Department for Transport

Renewable Transport Fuel Obligation Annual Report
2024

CP 1580

May 2026

Government of the United Kingdom
Department for Transport

Renewable Transport Fuel Obligation Annual Report 2024

Presented to Parliament
by the Secretary of State for Transport
by Command of His Majesty

May 2026

CP 1580

Department for Transport
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Executive summary

Introduction

1. This report has been produced to ensure transparency in the financial reporting of the Renewable Transport Fuel Obligation (RTFO). As the RTFO is classified as an imputed tax and spending measure, it is not reported within the Department for Transport's Annual Report and Accounts.
2. The RTFO is one of the Government's main policies for reducing greenhouse gas (GHG) emissions from transport in the UK. It requires that a certain percentage of UK road and non-road transport fuel supplied is renewable and that it meets the sustainability criteria.

Outturn for 2024

3. The total value of the RTFO, which comprises an imputed tax for 2024, is **£2,029.8 million**. This is calculated as the difference between the cost of low carbon fuels supplied and the fossil fuels they have replaced, combined with the cost of buyouts from suppliers who did not meet their main obligation, development fuel obligation, or both. See section 4 for more details.

Forecasts

4. The forecast total value of the RTFO for 2025 is **£2,620.6 million**. If this materialises, this would be an increase in outturn compared to 2024. This forecast is due to estimations made to date based on provisional statistics for 2025 which show a lower delivery of low carbon fuels so far in 2025 (compared to the equivalent point in the obligation year in 2024) but may be subject to change. See section 5 for more details.

Scheme outcomes

5. In 2024, the average GHG saving from the low carbon fuels supplied under the RTFO was 80% compared to fossil fuels, representing a total saving of 7.9 million

tonnes of CO_2e (equivalent)[1, 2, 3].

6. The RTFO is meeting its objective of reducing GHG emissions from UK transport fuel. To be eligible for reward under the RTFO, low carbon fuels must meet mandatory sustainability criteria. The RTFO is designed and managed to ensure a high level of compliance with its requirements. For more details on the outcomes of the scheme, see section 6.

Signature and assurance review

7. This report is signed by the Permanent Secretary, Department for Transport (section 2). The outturn figure for 2024 has been subjected to an assurance review (see section 3) by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General, in line with the Direction issued by HM Treasury.

[1] https://www.gov.uk/government/statistics/renewable-transport-fuel-obligation-rtfo-statistics-2024-final-report

[2] These greenhouse gas estimates reflect well-to-wheel (fuel lifecycle) emissions and as a result differ to UK carbon budget reporting accounting. This includes Scope 1 (the emissions of combustion), Scope 2 (emissions from electricity), Scope 3 (emissions from feedstock cultivation, fuel production, transport and distribution, etc). More complete detail can be found in the published RTFO Compliance Guidance.

[3] While the current disruption in the Middle East does not affect 2024 or 2025, depending on how long the issues persist it could have an impact in 2026. It is too early to assess any impact, but the situation will be monitored closely.

1. Introduction

Purpose of this report

1.1 This report has been produced to ensure transparency in the financial reporting of the Renewable Transport Fuel Obligation (RTFO). The transactions generated by the RTFO are not income or expenditure attributable to the Department for Transport (DfT) and the RTFO is not reported within the Department's Annual Report and Accounts as its inclusion would not be compliant with the Government's Financial Reporting Manual.

1.2 This report gives an outturn figure for the value of the RTFO for the 2024 Obligation year (January to December) alongside the outcomes for the scheme. A forecast is also given for the 2025 RTFO year. The National Audit Office (NAO) on behalf of the Comptroller and Auditor General has subjected the 2024 outturn data within this report to an assurance review: the assurance report is included on page 12.

1.3 The RTFO obligation applies to fuel supplied on a calendar year basis (1 January – 31 December). Fuel suppliers have until 15 September the following year to redeem RTFCs for the fuel supplied during the previous calendar year. This means that for the 2024 obligation year, suppliers could redeem certificates against their obligation until 15 September 2025. After this deadline buyout values are calculated for any unmet obligation and the reporting year is essentially closed. Following the closure of the reporting year, final statistics for the 2024 compliance year were compiled and published in November 2025. These statistics were used to inform this annual report, which is reviewed by the NAO prior to publication in spring the following year (2026).

The RTFO

1.4 The RTFO commenced on 15 April 2008 and is one of the Government's main policies for reducing greenhouse gas (GHG) emissions from transport in the UK, supporting the Government to meet its future carbon budget targets[4].

1.5 Under the RTFO, suppliers of relevant transport fuel (petrol, diesel, gas oil or low carbon fuel) in the UK must meet an annual obligation using tradeable certificates,

[4] https://www.gov.uk/guidance/carbon-budgets

called Renewable Transport Fuel Certificates (RTFCs) which are awarded for the supply of sustainable low carbon fuel.

1.6 The obligation has 2 elements – the 'main obligation' and the 'development fuel target'. The development fuel target was introduced in 2019 and takes into account the fuel type, production pathway and feedstock, and aims to incentivise those fuel pathways which need greater support and fit the UK's long-term strategic needs.

1.7 For the 2024 obligation year, obligated fuel suppliers to the UK market[5] were required to meet the 'main obligation' by redeeming RTFCs equivalent to 13.6% of the volume of fossil and unsustainable low carbon fuel supplied. For the development fuel target, fuel suppliers were required to redeem development RTFCs (dRTFCs) equivalent to 1.4% of the volume of fossil and unsustainable low carbon fuel supplied.

1.8 If suppliers do not have sufficient certificates to discharge their obligation, they are required to buy-out, paying 50 pence per litre of low carbon transport fuel for which they have not redeemed an RTFC, or 80 pence per litre for the development fuel target.

1.9 The RTFO guidance[6] sets out information for fuel suppliers as well as verifiers regarding compliance, reporting, and verification.

1.10 To ensure the scheme meets its objectives, compliance risks are mitigated. The RTFO's assurance regime uses a combination of third-party verification, voluntary scheme certification, and administrator checks to provide assurance over the sustainability and traceability of fuels supplied. Checks are conducted both randomly and on a risk-basis and can include in-depth chain of custody investigations where necessary, even where fuels have been certified by voluntary schemes. The administrator of the RTFO also has the power to issue civil penalties for non-compliance in reporting, failing to meet deadlines or make buyout payments.

1.11 DfT publishes data relating to the RTFO in regular Renewable Transport Fuel Obligation statistics releases[7]. These reports are prepared and published following the Code of Practice for statistics[8]. Section 6 of this report provides headline figures from the latest release.

1.12 The Government Internal Audit Agency (GIAA) periodically audits the RTFO scheme processes. The most recent audit, completed on 12 September 2023, assessed how effectively the RTFO scheme utilises voluntary schemes, in the context of third-party assurance. The audit examined control processes in place for using such schemes and evaluated the level(s) of assurance provided by certifying bodies. Previous internal audits include one in December 2020, which reviewed the role of certifying bodies working on behalf of voluntary schemes, and another in 2018, which focused on the RTFO Unit's approach to risks and risk scoring. All recommendations from

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[5] Those supplying at least 450,000 litres per year.
[6] https://www.gov.uk/government/publications/renewable-transport-fuel-obligation-rtfo-compliance-reporting-and-verification
[7] https://www.gov.uk/government/collections/renewable-fuel-statistics
[8] https://code.statisticsauthority.gov.uk/

these audits have been addressed and incorporated into the standard operating procedures.

2. Sign-off of report

2.1 As an Accounting Officer for the Department for Transport I am responsible for ensuring that there is a high standard of financial management, including a sound system of internal control and effective financial systems. This responsibility includes the Renewable Transport Fuel Obligation (RTFO). I am content that appropriate financial controls over the RTFO are in place and that sufficient checks and reviews have been made to produce accurate and reliable financial data within Section 4 of this report, based on the most up-to-date data available at the time of producing the report. The assurance review by the National Audit Office, on behalf of the Comptroller and Auditor General, relates to the 2024 outturn. I have taken all reasonable steps to be aware of and provide necessary information to the auditors and I am not aware of any additional relevant information.

Jo Shanmugalingam CB

1 May 2026

Permanent Secretary

Department for Transport

Great Minster House

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3. Assurance report

Renewable Transport Fuel Obligation Order (2007) Annual Report - Assurance Report 2024

INDEPENDENT ASSURANCE REPORT TO THE SECRETARY OF STATE FOR TRANSPORT IN RELATION TO THE DISCLOSURE OF THE ADDITIONAL COST OF RENEWABLE TRANSPORT FUEL SUPPLIED UNDER THE RENEWABLE TRANSPORT FUEL OBLIGATION

I have evaluated through a reasonable assurance engagement, the disclosure of the outturn related to the additional cost of low carbon transport fuel supplied under the Renewable Transport Fuel Obligation (RTFO) included as Section 4. Outturn for 2024 (Subject to an assurance review) in the Renewable Transport Fuel Obligation Scheme Annual Report for the year ended 31 December 2024.

Subject matter, criteria and limitations

3.1 The Secretary of State for Transport is required by a direction issued by HM Treasury, as an imputed tax and spend measure, to prepare an annual report in respect of the RTFO scheme established under the Renewable Transport Fuel Obligations Order 2007 (as amended). Included within this report at Section 4, the outturn for 2024 (Subject to an assurance review), is a disclosure of the outturn related to the additional cost of low carbon transport fuel supplied under the RTFO scheme for the period 1 January 2024 to 31 December 2024. This disclosure is derived from a model designed by the Department for Transport, with observable inputs.

3.2 I have reviewed the output of the model and considered the adequacy with which the model derives a figure for the additional cost of renewable transport fuel supplied under the RTFO scheme. I have considered whether the disclosure has been properly prepared in accordance with HM Treasury direction.

3.3 My review extended only to providing reasonable assurance on the disclosures made for the period 1 January 2024 to 31 December 2024 and confirming that they have been prepared in accordance with the HM Treasury direction. My historic evaluation is not relevant to future periods due to the risk that the model may become inadequate because of changes in conditions.

Specific purpose of this assurance report

3.4 This report has been prepared to provide the Secretary of State with reasonable assurance that Section 4, Outturn for 2024 (Subject to an assurance review), shows the outturn related to the additional cost of low carbon transport fuel supplied under RTFO scheme for the period 1 January 2024 to 31 December 2024 and is properly prepared in accordance with the HM Treasury direction.

Responsibilities

3.5 The Permanent Secretary on behalf of the appointed administrator, the Secretary of State for Transport, is responsible for:

- preparing Section 4, Outturn for 2024 (subject to an assurance review), the outturn related to the additional cost of low carbon transport fuel supplied under RTFO, and for being satisfied this note is properly prepared;
- providing the auditor with access to all information of which management is aware that is relevant to the preparation of the RTFO Annual Report such as records, documentation and other matters;
- providing the auditor with additional information and explanations needed for the assurance engagement;
- providing the auditor with unrestricted access to persons involved in preparation of the RTFO Annual Report from whom the auditor determines it necessary to obtain audit evidence; and
- ensuring such internal controls are in place as deemed necessary to enable the preparation of the RTFO Annual Report to be free from material misstatement, whether due to fraud or error.

3.6 My responsibility is to gather appropriate evidence to support an opinion on Section 4, Outturn for 2024 (Subject to an assurance review), the outturn related to the additional cost of low carbon transport fuel supplied under RTFO, in accordance with *International Standards on Assurance Engagements (UK) 3000*, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Performance of the engagement in accordance with *International Standards on Assurance Engagements (UK) 3000*, Assurance Engagements Other than Audits or Reviews of Historical Financial Information

3.7 I performed a reasonable assurance engagement in accordance with International Standards on Assurance Engagements (UK) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Financial Reporting Council. The objective of a reasonable assurance engagement is to perform such procedures as to obtain information and explanations which I consider necessary in order to provide me with sufficient appropriate evidence to express a

positive conclusion on the disclosure. No other section of the annual report has been evaluated under this engagement.

Quality control and compliance with ethical standards

3.8 I apply *International Standards on Quality Management (UK)* and in particular, *International Standard on Quality Management (UK) 1, Quality Management for Firms that perform audits or reviews of Financial Statements, or other Assurance and Related Service Engagements*. Accordingly, I maintain a comprehensive system of quality management. The system of quality management includes assessing risk against our quality objectives and implementing suitable controls and responses to management of these identified risks including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

3.9 I have complied with the Financial Reporting Council's *Revised Ethical Standard 2024*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. I am independent of the Department for Transport in accordance with the ethical requirements that are relevant this assurance engagement in the UK.

Summary of work performed

3.10 The additional cost of low carbon transport fuel is estimated using a cost model. My assurance work included an examination of this cost model, to confirm that this is consistent with its intended function and that its inputs are consistent with the underlying source data. I also made enquiries with management as to the controls surrounding the collection of data where it was from internal sources.

Conclusion

3.11 In my opinion, Section 4, Outturn for 2024 (Subject to an assurance review) of the RTFO annual report, showing the outturn related to the additional cost of low carbon transport fuel supplied under the RTFO scheme for the period 1 January 2024 to 31 December 2024, is properly prepared in accordance with HM Treasury direction.

Rachel Farnsworth **7 May 2026**

Senior Audit Manager

National Audit Office

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Victoria

London

SW1W 9SP

4. Outturn for 2024 (subjected to an assurance review)

RTFO outturn	
RTFO outturn for 2024	**£ 2,029.8 million**

Table 1 RTFO outturn 2024

Cost estimation methodology and data sources

4.1 The RTFO requires that a certain percentage of UK road and non-road transport fuel supplied is low carbon fuel. The majority of fuels deployed through this mechanism are biodiesel (43.0% of low carbon fuel supply in 2024, when including biodiesel methyl ester (ME), hydrotreated vegetable oil (HVO), and off-road biodiesel), which is typically blended into fossil diesel and bioethanol (39.3% of low carbon fuel supply in 2024), which is typically blended into fossil petrol.

4.2 Low carbon fuels have historically been more expensive than fossil fuels. The Department receives low carbon fuel market price data that is produced weekly by 'Argus Media', a leading global provider of market data[9]. Where pricing data is not available for observed fuels in the RTFO statistics, a judgement is made to use the price of their closest substitute.

4.3 We have estimated the cost of the RTFO using monthly volumes of low carbon fuels as reported through the RTFO statistics[10] and price differentials as reported through Argus Media's market reports.

4.4 To take account of the lower energy content of low carbon fuels, we compare fuel costs in terms of £/MJ and not £/litre, based on energy density factors quoted in the RTFO Standard Data[11].

[9] https://www.argusmedia.com/en
[10] https://www.gov.uk/government/collections/renewable fuels-statistics
[11] https://www.gov.uk/government/collections/renewable-transport-fuels-obligation-rtfo-orders

4.5 The outturn also includes the cost of buy-out – paid to the department – required to meet the main and development fuel obligation. It does not include the unpaid buy-out debt relating to two suppliers who in 2024 went into liquidation and administration respectively.[12]

4.6 The outturn for 2024 (£2,029.8 million) is slightly smaller than the outturn for 2023 (£2,165.2 million). Buyouts in the development obligation have continued to rise (£344.4m in 2024 from £331.2m in 2023). Buy-out as a proportion of the total scheme cost increased from 15.3% in 2023 to 17.0% in 2024.

4.7 The 2024 report has been conducted on an annual basis, in line with all previous reports but differing from the 2018 RTFO reporting year which ran from 15th April 2018 to 31st December 2018.

[12] Two suppliers were unable to pay their buy-out fees due to insolvency, and a charge of £332.8 million has now been levied on these companies.

5. Forecasts

Future RTFO value	
RTFO forecast for 2025	**£ 2,620.6 million**

Table 2 Future RTFO value forecast

Cost estimation methodology and data sources

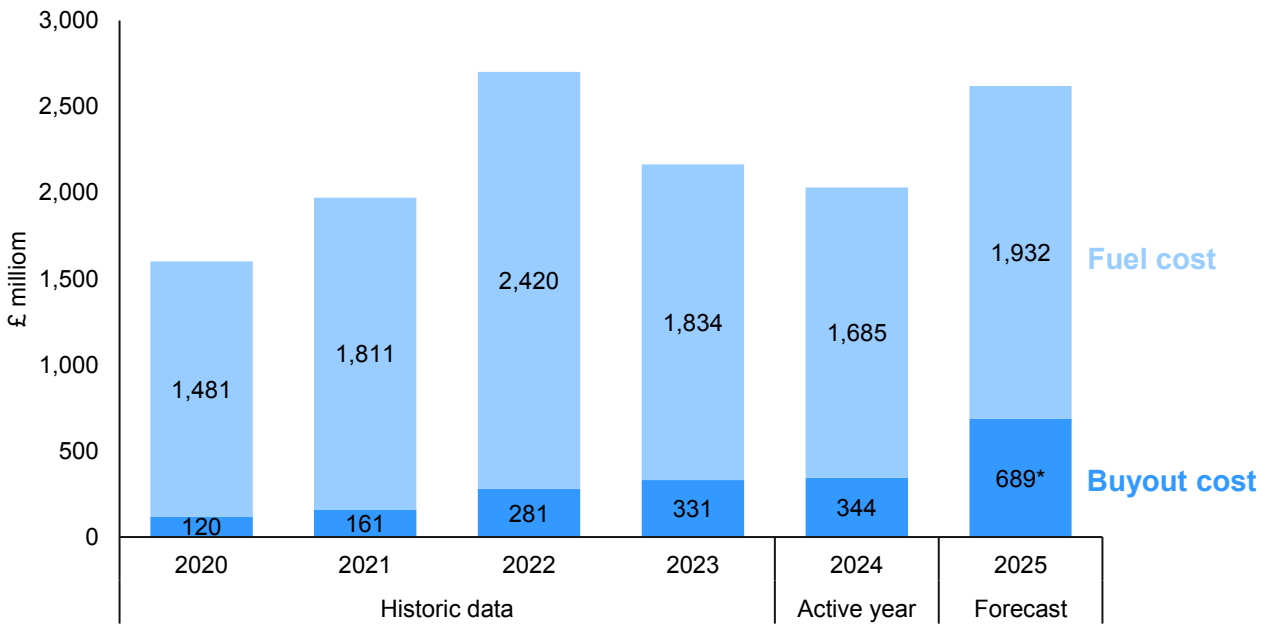
RTFO Forecast for 2025

5.1 The forecast for 2025 (£2,620.6 million) has been modelled using a similar methodology and the same data sources as the outturn for 2024:

- Fuel supply data was extracted in October 2025, at which point fuel supply volumes were available from January to October. For this forecast, volumes are taken from January to July due to a lag in certified data for the August-October period. At this point, RTFCs had been issued to 57.7% of the low carbon fuel so far supplied. Detailed feedstock information is unavailable until RTFCs have been awarded. To increase the reliability of the data for January to July 2025, we have estimated what the fuel supply looks like by mapping uncertified fuel supplied volumes onto the 57.7% of fuels already certified, assuming most of the fuel already supplied will eventually become certified (historically nearly 100% of fuel supplied is certified). The supply for the remaining months of the year (August – December 2025) was assumed to be the monthly average of fuel supplied from January to 14th July 2025.
- Actual price data, extracted from Argus Media, was available from January to November 2025. December 2025 data had not been fully observed when the analysis was produced, so is assumed to be equal to November 2025.
- The forecast for 2025 includes a pragmatic estimation of future buy-out that might be required to meet obligations, in the potential instance that the obligation exceeds supply in 2025. Our forecast estimates that less low carbon fuels are supplied in 2025 compared to 2024, and that the obligations increase, leading to higher estimated buy-out in 2025 than 2024.

- Our forecast methodology follows the same method applied in previous years. Our outturn forecast for 2024, published in last years' annual report, was £2036.5 million, compared to an actual outturn for 2024 of £2029.8 million.

5.2 The main driver for the forecasted increase in outturn cost for 2025 compared to 2024 is a potential increase in buyout. The forecast for buy-out in 2025 is £688.9m, increasing as a proportion of the overall scheme in 2025 (see Figure 1). This is due to an estimation that the development obligation increases more than the supply of development fuel during the 2025 reporting period.



** The buyout forecast for 2025 is associated with a high degree of uncertainty – see paragraphs 5.3 and 5.4.*

Figure 1 Nominal Cost (in £million) of the RTFO over time, by the cost of the fuel and buy-out shown. 'Buyout cost' is defined as the value of obligation required by fuel suppliers minus the value of low carbon fuel certificates redeemed.

5.3 The forecasted increase in buyout in 2025 is due to the lower delivery of certified fuels so far reported in the provisional 2025 statistics (Figure 2 shows fuel supplied by month for the first half of 2025 is below 2024 levels). Forecasting is highly uncertain and estimations of future supply can be heavily influenced by the need to use, at this stage, partial and provisional data for 2025. Final data for 2025 will be available in November 2026. Elevated fuel prices observed in the period of June to December 2025, compared to 2024, are also estimated to increase the overall cost of the scheme in the 2025 year (Figure 3).

5.4 However, there are other factors that could affect the level of buy-out in 2025 such as the availability of any certificates carried over from 2024. This uncertainty is greater than normal in 2025 due to the potential, and as yet unknown, impact of two suppliers going into liquidation and administration in 2024 which could lead to a

higher-than-normal carry-over of certificates into 2025. This may offset any shortfall in supplied low carbon fuels and lead to lower buy-out than forecast. If all carried over certificates are redeemed in 2025, we estimate that this could potentially reduce the total buy-out cost by up to 50%.

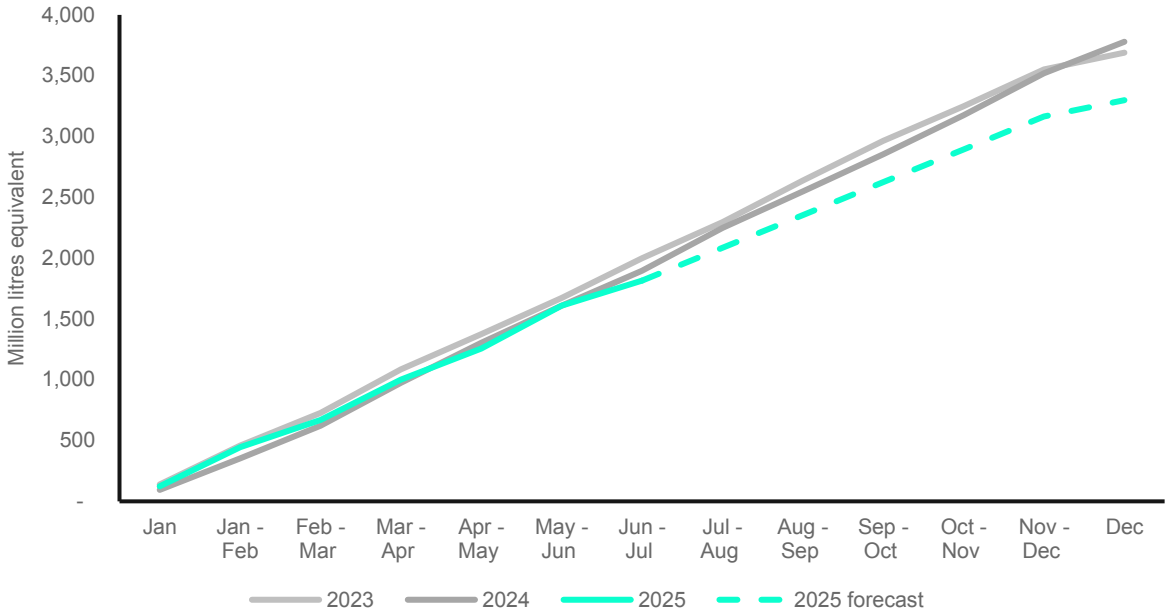


Figure 2 Cumulative renewable fuel supplied to the UK by month and year, with the year 2025 highlighted. Dotted lines indicate a linear extrapolation from the 2025 data which has been received to date. Please note that all "months" run from the 15th of one month to the 14th of the next (Jan - Feb covers 15th January to 14th February), apart from Jan (which runs from 1st January to 14th January) and Dec (which runs from 15th December to 31st December)

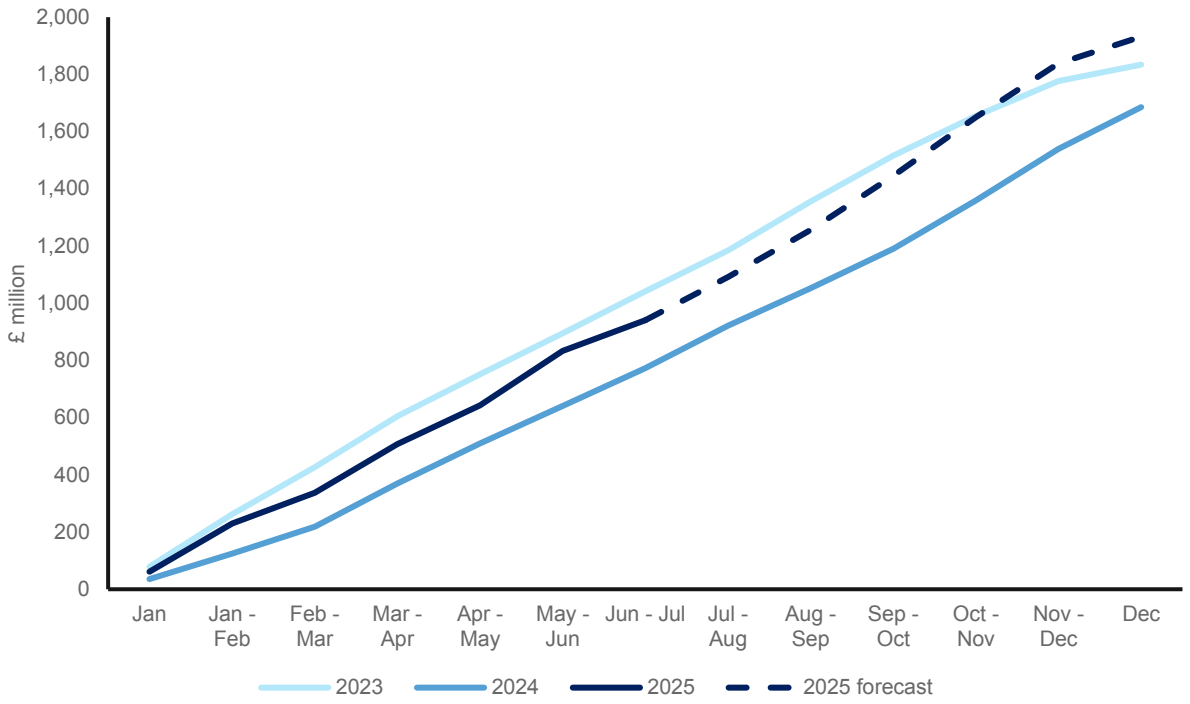


Figure 3 Cumulative cost of renewable fuel supplied for use in the UK by month and year in million pounds, with the year 2025 highlighted. Dotted lines indicate a linear extrapolation from the 2025 data which has been received to date. Please note that all "months" run from the 15th of one month to the 14th of the next, apart from Jan (which runs from 1st January to 14th January) and Dec (which runs from 15th December to 31st December)

6. Scheme outcomes

Introduction

6.1 The RTFO is intended to reduce GHG emissions from transport. It requires that a certain percentage of UK road and non-road transport fuel is low carbon and meets minimum GHG sustainability criteria.

6.2 This section summarises the key outcomes of the RTFO in 2024. Further data on the RTFO can be found in the final statistical report for 2024[13].

Greenhouse gas savings

6.3 In 2024, the average GHG saving from the low carbon fuels supplied under the RTFO was 80% compared to fossil fuels (excluding indirect land use change – see paragraph 6.4). This represents a total saving of 7.9 million tonnes of CO_2e, a small decrease in GHG savings compared to 2023 (8.0 million tonnes of CO_2e.).

[13] https://www.gov.uk/government/statistics/renewable-transport-fuel-obligation-rtfo-statistics-2024-final-report

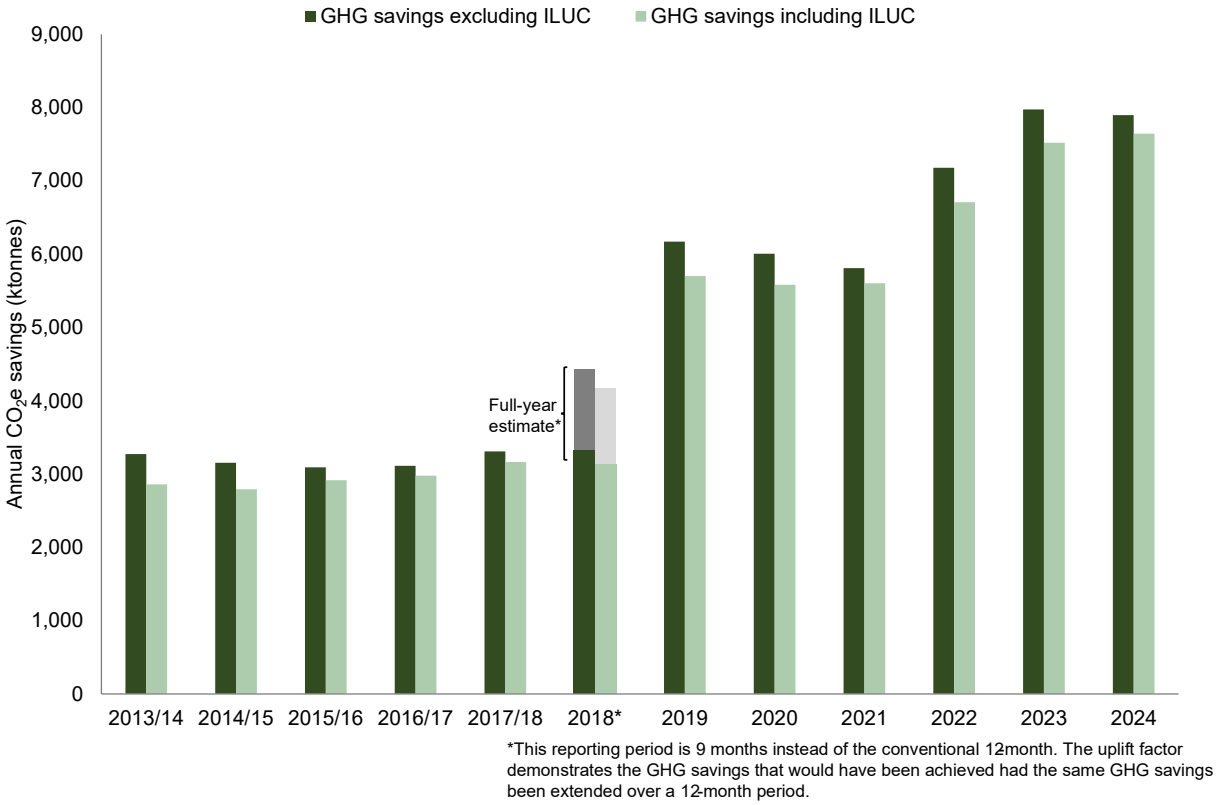


Figure 4 RTFO GHG savings excluding and including ILUC per obligation year (*the GHG savings for the 2018 short year was extrapolated to represent a full calendar year).

6.4 When agricultural land is used to grow a feedstock for low carbon fuel production, there may be a 'knock-on' effect from the expansion of agricultural land use into other areas. This is called ‘indirect land use change’ (ILUC). ILUC may involve expansion onto areas of high carbon stock which leads to additional GHG emissions. The RTFO accounts for these GHG emissions.

6.5 After accounting for ILUC, in 2024, the total GHG saving from the RTFO was 7.6 million tonnes of CO_2e (Figure 4). This is an increase from the total GHG savings in 2023 including ILUC (7.5 million tonnes of CO_2e).[14]

6.6 In 2024, low carbon fuels constituted a greater share of total fuel (7.7%, 3,809 million litres equivalent supplied) compared to 2023 (7.5%), 3,700 million litres equivalent supplied, reflecting a positive long-term trend (Figure 5).

[14] These greenhouse gas estimates reflect well-to-wheel (fuel lifecycle) emissions and as a result differ to UK carbon budget reporting accounting. This includes Scope 1 (the emissions of combustion), Scope 2 emissions from electricity, Scope 3 (emissions from feedstock cultivation, fuel production, transport and distribution, etc). More complete detail can be found in the published RTFO Compliance Guidance.

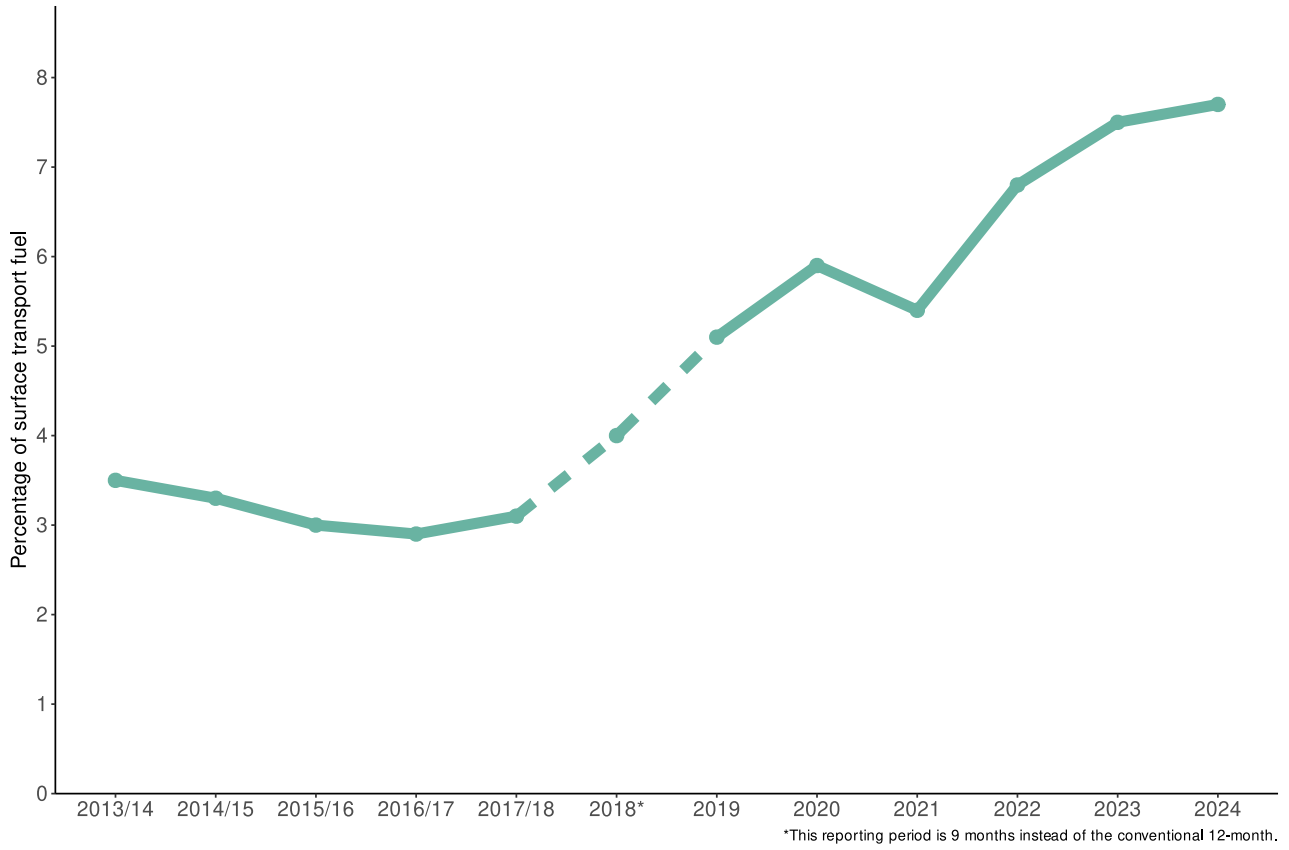


Figure 5 Percentage of surface transport fuel made up of low carbon components, financial year ending 2014 to calendar year 2024.

Meeting the 2024 obligation

6.7 To meet the main obligation for 2024, suppliers had to redeem RTFCs equivalent to 13.6% of the volume of fossil and unsustainable low carbon fuel supplied. The main obligation was primarily met by suppliers redeeming certificates with the exception of two suppliers who entered administration and liquidation respectively in 2024.[15] No other obligated supplier was required to buy-out any of their main obligation.

6.8 To meet the development fuel obligation for 2024, suppliers were required to redeem dRTFCs equivalent to 1.4% of the volume of fossil and unsustainable low carbon fuel supplied. One supplier met the development fuel obligation in full by redeeming certificates. All other suppliers had to at least partially buy out their obligation.

6.9 In 2024, 5,770 million RTFCs were redeemed. 15.6% of the total obligation, main and development combined, was unmet and was therefore subject to buy-out.

6.10 As the Administrator of the RTFO, DfT operates systems and processes designed to prevent and detect inaccurate or non-compliant applications for RTFCs, including

[15] Note that the actual equivalent share of fuel supplied is somewhat less than the obligation level due to buy-out, carry-over of certificates from previous years and predominantly because renewable fuels produced from eligible waste feedstocks and renewable fuels of non-biological origin are awarded double certificates. Low carbon fuels represented 7.7% of total fuel in 2024 (see paragraph 6.6).

revocation of certificates and powers to impose civil penalties if certain requirements of the RTFO Order are not complied with. In 2024, 6 million RTFCs were revoked and applications resubmitted to correct supplier administrative errors. No civil penalties were imposed.

Modelled RTFC prices

6.11 We have modelled certificate prices for the 2024 obligation year using market price data for fuels because RTFC price data is not publicly available. For this purpose, we assume used cooking oil biodiesel is the marginal fuel supplied under the RTFO and therefore it is the price differential between diesel and used cooking oil biodiesel which determines the RTFC price. We estimate that RTFC prices in 2024 ranged from £0.15 per RTFC to £0.27 per RTFC, with a mean value of £0.21 per RTFC.

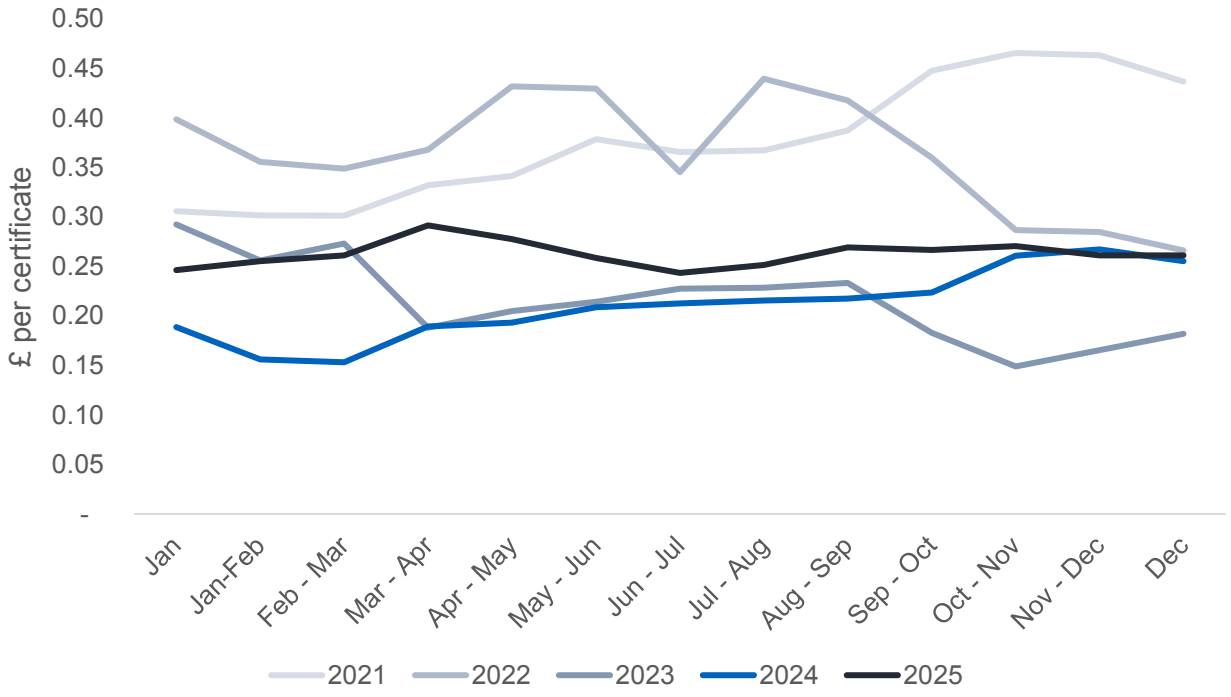


Figure 4 RTFC prices, by month, for 2021 to 2025. Please note that all “months” run from the 15th of one month to the 14th of the next, apart from Jan (which runs from 1st January to 14th January) and Dec (which runs from 15th December to 31st December)

Conclusion

6.12 The RTFO continues to meet its objective of reducing GHG emissions from UK transport fuel. The RTFO is designed and managed to ensure a high level of compliance with its requirements.

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