

Clarification Note

The department would like to clarify one point on its proposals for the treatment of gaseous fuels, which are intended to incentivise renewable gaseous fuels on the basis of their energy content as set out in table 3 of the consultation paper.

It is possible under the Renewable Transport Fuel Obligations Order 2007 (the “2007 Order”) for renewable fuels to be reported for the purpose of applying for renewable transport fuel certificates but then for certificates not to be issued, or for certificates to be revoked, because the fuel does not meet the requirements in the 2007 Order, which include demonstrating that the fuel meets mandatory sustainability criteria. We anticipate this is very unlikely in respect of applications relating to renewable gaseous fuels. Where the mandatory sustainability criteria are not met, article 4 of the 2007 Order provides that fuel will be counted towards a supplier’s potential obligation. We propose that the multipliers set out in table 3 on page 14 of the consultation would be used for the purpose of calculating the potential obligation. That would mean that for every kilogram of biomethane and every kilogram of bio-LPG supplied which fails to meet the mandatory sustainability criteria 1.76 litres and 1.62 litres worth of obligation respectively would accrue rather than 1 litre’s worth of obligation as is currently the case under the 2007 Order.

Our expectation is that this would be extremely unlikely to lead to an obligation in itself but is necessary to ensure consistency in the legislation and its administration and would provide that where certificates are redeemed to offset the supply of fuels which are not proven to be sustainable the obligation is calculated and certificates are awarded at equivalent rates.

Since mandatory sustainability criteria were introduced in 2011 no renewable gaseous fuel has failed to meet it. We therefore do not expect this proposal to lead to any significant costs and have not revised our Cost-Benefit Analysis, but would welcome your comments on this aspect of the proposals.