



Department
for Transport

Angus Brendan MacNeil MP
Chair, Energy and Climate Change Committee
House of Commons
London
SW1A 0AA

From the Secretary of State
The Rt. Hon. Patrick McLoughlin

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0300 330 3000
E-Mail: patrick.mcloughlin@dft.gsi.gov.uk

Web site: www.gov.uk/dft

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15 DEC 2015

Thank you for your letter of 8 December 2015 about progress towards the sub-target for transport in the Renewable Energy Directive, and the steps the Department is taking to decarbonise the transport sector.

The UK has made significant progress in increasing the amount of fuel from renewable sources supplied in the UK under the Renewable Transport Fuel Obligation (RTFO). The volume of biofuel has increased from 1,284 million litres in 2008/09 to 1,744 million litres in 2013/14, an increase of 36%. Biofuel reported under the RTFO has also delivered significant savings in greenhouse gas emissions. The emissions savings of biofuel reported in 2013/14 were the equivalent of taking 1.35 million cars off the road.

The Committee on Climate Change's report, *Meeting Carbon Budgets - Progress in reducing the UK's emissions 2015*, acknowledges that whilst the penetration of biofuel by energy into the UK market was lower than their indicator, the sustainability of biofuels supplied into the UK has improved with almost half of biofuels now being derived from waste. We are aware of a number of innovative business models in the UK biofuel sector which recover value from waste. For example, there are several companies which supply cooking oil, recover the waste and recycle that product into biodiesel for onward sale or use in their own fleets.

We are determined to meet our climate change commitments. The Committee on Climate Change's assessment is that the RTFO will need to be reviewed in light of the EU agreement on Indirect Land Use Change. In July this year the EU Agricultural and Fisheries Council finally agreed measures to address Indirect Land Use Change impacts associated with certain crop-based biofuels. It was because of genuine concerns over emissions associated with Indirect Land Use Change that the UK both held targets under the RTFO and pressed for Indirect Land Use Change factors to be included in mandatory sustainability criteria as part of those EU negotiations.

Whilst measures to address Indirect Land Use Change were being agreed, the Department established a Transport Energy Taskforce with the Low Carbon

Vehicle Partnership last autumn. The Taskforce considered options to meet the Renewable Energy Directive target for 10% of renewable fuels in transport and published its report in March at: <http://www.lowcvp.org.uk/projects/transport-energy-task-force.htm>.

Over the summer we have continued to work with suppliers and other experts on options. We intend to consult on legislative changes to the RTFO scheme next year, including a proposed trajectory for increasing the supply of renewable transport fuel to meet our renewable energy targets. I assure you we are under no illusion that meeting these targets will be easy. In bringing forward legislative changes we will need to build a consensus. We also must consider carefully the impacts on consumers, the benefits for the UK economy of sustainable low carbon fuels production and how to get the best deal for the environment.

This means looking beyond 2020. It means considering how to encourage the development of highly sustainable advanced fuels, building on the Advanced Biofuels Demonstration Plant Competition for £25m of matched grant funding, from which winning projects were announced in September this year.

Measures to support sustainable biofuel are part of wider action we are taking to decarbonise the transport sector. The recent Spending Review announced that we are committing £600 million over the next five years to support low emission vehicles. The low emission car grant scheme is expected to have put 200,000 ultra low emission cars on the road by the end of the decade. This will mean 2 million fewer tonnes of carbon being emitted on the UK's roads, and has helped UK manufacturers to build a quarter of all the ultra low emission vehicles sold in Europe. In addition, the £89 million Green Bus Fund has helped purchase over 1,200 low emission buses in England. We are also supporting the taxi trade to reduce its emissions by investing £17 million from the Regional Growth Fund in the new Geely facility in Anstey, Coventry where the next generation of greener London-style taxis will be built.

The Government is also working to address the environmental impacts associated with the road freight sector by encouraging the uptake of cleaner fuels and supporting developments in vehicle technologies and refuelling infrastructure.

I am copying this letter to the Chair of the Transport Select Committee and the Secretary of State for Energy and Climate Change.

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Patrick

THE RT. HON. PATRICK McLOUGHLIN