



Department
for Transport

RTFO Guidance Consultation for Year 8: April 2015 to April 2016

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Executive summary

Introduction

The Renewable Transport Fuel Obligation (RTFO) is administered by the RTFO Unit in the Department for Transport (DfT). The Unit has developed the Renewable Transport Fuel Obligation Guidance (the "Guidance") to help suppliers and verifiers meet the requirements of the RTFO legislation. There are three main parts to the Guidance - covering process, carbon and sustainability, and verification - and a number of supporting annexes. This consultation should be read alongside version 7 of the Guidance, available on our website - see [link](#).

Overview

This consultation asks questions on proposed updates to the Guidance for Year 8 of the obligation. Overall we expect the Guidance to remain substantively the same. However, there are some important proposed amendments to reflect anticipated changes to the Renewable Transport Fuel Obligations Order 2007 (the "RTFO Order") (note the proposed changes to the RTFO Order are subject to the due Parliamentary process). See [link](#) for further information on the proposed changes to the RTFO Order.

This consultation also seeks early views on how a number of forthcoming issues should be reflected in the Guidance, including the definition of highly biodiverse grasslands, and the new ISAE 3000 standard for verifiers. Although these issues are not expected to impact on the revised Guidance that will be issued by April 2015, amendments may need to be made 'in-year'. We may consult further as appropriate with suppliers and verifiers on these points.

In addition, this document provides an update on a number of ongoing issues, including the potential new fuel chains in the Renewable Energy Directive (RED), the definition of severely degraded and heavily contaminated land, and the review by the RTFO Unit of how fuels extracted from a gas grid are treated.

The main issues covered in the consultation are summarised in the table below. General comments are also welcome.

Issue	Current Status	Expected Date	Input requested
Proposed changes to the RTFO Order. (see Part 1)	Consultation on the proposed changes complete. Legislation being drafted.	Subject to the Parliamentary process, legislation is intended to come into force in April 2015.	Comments on proposed amendments to Guidance.
Highly biodiverse grasslands. (see Part 2)	Regulation adopted on 8 December 2014.	Regulation will apply from 1 October 2015.	Early views. Further consultation as appropriate on any necessary amendments to Guidance.
New fuel chains. (see Part 2)	Awaiting Commission proposal.	No agreed timings at present.	To note at this stage.
Severely degraded land and heavily contaminated land. (See Part 2)	Draft definition developed by Commission. Discussed on 9 December 2014.	No agreed timings at present.	To note at this stage.
Fuels extracted from a gas grid. (See Part 2)	Ongoing review by RTFO Unit.	No agreed timings at present.	To note at this stage.
ISAE 3000 verification standard. (See Part 3)	New version of ISAE 3000 standard has been published.	Will come into force in December 2015.	Early views. Further consultation as appropriate on any necessary amendments to Guidance.

How to respond

The consultation period began on 11 December 2014 and will run until 6 February 2015. Please ensure that your response reaches us before the closing date.

Please send consultation responses to:

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When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of a larger 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.

Freedom of Information

Information provided in response to this consultation, including personal information, may 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.

Part 1: Process Guidance

Overview

- 1.1 The majority of the RTFO [Process Guidance](#) will remain the same for Year 8. However, there are some important proposed amendments to reflect anticipated changes to the RTFO Order which may, subject to the Parliamentary process, come into force in April 2015.
- 1.2 The anticipated changes to the RTFO Order are summarised below and the proposed amendments to the Guidance are detailed in Annex A.

Increasing the reward for certain renewable gaseous fuels to more closely reflect their higher energy content relative to the equivalent volume of liquid fuels

- 1.3 For gaseous renewable transport fuels reported under the RTFO, the proposed change to the RTFO Order is to adjust the weight that is regarded as being equivalent to a litre of liquid fuel. This would mean that 1 kilogram of biomethane would be regarded as being equivalent to 1.9 litres of liquid fuel and 1 kilogram of biobutane or biopropane (or a combination of both biobutane and biopropane) would be regarded as being equivalent to 1.75 litres of liquid fuel. Biobutane, biopropane, or a blend of both may be referred to as bio LPG.
- 1.4 This would mean that where the fuel is produced from sustainable single counting materials, 1.9 Renewable Transport Fuel Certificates (RTFCs) would be issued per kilogram of biomethane, and 1.75 RTFCs per kilogram of biobutane or biopropane (or combination of both biobutane and biopropane). Note that for any other renewable gaseous fuels, 1 RTFC would be issued per kilogram.

- 1.5** Where the fuel is produced from sustainable double counting materials, 3.8 RTFCs would be issued per kilogram of biomethane and 3.5 RTFCs per kilogram of biobutane or biopropane (or combination of both biobutane and biopropane). 2 RTFCs would be issued for any other renewable gaseous fuels.
- 1.6** If this change to the RTFO Order is made, we propose to make corresponding amendments to Chapter 4 of the Process Guidance (see Annex A).
- 1.7** We also propose that suppliers should continue to report the number of kilograms supplied onto the RTFO Operating System (ROS). The adjustments set out above would be applied automatically on ROS depending on fuel type and feedstock.

Questions

- 1 Do you consider that the proposed amendments to the Process Guidance (see Annex A) are clear and provide sufficient detail for suppliers? YES / NO / COMMENTS
- 2 Do you have any other comments on how this proposed change to the RTFO Order should be reflected in the Guidance? YES / NO / COMMENTS

The alignment of the treatment of hydrotreated vegetable oil and fatty-acid-methyl-ester

- 1.8** If this change is made to the RTFO Order, we propose to add text to Chapter 2 of the Process Guidance explaining that the treatment of hydrotreated vegetable oil (HVO) and co-processed hydrotreated vegetable oil (cHVO) will be aligned with the treatment of fatty-acid-methyl-ester (FAME) such that HVO receives 1 RTFC per litre of fuel, or 2 RTFCs if the fuel is produced from a double counting material (see Annex A for proposed text). References to HVO being a partially renewable fuel will be removed from the Guidance.

Questions

- 3 Do you consider that the proposed amendments to the Process Guidance (see Annex A) are clear and provide sufficient detail for suppliers? YES / NO / COMMENTS
- 4 Do you have any other comments on how this proposed change to the RTFO Order should be reflected in the Guidance? YES / NO / COMMENTS

Rounding by the Administrator of volumes to which RTFCs are issued

1.9 As a consequence of the potential changes to how RTFCs are awarded for renewable gaseous fuels (see above), we propose that Chapter 4 of the Process Guidance is amended to set out that the Administrator will apply rounding when issuing RTFCs (see Annex A for proposed text).

1.10 This would mean that a partial litre of 0.5 or above would be rounded up to a whole litre and, as a consequence, the supplier would receive an RTFC in relation to that partial litre. A partial litre of below 0.5 would be rounded down to the whole litre and, as a consequence, the supplier would not receive an RTFC in relation to that partial litre. The rounding would be applied to each administrative consignment rather than to each litre. This means an approved application for 100,001 kilograms of biomethane (from single counting material) would be multiplied by the kilograms:litres factor of 1.9, which gives an entitlement to 190,001.9 RTFCs. As 0.9 of an RTFC cannot be issued, this would be rounded to 190,002 RTFCs.

Rounding by the suppliers of volumes submitted to the Administrator

1.11 Chapter 2 of the Process Guidance currently states, in paragraphs 2.10 to 2.22 that deal with partially renewable fuels, that the volume of renewable fuel should be rounded to the nearest litre when reporting volumes to the Administrator.

- 1.12** We will clarify that the rounding requirement applies to all volumes of fuel (including the notional fossil and notional renewable volumes associated with a given volume of partially renewable fuel) when reporting to the Administrator.

Rounding of the obligation by the Administrator

- 1.13** In addition, we will also update the Guidance to make clear that the Administrator will round a supplier's obligation to the nearest whole litre. This is to reflect the longstanding operational practice.

Questions

- 5 Do you consider that these proposed amendments to the Process Guidance (see Annex A) are clear and provide sufficient detail for suppliers? YES / NO / COMMENTS
- 6 Do you have any other comments on how these proposed changes to the RTFO Order should be reflected in the Guidance? YES / NO / COMMENTS

General comments

- 1.14** We do not propose to make other significant amendments to the Process Guidance but would welcome any general views on it.

Questions

- 7 Do you have any other comments to make on the Process Guidance? COMMENTS

Part Two: Carbon and Sustainability Guidance

Overview

- 2.1** We do not intend to make significant amendments to the RTFO [Carbon and Sustainability Guidance](#) with effect from the start of Year 8, however a number of aspects either will, or may (depending, for example, on progress at the EU level) need amending 'in-year'.

Highly biodiverse grasslands

- 2.2** The regulation containing the definition of highly biodiverse grasslands was adopted on 8 December 2014. The text can be found here - see [link](#).
- 2.3** The regulation will apply from 1 October 2015. The DfT will be initiating work to analyse what, if any, amendments to the Guidance are necessary to reflect the definition of highly biodiverse grasslands, and will consult upon any such amendments as appropriate.

Question

- 8 Do you have any comments on how this definition should be reflected in the Carbon and Sustainability Guidance, or in relation to the possible impact on suppliers? COMMENTS

New fuel chains

- 2.4** We are awaiting the proposal on updated data for Annex V of the RED from the Commission. The Commission have stated that this process is still underway but are unable to provide a timescale. Should any updates occur in 2015/16, the Guidance and the Carbon Calculator will be amended accordingly.

Severely degraded and heavily contaminated land

- 2.5** A draft regulation defining severely degraded and heavily contaminated land (in order for the 29gCo₂e/MJ bonus to be applied) is currently being developed by the Commission, and was discussed on 9 December 2014.
- 2.6** If the regulation is agreed, the Guidance will be amended accordingly (although there are no agreed timings at present).

Supply of fuel where gas has been extracted from a gas grid

- 2.7** We are currently reviewing our approach to rewarding fuels made from grid gas. Whilst we do not believe that any of the biomethane currently being supplied under the RTFO is delivered in this way, we understand that some of the biomethanol being supplied has been produced from grid gas. Our review is looking into our current approach given that article 5(7) of the RED (which relates to the overall target) references Regulation 1099/2008, which requires Member States to only count the grid average level of renewability towards the overall target. This is further explained in the Commission communication on accounting rules for electricity and hydrogen, which also deals with gas grids – see [here](#).
- 2.8** We are discussing these matters within the UK government, with other Member States and with the Commission.
- 2.9** We are not proposing any amendments to the RTFO Guidance at this stage and will continue to regard such fuels as renewable. However, the outcome of our review may mean we adjust our approach to the renewability of such fuels. Should this be the case we will notify suppliers and other relevant parties and amend our Guidance as necessary.

General comments

- 2.10** We do not anticipate the need to make any other significant amendments to the Carbon and Sustainability Guidance but would welcome any general views.

Question

9 Do you have any other comments to make on the Carbon and Sustainability Guidance? COMMENTS

Part Three: Guidance for Verifiers

Overview

- 3.1** A new version of ISAE 3000 has been published. This is the standard to which verification under the RTFO must be undertaken. This will come into force in December 2015 and can be [found here](#).
- 3.2** The new standard includes new and specific requirements on professional standards and quality control procedures. These must be followed and must be mentioned in verification statements. It is essential that all suppliers and verifiers review the new standard to determine whether this will have any impact on their ability to continue to provide assurance statements under ISAE 3000.
- 3.3** The DfT plans to consult as appropriate on the detail of the changes, including any necessary amendments that would be required to the RTFO [Guidance for Verifiers](#), however at this stage we would like to assess the scale of the likely impacts of this change to ISAE 3000.

Questions

- 10 Do you anticipate that the new version of ISAE 3000 will have an impact on the ability of fuel suppliers to find a suitable verifier to provide a verification report under the RTFO? YES / NO / COMMENTS
- 11 Are there any other changes to ISAE 3000 which may have an impact on the operation of the RTFO? YES / NO / COMMENTS
- 12 Do you have any other comments to make on the Guidance for Verifiers? COMMENTS

What will happen next?

Consultation responses will be considered and any subsequent amendments to the Guidance will be made in advance of the 2015/16 RTFO obligation period (Year 8) on 15 April 2015. A summary of responses to the consultation will also be published. Paper copies will be available on request.

If you have questions about this consultation please contact:

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Further background information can be found at

<https://www.gov.uk/renewable-transport-fuels-obligation>

Annex A: Proposed amendments to Process Guidance

A.1 The table below details the main proposed amendments to the RTFO Process Guidance for Year 8. Note that it may be necessary for the DfT to make other consequential amendments to the Guidance in addition to minor updates.

Year 7 Guidance (Chapter/paragraph)	Proposed amendments
<p>Executive summary, para 9</p> <p>"One certificate may be claimed for every litre (or kilogram in the case of biogas) of sustainable renewable fuel supplied."</p>	<p>"One certificate may be claimed for every litre of sustainable liquid renewable fuel supplied. For biogas, 1.9 RTFCs may be claimed per kilogram of biomethane supplied, and 1.75 RTFCs will be issued per kilogram of biobutane or biopropane (or for a combination of both). For any other biogas, 1 RTFC will be issued per kilogram supplied."</p>
<p>Chapter 2</p>	<p>New para inserted after 2.6:</p> <p>"The Administrator will round a supplier's obligation up or down to the nearest whole litre."</p>
<p>Chapter 2, para 2.14</p> <p>"Fatty-acid-methyl-ester (FAME) produced from fossil methanol is regarded as a wholly renewable fuel under the RTFO and is treated as such in the determination of the eligibility for certificates. It only has to be proven that the sustainability criteria were met for the part of the fuel produced from renewable feedstocks."</p>	<p>"Fatty-acid-methyl-ester (FAME) produced from fossil methanol, hydrotreated vegetable oil (HVO), a form of renewable diesel, and co-processed hydrotreated vegetable oil (cHVO) are regarded as wholly renewable fuels under the RTFO and are treated as such in the determination of the eligibility for certificates. It only has to be proven that the sustainability criteria were met for the part of these fuel types produced from renewable feedstocks."</p>

<p>Chapter 2, para 2.21</p> <p>"All calculations to determine the volume of renewable fuel should be rounded to the nearest litre."</p>	<p>"When reporting to the Administrator calculations to determine the volume of renewable fuel should be rounded to the nearest litre. This rounding requirement applies to all volumes of fuel, to include the notional fossil as well as notional renewable volumes associated with a given volume of partially renewable fuel."</p>
<p>Chapter 4, para 4.26</p> <p>"One RTFC will be issued per kilogram of gaseous renewable transport fuel or renewable part of a gaseous partially renewable transport fuel that meets the requirements set out above, except where 4.27 applies."</p>	<p>"The energy content of gaseous fuels is typically significantly higher than that of liquid biofuels. Therefore 1.9 RTFCs will be issued per kilogram of biomethane supplied, and 1.75 RTFCs will be issued per kilogram of biobutane or biopropane (or a combination of both biobutane and biopropane) supplied, where the fuel meets the requirements set out above. For any other biogas, 1 RTFC will be issued per kilogram supplied. The exception being where 4.27 applies."</p>
<p>Chapter 4, para 4.27</p> <p>" Two RTFCs will be issued per litre of renewable or renewable part of partially renewable transport fuel or per kg of renewable or renewable part of partially renewable gaseous transport fuel, where that fuel meets the requirements above and that fuel has been produced from feedstocks that are wastes, residues, ligno-cellulosic or non-food cellulosic materials. See Guidance Part Two: Carbon and Sustainability Guidance for further information on which feedstocks fall into these categories."</p>	<p>"Two RTFCs will be issued per litre of renewable or renewable part of liquid partially renewable transport fuel where that fuel meets the requirements above and that fuel has been produced from feedstocks that are wastes, residues, ligno-cellulosic or non-food cellulosic materials. For gaseous fuel produced from feedstocks that are wastes, residues, ligno-cellulosic or non-food cellulosic materials, the number of certificates will be doubled to 3.8 and 3.5 RTFCs per kilogram of biomethane and biobutane or biopropane (or a combination of both biobutane and biopropane) respectively (for any other gaseous fuel produced from feedstocks that are wastes, 2 RTFCs would be issued per kilogram). See Guidance Part Two: Carbon and Sustainability Guidance for further information on which feedstocks fall into these categories."</p>
<p>Chapter 4</p>	<p>New para inserted after 4.27:</p> <p>"As a consequence of how RTFCs are issued for renewable gaseous fuels (see para 4.26), the Administrator will apply rounding when issuing RTFCs. Rounding will be applied to each administrative consignment rather than to each litre. In practice this means an approved application for 100,001 kilograms of biomethane (from single counting material) would be multiplied by the kilograms: litres factor of 1.9, which gives an entitlement to 190,001.9 RTFCs. As 0.9 of an RTFC cannot be issued, this will be rounded to 190,002 RTFCs."</p>

Annex B: Full list of consultation questions

Question 1

Do you consider that the proposed amendments to the Process Guidance (see Annex A) are clear and provide sufficient detail for suppliers?

Question 2

Do you have any other comments on how this proposed change to the RTFO Order should be reflected in the Guidance?

Question 3

Do you consider that the proposed amendments to the Process Guidance (see Annex A) are clear and provide sufficient detail for suppliers?

Question 4

Do you have any other comments on how this proposed change to the RTFO Order should be reflected in the Guidance?

Question 5

Do you consider that these proposed amendments to the Process Guidance (see Annex A) are clear and provide sufficient detail for suppliers?

Question 6

Do you have any other comments on how these proposed changes to the RTFO Order should be reflected in the Guidance?

Question 7

Do you have any other comments to make on the Process Guidance?

Question 8

Do you have any comments on how this definition should be reflected in the Carbon and Sustainability Guidance, or in relation to the possible impact on suppliers?

Question 9

Do you have any other comments to make on the Carbon and Sustainability Guidance?

Question 10

Do you anticipate that the new version of ISAE 3000 will have an impact on the ability of fuel suppliers to find a suitable verifier to provide a verification report under the RTFO?

Question 11

Are there any other changes to ISAE 3000 which may have an impact on the operation of the RTFO?

Question 12

Do you have any other comments to make on the Guidance for Verifiers?

Annex C: Consultation principles

The consultation is being conducted in line with the Government's key consultation principles which are listed below. Further information is available at:

<https://www.gov.uk/government/publications/consultation-principles-guidance>

If you have any comments about the consultation process please contact:

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