

## Biofuels Obligation Scheme

**Subject:** Biofuels Obligation Scheme  
**Date:** 15<sup>th</sup> November 2019  
**Author:** Guy Pulham, Chief Executive

Thank you for the opportunity to respond to this consultation. We look forward to working with you on behalf of our members in the development of the Biofuels Obligation.

### **ABOUT THE UK & IRELAND FUEL DISTRIBUTORS ASSOCIATION (UKIFDA)**

UKIFDA is the trade association for the heating oil distribution industry and ancillary interests in the UK and the Republic of Ireland. It provides members with a collective voice for the industry at national level, services to assist members in optimising their business efficiencies including depot audits, certification schemes, tanker driver training. UKIFDA also promotes best practice in the industry through the organisation's Code of Practice.

Membership is organised on a geographical basis with regional meetings, and UKIFDA also organises an annual exhibition (UKIFDA EXPO) and member seminars. Governance is through a Management Committee, to which each region nominates a representative.

UKIFDA offers support and a voice for the oil distributor at government level to try to ensure a fair deal for the industry as well as enabling distributors to meet and discuss current issues.

UKIFDA represents at least 80% of the volume of liquid fuel distributed in the Republic of Ireland and the UK. The UKIFDA Representative in Ireland is Nicholas Hayes.

### **Consultation Questions**

#### **4.1 Biofuel Obligation**

*Question 1:*

*The Climate Action Plan has identified that blending levels of 10% by volume in petrol and 12% by volume in diesel on average must be achieved by 2030 in order to contribute to meeting Ireland's emission reduction target. The recast Renewable Energy Directive sets out a target of at least 14% renewable energy in transport sector by 2030. These blending levels, together with the expected growth in electric vehicles, will ensure that the 14% target is achieved. It is intended that the biofuel obligation rate in the Biofuels Obligation Scheme will increase every two years (i.e. in 2022, 2024, 2026, 2028 and 2030). It is intended that the increases will ensure a relatively linear increase in the level of renewable energy used in the transport sector. Relevant section of the recast Renewable Energy Directive: Article 25(1)*

*(a) Do you consider these blending levels to be a suitable balance of feasibility and ambition?*

*The target is ambitious. The key to whether the blending target is feasible is understanding the availability of suitable biofuels and also understanding the various calls on that biofuel – in which*

*sector does the implementation of biofuel create the greatest carbon saving given alternative options that are cost effective and efficient for consumers.*

*The report identifies the risk associated with the introduction of higher blend fuels for cars which may leave some consumers exposed. Thought needs to be given to the protection grade that will be available for older users and the geographic availability of that product especially in rural areas.*

*(b) Do you consider the approach to increasing the biofuel obligation rate appropriate?*

*The question regarding the increase in biofuel obligation over and above the blending rates is better answered by Trade Associations involved in primary supply including IPIA and TSA.*

**Question 2:**

*Increasing the biofuel obligation rate is likely to involve the introduction of fuels with higher concentrations of biofuel (such as petrol blended with 10% bioethanol and diesel blended with 12% biodiesel on average). This may lead to compatibility issues with older vehicles, additional cost to the consumer, the necessity to inform consumers in order to ease its introduction, and potentially a need to develop forecourt infrastructure.*

*(a) What do you view as the technical and consumer challenges associated with a blending level of 10% by volume in petrol on average?*

*In addition to the points raised in question 1, we would also make the point that there has to be some common sense and Ireland blending targets being aligned to the targets in the UK and Europe given Ireland's dependency on imports.*

*Trade Associations such as The Tank Storage Association (TSA) and IPIA can explain the technical challenges and necessary investments required to increase blend rates at terminals.*

*Many of our Members (involved in secondary distribution) have limited onsite storage and so would find it impossible to store biofuel alongside petrol and diesel. The additional investment required to install any sort of injection schemes would also be prohibitive. That is why any blend target changes have to be aligned with changes in fuel specification and implemented throughout the supply chain.*

*It will be important to promote messages of housekeeping to forecourts and consumers as was previously undertaken when bio content was introduced to diesel. A co-ordinated rollout driven by government, jointly with the petroleum industry and car manufacturers, is necessary to educate motorists and ensure that the implications for incompatible vehicles are properly understood and managed.*

*(b) What do you view as the technical and consumer challenges associated with a blending level of 12% by volume in diesel on average?*

*See question 2a*

*(c) What types of biofuel would you expect to be used to meet these increased blending levels?*

*It is important that the highest quality, sustainable FAME is used in any biofuel. FAME is a short-term biofuel solution but is unlikely to be a medium to long term solution as newer fuels and*

*processes become more prevalent. These will include synthesised fuels or fuels derived from waste sources including tyres and/or plastics.*

*(d) Are such fuels available in sufficient quantities to meet the needs of the Irish market?*

*See question 1a*

*(e) What actions are needed (outside of the Biofuels Obligation Scheme) to support the increase in blending levels (e.g. consumer communication)?*

*Consumer communication is key in order that people make the right decisions at the right times. They need to hear the same messaging from manufacturers, fuel suppliers and government. The communication needs to be technology neutral (you must buy x or y) and not increase pressure on households that are also struggling financially.*

*(f) What is the expected cost to consumers associated with increasing the blending levels?*

*Biofuel markets may not correlate to fossil fuel market movements as there are different supply and demand factors in play. Therefore, it is just as difficult to predict biofuel price movements as it is for crude based products. As at 28/10/19, the wholesale price of diesel including FAME-10 is just under 2 cents per litre more expensive than base diesel so any change to blending rates/obligations would currently increase that differential.*

*Question 3:*

*The recast Renewable Energy Directive sets out that obligation schemes may operate on a volume, energy or greenhouse gas emissions basis. In order to better align the Biofuels Obligation Scheme with the recast Renewable Energy Directive (where targets, limits etc. are based on energy) and to ensure the operation of the scheme is not overly complex, it is intended to move from a volume-based obligation to an energy-based obligation.*

*The amount of fossil-based energy placed on the market in the transport sector by an obligated party (see below) will be multiplied by the biofuel obligation rate to determine the level of biofuel that must also be placed on the market. When biofuel is placed on the market, a credit for the level of energy is created. Currently this takes the form of a certificate. When the scheme converts to an energy basis, it is proposed that this will take the form of a level of energy. The energy that is credited will be tradable between obligated parties as is currently the case. Relevant section of the recast Renewable Energy Directive: Article 25(1)*

*(a) Do you consider the move to an energy-based obligation appropriate?*

*No response*

*Question 4:*

*The recast Renewable Energy Directive must be transposed into law by mid-2021. It is planned to develop and implement the necessary legislative changes in advance of the deadline. It is important to provide certainty to fuel suppliers to allow them to prepare for the changes including sourcing supplies of biofuel.*

*It is also intended to continue to operate on a calendar year basis. It is therefore intended that the Biofuels Obligation Scheme would continue to operate in its current form until the end of 2021 and*

the changes set out in this consultation would take place from the beginning of 2022. It should be noted that some minor changes (such as the reduction of carryover to 15% in 2020) will take place in the period prior to 2022.

(a) Do you consider the timing of changes to the Biofuels Obligation Scheme appropriate?

No response

## 4.2 Advanced Biofuel Obligation (including Biomethane)

Question 5:

The recast Renewable Energy Directive sets out a target of at least 0.2% renewable energy in transport sector to come from advanced biofuels<sup>22</sup> in 2022, increasing to 1% in 2025 and 3.5% in 2030. It is intended to create a secondary obligation for advanced biofuels. This will operate similar to the biofuel obligation. The amount of energy placed on the market in the transport sector by an obligated party (see below) will be multiplied by the advanced biofuel obligation rate to determine the level of advanced biofuel that must also be placed on the market.

The advanced biofuel obligation will be a sub-obligation and therefore advanced biofuels will contribute to meeting both the advanced biofuel obligation and the biofuel obligation. When advanced biofuel is placed on the market, a credit for the level of energy is created. This will be recorded separately and will contribute to meeting both the biofuel obligation and the advanced biofuel obligation. This energy will also be tradable between obligated parties. The increases in the advanced biofuel obligation rate will be as set out in the recast Renewable Energy Directive – i.e. 0.2% from 2022, increasing to 1% in 2025 and 3.5% in 2030. The implementation of an advanced biofuel obligation is considered a key incentive for the introduction of biomethane as a fuel in the transport sector. This could lead to the production of biomethane from relevant feedstocks (such as the biomass fraction of mixed municipal waste and animal manure) and its use in CNG/LNG vehicles. Meeting the advanced biofuel obligation in this way would provide a market support for the introduction and use of biomethane in the transport sector. Relevant section of the recast Renewable Energy Directive: Article 25(1); Part A of Annex IX

(a) Do you consider the approach to introducing an advanced biofuel obligation appropriate?

No response

(b) What biofuels do you envisage contributing to meeting this obligation?

No response

## 4.3 Obligated Parties

Question 6: The recast Renewable Energy Directive sets out that the target for renewable energy use in the transport sector includes road and rail transport. Currently, under the Biofuels Obligation Scheme, the obligation only applies to road transport. In order to align the scheme with the recast Renewable Energy Directive, it is intended to extend the scope of the obligation to include rail transport. Relevant section of the recast Renewable Energy Directive: Article 27(1)(a)

(a) Do you consider the approach to include both the road and rail transport as obligated parties appropriate?

*An integrated transport decarbonisation plan including road, rail and aviation is sensible.*

Question 7: The recast Renewable Energy Directive provides for Member States to exempt, or distinguish between, different fuel suppliers and different energy carriers when setting the obligation on the fuel suppliers, ensuring that the varying degrees of maturity and the cost of different technologies are taken into account.

Members States may also exempt fuel suppliers in the form of electricity or renewable liquid and gaseous transport fuels of nonbiological origin (e.g. hydrogen produced from renewable electricity) from the advanced biofuel obligation. It is intended, in order to incentivise the use of alternative fuels, to apply a reduced or zero obligation to specific fuels. This means there would be no, or a reduced, biofuel obligation and advanced biofuel obligation on specific fuels. It is intended to categorise fuels as follows:

- No obligation: CNG, LNG, hydrogen, electricity
- Half obligation (i.e. an obligation is generated based on half the energy content of fuels placed on the market): No fuels
- Full obligation: All other fossil-based transport fuels

As technologies mature and costs reduce, fuels may have the level of obligation increased. Relevant section of the recast Renewable Energy Directive: Article 25(1)

(a) Do you consider the approach to exempting certain fuels from the obligation to be appropriate?

*No. Any categorisation needs to have a logical base and the ability for products (as they evolve) to quickly move up the scale with the ability for regular reviews and re-ranking of new or changed fuels.*

*It would make more sense for there to be more categories and for those categories to be aligned with the greenhouse emissions produced from each fuel so that fuel from 100% renewable sources with low emissions (100% of electricity is not from renewable sources) has no obligation and the scale moves up from there.*

#### **4.4 Meeting the Obligation**

Question 8: The Biofuels Obligation Scheme currently operates by issuing certificates in respect of volumes of biofuel which are placed on the market. For each calendar year, an obligated party must hold sufficient biofuel obligation certificates to demonstrate compliance.

As set out above, it is intended to amend the scheme to operate on an energy basis. In place of issuing certificates, a credit will be provided corresponding to the level of renewable energy placed on the market. Each credit of energy will be categorised as one of the following based on the feedstock it was produced from:

- Advanced biofuel (Annex IX Part A)
- Used cooking oil and animal fats (Annex IX Part B)

- Food and feed crops
- All other

*As biofuel (or biogas) is placed on the market, the total level of energy credited to each obligated party (or other entity that places such fuels on the market) will increase in the relevant category. Sufficient balances will be required across all four categories to meet the biofuel obligation and in the first category to meet the advanced biofuel obligation. It should be noted that although some fuels may not generate an obligation (e.g. CNG, LNG etc.), suppliers who are placing biofuels (or biogas) on the market for use by such vehicles will be credited under the Biofuels Obligation Scheme.*

*To incentivise the use of renewable transport fuels in aviation and maritime, it is intended to credit biofuels supplied for use in the aviation and maritime sector. To incentivise the use of alternative fuels, it is intended that renewable fuels of non-biological origin (including renewable hydrogen) and recycled carbon fuels will also be eligible for energy credits.*

*As the supply of electricity for suppliers will not generate an obligation and the measurement of such supplies would create a significant administrative burden, it is not intended to be obligated parties, it is not intended to provide any energy credit for the supply of renewable electricity to road or rail transport. Relevant section of the recast Renewable Energy Directive: Article 25(1)*

*(b) Do you consider the approach to issuing energy credits appropriate?*

**NOTE: Question 8a seems to be missing?**

***Is the all other category too wide? We would like the Government to look at adopting best practice available from other EU states on the use of bio fuels for heating as well as transport. New fuels from biological or non-biological origin with reduced greenhouse gas emissions, such as advanced biofuels or synthetic fuels (“e-fuels”), can contribute to the success of the energy transition. Therefore, is that categorisation fair for new technology feedstocks such as synthesised biofuels or those produced from products like plastics and tyres?***

**Question 9:**

*The recast Renewable Energy Directive sets out that multipliers can be applied to biofuels produced from specific feedstocks. Multipliers can also be applied to renewable electricity supplied to road and rail transport when calculating compliance with the recast Renewable Energy Directive.*

*The multipliers allow biofuel from specific feedstock to be preferred. They also allow adjustment for the greater efficiency of electric road and rail vehicles compared to fossil fuel equivalents. There may be an increased risk of fraud in the market in assigning multipliers to biofuels from specific feedstock which needs to be considered.*

*It is considered appropriate that biofuels (and biogas) for transport produced from feedstock listed in Annex IX of the recast Renewable Energy Directive (i.e. advanced biofuels and those produced from used cooking oil and animal fats) shall be considered to be two times their energy content. This is intended to apply when credit is provided in the Biofuels Obligation Scheme and when calculating compliance with the recast Renewable Energy Directive.*

*It is intended that, with the exception of fuels produced from food and feed crops, biofuels supplied for use in the aviation and maritime sectors shall be considered to be 1.2 times their energy content. Where such fuels are produced from feedstock listed in Annex IX, the 2 times multiplier shall also*

*apply (i.e. a 2.4 times multiplier would apply). This is intended to apply when credit is provided in the Biofuels Obligation Scheme and when calculating compliance with the recast Renewable Energy Directive. It is intended to apply a multiplier of 4 times and 1.5 times the energy content for renewable electricity supplied to road and rail transport respectively when calculating compliance with the recast Renewable Energy Directive.*

*Relevant section of the recast Renewable Energy Directive: Article 27(2)*



(a) Do you consider the approach to applying multipliers to be appropriate?

*No response as we do not understand how this would impact our membership.*

(a) Do you consider the approach to applying multipliers impacts the risk of fraud?

*If fraud currently exists, then increasing the multipliers will not reduce that risk.*

#### **4.5 Limits on Specific Biofuels**

Question 10:

*Under the recast Renewable Energy Directive and the subsequent delegated act<sup>23</sup>, biofuel produced from palm oil is classed as being high risk from an indirect land use change perspective. Further feedstocks may be similarly classed in future. Until 2023, Member States should not exceed the level of consumption in 2019 of any biofuels considered to be high risk.*

*From 31 December 2023 until 31 December 2030 at the latest, the limit is to be gradually decreased to 0%. Given Ireland has very limited use of biofuels produced from palm oil and the impacts in relation to indirect land use change, it is intended that a limit of 0% will be implemented for all biofuels considered to be high risk from an indirect land use change perspective. While it will still be permitted to supply these biofuels, no credit will be given in the Biofuels Obligation Scheme and therefore there will be no incentive for suppliers to provide such fuels.*

*It is proposed that this limit would take effect from 2022 along with the other intended changes to the Biofuels Obligation Scheme.*

*Relevant section of the recast Renewable Energy Directive: Article 26(2)*

(a) Do you consider the approach to biofuels produced from feedstocks that are considered a high risk (from indirect land use change perspective) appropriate?

*Agreed*

Question 11:

*The recast Renewable Energy Directive includes a limit on biofuels produced from food and feed crops. The maximum limit in energy terms which is likely to apply for Ireland for these biofuels is 2% based on current use of these biofuels. The majority of biofuel currently supplied to petrol vehicles is produced from food and feed crops. It is intended that the level of biofuel use in petrol vehicles would double from 5% to 10% and therefore it is intended to set the limit at 2% to provide for this growth.*

*As the limit set will be five percentage points less than the maximum of 7%, the overall target that applies to Ireland of 14% will reduce to 9%. This reduction only applies when measuring compliance with the recast Renewable Energy Directive. As set out above, the obligation will be set to ensure the overall 14% target is achieved. When a biofuel produced from food and feed crops is placed on the market, a credit for the level of energy is created. This will be recorded separately to other biofuels or advanced biofuels.*



*While this energy will contribute to meeting the biofuel obligation, it will be limited to 2% of the energy placed on the market (i.e. the energy used to calculate the obligation). The energy credit for biofuel produced from food and feed crops will be tradable between obligated parties. However, the classification will remain and it will be counted within the 2% limit for the purchaser of the credit.*

*Relevant section of the recast Renewable Energy Directive: Article 26(1)*

*(a) Do you consider the approach to biofuels produced from food and feed crops appropriate?*

*No response.*

*Question 12:*

*The recast Renewable Energy Directive includes a 1.7% limit on biofuels produced used cooking oil (UCO) and animal fats<sup>24</sup> that can be counted for compliance with the target of at least 14% renewable energy in transport sector by 2030. A multiplier of 2 can apply to such biofuels (see below) which would lead to a maximum contribution of 3.4% towards the target of 14%.*

*It should be noted that the recast Renewable Energy Directive does not appear to place any restriction on the contribution such biofuels can make to the overall level of renewable energy in Ireland or emission reduction from the transport sector.*

*As set out above, Ireland can comply with the transport sector target in the recast Renewable Energy Directive by achieving a level of 9% by 2030. Advanced biofuels are expected to contribute 1.75% on an energy basis (equivalent to 3.5% with a multiplier of 2 applied), biofuels from food and feed crops could contribute up to 2%, and UCO and animal fats could contribute up to 1.7% (equivalent to 3.4% with a multiplier of 2 applied). That would lead to 8.9% of the 9% target before electric vehicles and electric rail are counted.*

*Given the restriction only applies to the transport sector target, how such a limit will be included in the Biofuels Obligation Scheme will need to be considered carefully. In addition, Member States (where justified) can modify the 1.7% limit taking into account the availability of feedstock. Any such modification shall be subject to the approval of the European Commission. In 2018, of the 216 million litres of biofuels placed on the Irish market, 162 million litres were biodiesel produced from UCO or animal fats. This represented over 3% in energy terms of the energy used in the transport sector in 2018 and thus is in excess of the 1.7% limit.*

*Given the level of biofuel used from these feedstocks in Ireland, consideration is being given to seeking the European Commission's approval for a higher limit. Such a request to the European Commission would need to be evidence-based and focus on the availability of feedstock. Relevant section of the recast Renewable Energy Directive: Article 27(1)(b)*

*(a) What approach do you think should be adopted in relation to the 1.7% limit on biofuels produced from UCO and animal fats?*

*No response.*

*(b) Do you consider it appropriate to seek the European Commission's approval for a higher limit and, if so, what evidence would you suggest be used to support such a request?*

*No response.*

## 4.6 Carryover of Credits

Question 13:

*The Biofuels Obligation Scheme allows for up to 25% of the obligation in any one year to be met using certificates carried over from either of the previous two years. This limit is in the process of being reduced to 15% from 2020. It is intended to retain this carryover system in order to provide suppliers with a level of flexibility and support the creation of new supplies of biofuels.*

*However, changes will be necessary due to the intention to move from a volume-based obligation to an energy-based obligation. The introduction of a target for advanced biofuels and limits on biofuels produced from food and feed crops will need to be catered for.*

*It is intended that where an obligated party has, after trades with other parties, an excess credit of energy over and above the level required to meet its obligation, it can be transferred to the following year provided that:*

- the excess credit of energy does not include any energy in excess of the 2% limit on biofuels produced from food or feed-based crops (i.e. if an obligated party exceeds the 2% limit, this credit of energy cannot be carried to the following year);*
- the excess credit carried into the following year can only be used to meet the biofuels obligation and not the advanced biofuels obligation; and*
- the excess credit carried from a given year cannot exceed 15% of the obligation for that year. The treatment of carryover of energy from biofuels produced from used cooking oil and animal fats will need to be examined in the context of the 1.7% limit (see above).*

*At the end of 2021 it is intended that obligated parties will be permitted to carryover certificates as follows:*

- a maximum of 15% of the certificates that a supplier was required to have in 2021 may be carried into 2022; and*
- each certificate will be credited with 30 MJ energy<sup>25</sup>.*

(a) Do you consider the approach to carryover appropriate?

**No response.**

## 4.7 Compliance

Question 14:

*There has been a very high level of compliance with the Biofuels Obligation Scheme. This is ensured through the requirement to pay a compliance fee (referred to as a 'buy-out charge' in legislation) when an obligated party does not meet its obligation. Currently, the fee paid by obligated parties who fail to meet the obligation is €0.45 for each certificate (equivalent to a litre of biofuel) below the required level. This is equivalent to €0.015 per MJ of energy (assuming an average of 30 MJ per litre/certificate as above). There have been very limited examples of this fee being paid to date due to the high level of compliance.*

The level of the fee has been set to ensure it is more cost effective for an obligated party to increase the level of biofuels as opposed to paying the compliance fee. Given the future increases in the obligation rate, the marginal cost of supplying more biofuel to the market is expected to increase. It is therefore intended to increase the fee to €0.02 per MJ in 2022, €0.03 per MJ in 2025 and €0.04 in 2030. The cost of supplying advanced biofuels is expected to be greater than that of other biofuels. Accordingly, it is intended to see the fee for non-compliance with the advanced biofuel obligation to be twice that for the biofuel obligation (i.e. two times the monetary levels set out above for each MJ of energy).

(a) Do you consider the approach to setting the level of compliance fee (or 'buy out charge') to be appropriate?

*No response*

Question 15:

In the event of a significant oil/biofuel supply disruption, the requirements under the Biofuels Obligation Scheme continue to apply. If such a disruption lasted for a prolonged period, it is possible that obligated parties may not be able to meet the requirements of the scheme. There is currently no scope for any adjustment to the Biofuels Obligation Scheme to take account of such a situation. Fuel suppliers would therefore be liable for compliance costs in not meeting the obligation. Therefore, there is some merit in providing the Minister scope to adjust the obligation under the scheme in the exceptional circumstances.

However, any such adjustment, while providing flexibility to obligated parties, should not impact the overall obligations of the scheme. It is therefore considered appropriate that the Minister may, in the event of a significant disruption that prevents the supply of biofuels to the market, provide obligated parties flexibility in compliance. This would be achieved by allowing obligated parties the option to make up for any shortfall in a specified calendar year in the following calendar year in place of paying compliance costs.

(a) Do you consider the approach to dealing with a potential supply disruption appropriate?

*We agree that there needs to be provision for such occurrences (as rare as they are) but are not best qualified to comment on what the approach should be or comment on the proposal above.*

## **4.8 Heat Sector**

Question 16:

The Biofuels Obligation Scheme is currently limited to the transport sector. In the heating sector, there is a high use of fossil fuels, including oil and natural gas, which could potentially be blended with renewable fuels to reduce emissions in the heat sector. Responses to the previous consultation of the Biofuels Obligation Scheme highlighted a number of technical challenges to using bioliquids in the heat sector (e.g. a large amount of oil used in the heat sector is stored in tanks outside homes and businesses over long periods of time which may cause issues). Notwithstanding the input received to date, the introduction of such fuels in the heat sector can bring significant decarbonisation benefits and therefore continues to be kept under consideration.

(a) What is your opinion on the potential for an obligation scheme (similar to the Biofuels Obligation Scheme) in the heat sector?

*We believe that biofuels can and should play a part in decarbonising the heating sector. Industry is already discussing how best to ensure that the supply chain is capable of accepting biofuels and innovation across Europe. We appreciate that an obligation scheme could encourage innovation but the impact on the consumer should be prioritised.*

*Our reasons for saying it should be prioritised for the consumer is 686,000 households in Ireland are on heating oil with just 11% of homes on oil in Dublin, compared with 76% in Monaghan and 70% in Cavan with the average across rural Ireland being 65%. Ireland is thus a very rural country and most of the population is off the mains gas grid.*

*The Government's Climate Action Plan, published in June, included a target to install 400,000 heat pumps in Irish homes by 2030. However, the renewable technology is inappropriate for poorly insulated homes. Ireland's housing stock is among the least energy efficient in Northern Europe and many are not suitable for heat pumps – to retrofit would be expensive, especially as so many would need to improve insulation, or the running costs would be too much. Most homeowners would have to spend an up to €60,000 on renovations, depending on the age and condition of the home.*

*Using biofuels, consumers can change the fuel and not the heating system. Over time as 100% biofuel comes to market, boilers can be replaced but are still not as expensive as installing alternative solutions like heat pumps. The transition would enable consumers to cut carbon emissions today without a big financial outlay straightaway.*

*It is important to consider though that an obligation that cannot be met through blending into a fuel specification may add cost into the supply chain which will be passed to consumers including those in fuel poverty who are already worrying about being forced to make inefficient and costly transitions.*

*We are open to further discussions on this idea.*

*(b) What do you see as the technical barriers to introducing such a scheme?*

*We believe that the introduction of biofuel into the heating sector should be controlled via changes to the fuel specification so that new fuels are available throughout the supply chain to ensure that consumers receive consistent, quality product.*

*(c) If a heat obligation scheme was to be introduced, what level of obligation (e.g. in percentage or energy terms) would be appropriate?*

*We appreciate that any targets need to be ambitious, but it should also be realistic and closely aligned to any changes in fuel specification. Industry can help government achieve that balance.*

*We are open to further discussions on this idea.*

#### **4.9 Additional Input**

Question 17:

*In addition to the specific questions asked in this consultation, your input is invited in relation to the development of the Biofuels Obligation Scheme for the period 2021 to 2030 including the implementation of the elements relating to renewable transport fuels in the recast Renewable Energy Directive.*

*All our views are covered in the above questions*

Please feel free to contact me with any questions or to arrange a meeting



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