable fuels set out in the section "what to submit"?

### **Chapter 4: RTFCs**

This chapter explains how RTFCs will be issued.

- 12 Is there sufficient guidance for suppliers to understand how the RTFC issuing process will work?
- 13 Is the approach to how RTFCs will be revoked if they have been traded as set out in the section "revocation of RTFCs - which RTFCs" a pragmatic one? If not, what alternative approach should be taken?

### **Chapter 5: Meeting the obligation**

This chapter sets out how suppliers should meet their obligation.

- 14 Is sufficient guidance provided to suppliers on how to do this?

### **Chapter 6: Civil Penalties**

This chapter sets out in which circumstances civil penalties may be issued and how they can be appealed.

15 Is sufficient guidance given?

## Part Two: Carbon and Sustainability Guidance

### Chapter 2: Reporting biofuel carbon and sustainability information

This chapter sets out the requirements for carbon and sustainability (C&S) reporting by fuel suppliers to the RTFO Administrator in order to demonstrate compliance with the RED sustainability criteria and gain RTFCs. It includes who needs to report, what information should be reported and when reports should be submitted. It also covers verification requirements.

16 Is sufficient guidance provided for suppliers on how to report their C&S data when applying for RTFCs?

17 Do you agree with the assessment of which ROS fields are elective and compulsory to demonstrate compliance with the RED? If not, which should change and why?

### Chapter 4: Demonstrating compliance with the land criteria

This chapter sets out the land criteria of the RED and how suppliers can demonstrate compliance with those requirements. The land criteria cover both preservation of biodiversity and preservation of carbon stocks (including peatlands). There are also requirements in the RED related to cross compliance although suppliers do not currently have to prove compliance with this.

18 Do you agree that the guidance identifies the appropriate land use categories for demonstrating compliance with the RED land criteria?

Following responses from previous consultations it is proposed that no further benchmarks are carried out against the RTFO Biofuel Sustainability Meta Standard and that the concept of the meta standard is removed. However, the principles and criteria of the Standard have been retained as an optional tool to demonstrate compliance with the RED land criteria.

19 Do you agree that the RTFO Biofuel Sustainability Standard should be retained as an optional tool to demonstrate compliance with the RED land criteria?

Further resources/guidance on demonstrating compliance with the land criteria are included at the end of the chapter - namely from CEN, the Commission and Defra.

20 Are there any other resources or guidance of relevance to the land criteria that would be helpful for suppliers?

21 The Defra guidance is still being developed - Is the table found online on types and sources of information that might be used to help

demonstrate compliance with the land criteria helpful and in a user-friendly format?

- 22 The Defra table of information is not meant to be exhaustive but are you aware of any other types or sources of information that might be added?

### **Chapter 5: Demonstrating compliance with the greenhouse gas savings criteria**

This chapter sets out the greenhouse gas (GHG) requirements of the RED and how suppliers can demonstrate compliance with those requirements. Guidance is provided on how to assess the carbon intensity of biofuel consignments through the use of defaults.

- 23 Do you agree with the approach set out for demonstrating compliance with the GHG criteria?
- 24 Do you agree with the fuel level default approach?

### **Chapter 6: Reporting actual carbon data and assessing the impact of land-use change**

This chapter provides guidance on using actual data to determine the GHG savings of biofuels. It also outlines how to assess the impact of any changes in land use on the carbon intensity of an administrative consignment of biofuel. The impact of land use change is not applicable to biofuels derived from wastes and residues (save for agricultural, aquaculture, fisheries and forestry residues).

The concept of the Accuracy Level has been removed. However, it is still necessary to capture information on the type of GHG data that has been reported in order to demonstrate compliance with the RED in some cases.

- 25 Do you agree with the revised approach i.e. reporting the type of GHG data and whether there was any soil carbon accumulation due to improved agricultural practice?
- 26 Is sufficient guidance provided on calculating actual GHG emissions?

### **Chapter 7: Demonstrating compliance with the mass balance rules**

It is necessary to be able to track C&S data back to its original source in order to ensure that it can be verified. This chapter outlines acceptable chain of custody systems and provides guidance on setting up a chain of custody where none exists. It is substantively unchanged from earlier versions of the RTFO guidance, with the exception that book and claim systems are no longer accepted.

- 27 Do you agree with our approach to aggregating consignments?

### **Chapter 8: Wastes and residues**



Wastes and residues are important concepts under the RED but are not defined in the RED nor in the draft order that will amend the RTFO Order. Previously, the RTFO did not use these terms and therefore this is an entirely new chapter of the guidance. The draft guidance has been designed to help business to apply these terms consistently and in line with the purpose of the Directive.

- 28 Do you agree with the approach we have adopted to assess materials?
- 29 Do you agree with our assessment of materials in Tables 8.2 to 8.5? If you disagree with any particular classification, please explain why and what categorisation you believe to be correct?
- 30 Are there any materials not included in the list that should be included at this time? If 'yes' please specify the materials and explain why and under which category they should be included.
- 31 Is further guidance on non-food cellulosic and ligno-cellulosic material required? Do you have any specific suggestions?
- 32 Do you agree that tallow that is not categorised (i.e. from outside the EU) should be treated as category 1, including that the RED default for tallow biodiesel can be used?

## **Chapter 9: Appointing a verifier**

This chapter provides information on appointing a verifier; the roles and responsibilities of suppliers, verifiers and the Administrator in respect of this process; and a brief outline of the steps a verifier will undertake.

- 33 Do you agree with the approach to appointing a verifier outlined in this chapter?

## **Annex A: Guidance on recognition of voluntary schemes**

This annex describes the process for recognition of voluntary schemes to demonstrate RED compliance under the RTFO. The current list of voluntary schemes recognised to demonstrate RED compliance under the RTFO is included as a consultation document for reference (table of voluntary schemes).

- 34 Do you agree with the proposed process for inclusion of voluntary schemes?
- 35 Do you agree that the RTFO Administrator should recognise those voluntary schemes that were benchmarked for indicative RED compliance with the land criteria?
- 36 Do you agree that this should be kept under review with the initial period for recognition being until the end of Year 5 (April 2013)?
- 37 Do you agree that the RTFO Administrator will only carry out benchmarks of schemes against the RED criteria where there is a strong business case?
- 38 Do you agree with the proposed process for downgrading schemes?

## **Annex B: RTFO Biofuel Sustainability Standard criteria and indicators**

This annex describes the criteria of the RTFO Biofuel Sustainability Standard and the RTFO norm for audit quality. The sustainability criteria and the audit guidelines should be used by suppliers wishing to conduct their own independent field audits of cultivated feedstocks against the RTFO Biofuel Sustainability Standard.

The norm for audit quality has been updated to bring it in line with the European Commission's 'Communication on voluntary schemes'<sup>1</sup>: Criterion 2 on management of the audit is upgraded from a 'minor must' to a 'major must'; and criterion 8 on documentation management has been added.

- 39 Do you agree with updating the norm for audit quality to bring the norm into line with the European Commission's requirements for voluntary schemes?

### **Annex C: Known future updates to RTFO C&S reporting**

This annex sets out known updates to the RTFO carbon and sustainability reporting scheme that are likely to be required in the future as further information relevant to RED implementation is published. Updates to the *C&S Guidance* may arise from the Comitology process; or from information published by the Commission or the RTFO Administrator.

- 40 Do you agree with the proposed processes for inclusion of the known future updates in the RTFO C&S reporting scheme?
- 41 Are there any known updates missing from this Annex that would impact on RTFO C&S reporting?

### **Annex D: Example chain of custody records**

This annex contains examples of chain of custody records for different economic operators along the supply chain.

- 42 Are these useful examples?
- 43 Should there be any additional categories on the record sheets?

## **Part Three: Guidance for Verifiers**

The Guidance for Verifiers provides further detail on the particular issues relating to assurance of biofuel sustainability data. There have been no major changes to the guidance provided since the previous version of this document; however it has been re-structured and consolidated.

---

<sup>1</sup> Communication from the Commission on voluntary schemes and default values in the EU biofuels and bioliquids sustainability scheme (COM 2010/C 160/01).

- 44 Are the roles and responsibilities for verifiers, reporting parties and the RTFO Administrator correctly and completely described?
- 45 Are there any alternative assurance standards that we should consider naming in the guidance at this stage? If yes, please give details
- 46 Do you agree with the approach set out in Chapter 3 regarding independence, competence and quality assurance?
- 47 Do you agree with the approach to risk, materiality and criteria set out in Chapter 4 - Planning and risk assessment?
- 48 Has sufficient guidance been given on verification of feedstocks categorised as wastes or residues? If no, what further guidance is needed?
- 49 Do you have any other comments relating to verification?

## What will happen next

Consultation responses will be considered and any subsequent revisions to the guidance will be made in advance of its publication. A summary of responses to the consultation will also be published and we will also issue the Government response to the consultation.