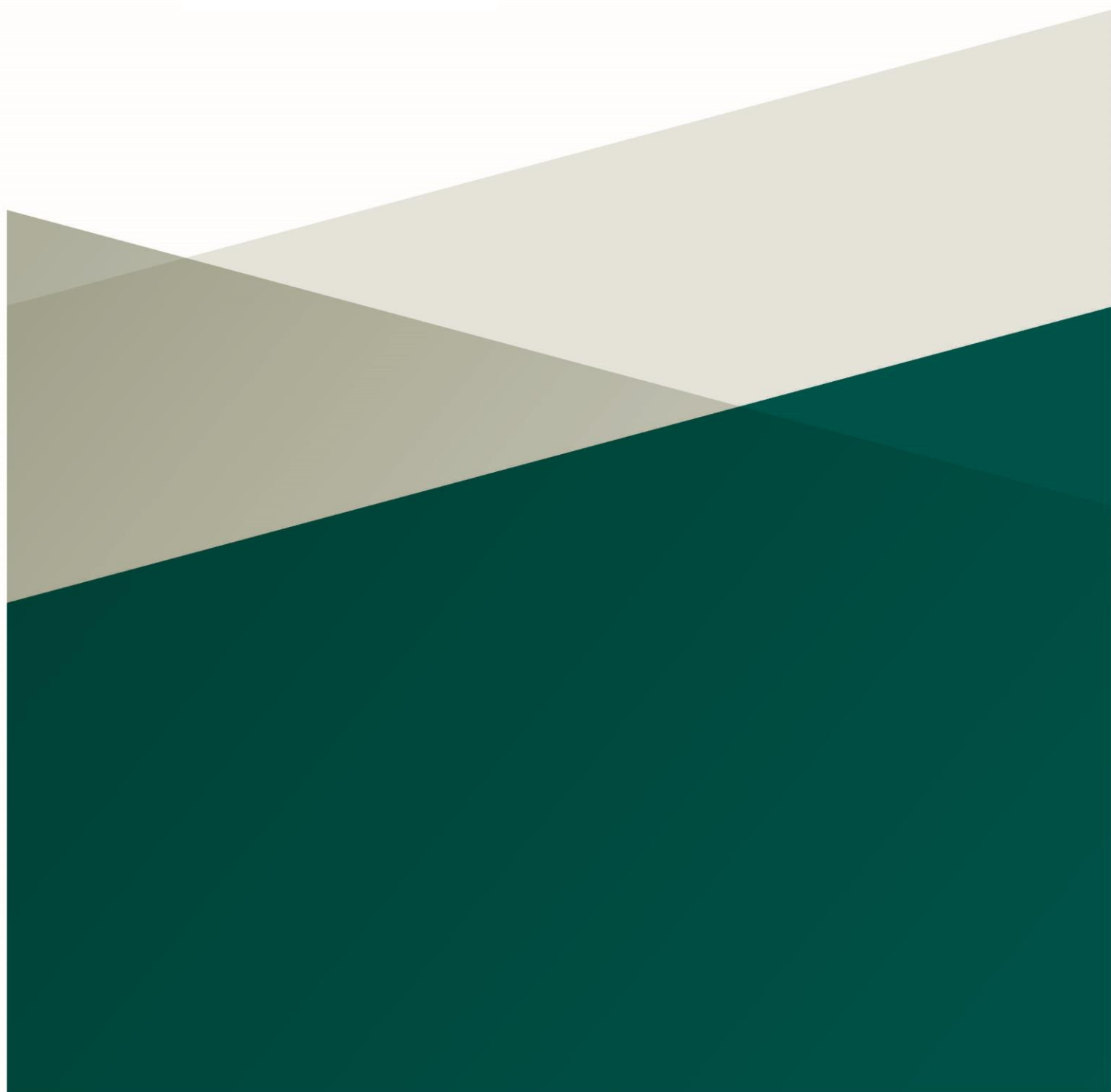




An Roinn Iompair  
Department of Transport

# Consultation Draft Renewable Transport Fuel Policy 2023-2025

March 2023



# Contents:

## **INTRODUCTION**

## **POLICY CONTEXT**

## **RENEWABLE TRANSPORT FUEL OBLIGATION (RTFO)**

### **SECTION 1: REVIEW OF THE RTFO SCOPE**

- I. Rail Transport
- II. Renewable electricity – in road and rail transport
- III. Aviation & Maritime Fuels
- IV. Non-Road Mobile Machinery

### **SECTION 2: RTFO RATE, TARGETS, AND LIMITS**

- I. The RTFO Rate
- II. E10 Mandate
- III. Advanced Biofuel Obligation
- IV. Renewable Fuels of Non-Biological Origin (RFNBO)
- V. Additional Certificates to Incentivise Certain Renewable Transport Fuel (RTF) Supply

### **SECTION 3: SUPPORTING COMPLIANCE**

- I. EU Greenhouse Gas (GHG) Intensity Reduction Target
- II. Sustainability and GHG Criteria Compliance – European (EU) Database & Supervision of Certified Bodies
- III. Safeguarding Against Risk of Fraud and Other Indirect Effects
- IV. High Indirect Land Use Change (ILUC) risk

### **SECTION 4: ONGOING REVIEW OF EVIDENCE AND RESEARCH SUPPORTING THE POLICY**

## Introduction

This draft policy statement concerns the supply of renewable transport fuels (RTF) and the proposed actions over the next two years concerning the renewable transport fuel obligation (RTFO) to achieving greater renewable energy in transport in line with European requirements and national climate action objectives.

It is intended to provide policy certainty for relevant economic operators and stakeholders who are central to the delivery of emission reduction targets in the transport sector.

## Policy Context

To achieve a 50% reduction in Carbon emissions in the transport sector by 2030 the Climate Action Plan (CAP) sets out a range of measures, including increasing sustainable mobility, public and active travel, electrification of road transport and increased biofuels in transport as a transition measure.

The CAP biofuel target is for at least B20 (biodiesel equivalent) in diesel and E10 (Ethanol) in petrol by 2030 (with an interim B12/E10 by 2025 target). Modelling analysis of the Climate Action Plan target projects a 1.08 MtCO<sub>2</sub>eq abatement saving by 2030 from this biofuel target (13.7% of the transport sector carbon abatement by 2030)

The CAP also has targets and actions to incentivise greater production, supply, and use of biogas, such as biomethane and green hydrogen, with potential uses across economic sectors including in transport. Among the key considerations for greater use of renewable energy is the appropriate hierarchy of use of renewable transport fuel (RTF) across the different transport and economic sectors.

Acknowledging the cross sectoral and interdependencies of energy policy implementation, engagement at a Departmental and Agency level is ongoing regarding policy coordination, reducing regulatory burden, and learning from best practice.

In 2022 the Department of Transport published the Report of a Biofuel Study which reflects upon the availability and sustainability of biofuels in meeting future demand for consumption in transport. This Study sets out a number of recommendations concerning the RTF policy which are considered in this policy statement concerning next steps for the RTFO.

Policy on biodiversity and air quality, regarding potential risks and impacts for public health, will have ongoing relevance for policy development concerning the increased supply and use of renewable transport fuels both in a European and national context.

The European recast Renewable Energy Directive came into effect in July 2021. The EU Fit for 55 proposals launched in July 2022 are at varying stages of deliberation among Member States, the Commission and the Parliament. Future targets for emission reduction and renewable energy uptake signaled in these proposals will exceed current targets in the road transport sector and new targets will be established for aviation and maritime sectors.

Similarly, proposed changes in European taxation and energy regulation across the other economic sectors will be relevant to future RTF policy development and implementation here in Ireland.

Research is continuing to support an evidence-based development of policy concerning renewable transport fuels and to support the implementation of the policy measures.

## The Renewable Transport Fuel Obligation (RTFO)

The means to obligate fuel suppliers to supply renewable transport fuels (including biofuels) is the obligation set out under Part 5A of the National Oil Reserves Agency Act 2007.

To implement the measures set out in the Renewable Fuel for Transport Policy 2021-2023, a number of legislative changes<sup>1</sup> have been made to support compliance by economic operators in achieving the RTF policy and regulatory targets and obligations. Among these changes are:

- A new advanced biofuel obligation rate and corresponding buy-out charge
- A cap on the supply of the amount of high-ILUC-risk biofuels permissible under the RTFO scheme at 2019 levels by the companies who supplied them in 2019, and a rate of reduction of this amount to 0% by 2030
- New powers to the National Oil Reserves Agency (NORA) to supervise certification bodies
- An obligation placed on economic operators to supply information to the European Union database which is currently being operationalised
- A minimum % ethanol in petrol specification
- An extension of the Agency powers to grant additional certificates for specified RTFs in petroleum products and in different transport sectors

This Policy Statement will form the basis for actions to be taken over the next two years from 2023 to 2025, based upon a consultation in early 2023. The implementation of the policy will also be consulted upon in 2024.

The following Sections 1-3 of this Policy Statement will indicate the further proposed actions under the RTFO over the coming years.

Section 4 sets out further proposed actions required to develop the evidence-base to support policy implementation and policy.

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<sup>1</sup> S.I. No. 350/2022 - European Union (Renewable Energy) Regulations (2) 2022  
S.I. No. 680 of 2022 European Union (Renewable Energy) (Amendment) Regulations 2022  
Oil Emergency Contingency and Transfer of renewable Transport Fuel Functions Act No. 2 of 2023

## Section 1: Review of the RTFO Scope

Currently the scope of the RTFO relates to road transport fuels in relevant disposals of petroleum products. RTFs supplied in other sectors in transport, such as non-road mobile machinery, aviation or maritime can be eligible for RTFO certificates, but they are not included within the obligation.

As indicated in the Policy Consultation 2022, the merits of extending the scope of the RTFO could be considered further. Among the key benefit would be to further contribute to decarbonisation of the transport sector.

### RAIL TRANSPORT

The transport target for renewable energy in the EU Renewable Energy Directive is the share of RTFs in the final consumption of energy in the road and rail transport sectors. However, Ireland's RTFO as provided for under the 2007 Act concerns only road transport. Subject an amendment to the definition of 'relevant disposals' in the 2007 Act, the scope of the RTFO could be extended to rail transport fuels, mirroring the scope of the EU Renewable Energy Directive.

Irish Rail is the monopoly heavy rail operator in Ireland with a statutory function to provide public transport services in the State. Irish Rail is an RTFO account holder by virtue of supplying diesel for use by Dublin Bus and Bus Éireann.

A B7 blend in diesel has recently been introduced in 2023 for use by CIE (Coras Iompair Éireann) across all its companies' operations – bus and rail, which will contribute towards achieving the RTFO.

The timing of the inclusion of supply for use in rail within the RTFO will have regard to ongoing consideration by the Company concerning the possibility of increasing RTF blending in future years.

It is noted that Irish Rail is also examining the future potential of green hydrogen energy use for certain services. Together with the potential for Hydrogen buses in the short-term, this could be a future means to meet a separate RFNBO sub-target longer term.

**Proposed Action:** With consideration to the initial steps that have been taken by CIE this year at an operational level to comply with the RTFO, and the need for consideration of primary legislation to extend the scope of the definition of 'relevant disposal' for the purpose of the RTFO, the timeline for the proposal to include rail within the RTFO will be extended to 2025.

### Observations sought:

*A review to include rail transport fuel within the scope of the RTFO by 2025 is proposed:*

*What do you think are the key considerations to be considered within this review?*

*Do you agree or disagree with the proposed review timeline, and reasons why?*

## RENEWABLE ELECTRICITY – IN ROAD AND RAIL TRANSPORT

The EU Renewable Energy Directive allows additional counting for renewable electricity used in road (4 times credit) and rail (1.2 times credit) in transport. For the purposes of the reporting under the EU Renewable Energy Directive, the Sustainable Energy Agency of Ireland (SEAI) estimate the amount of renewable electricity consumed in transport in the State in different sectors.

The electrification of transport through ambitious EV targets in the climate action plan, is a pathway for greater renewable electricity in transport consumption. Supply of electricity in road transport is not obligated nor renewable electricity supply rewarded under the RTFO currently, and the last Policy Statement included an action to examine the possibility of doing so.

Production and supply of renewable electricity for consumption across all economic sectors is already supported through the renewable electricity support scheme (RESS) and public service obligation (PSO) levy, with Climate Action Fund grants for EV purchase and infrastructure supporting increased transport consumption.

Furthermore, it would be challenging to quantify, for the purpose of the RTFO, the transport consumption of renewable electricity through EV charging in private homes (roughly 70% of charging) separate to other household electricity consumption, for consumers without smart electricity meters and related smart services. It is noted that the renewable heating obligation (RHO), which is in development, will not include renewable electricity.

It is likely that extending the RTFO to renewable electricity in transport would serve as additional to existing market-based supports and incentives for renewable electricity for renewable electricity production and supply that would have occurred in transport anyway - including EVs in road transport and electricity supply for rail transport by Irish Rail and LUAS currently, and in the future MetroLink. Electricity is already on a pathway to decarbonisation and is expected to be at least 80% renewable by 2030 under the Climate Action Plan.

In the Netherlands, there is a model whereby RTFO certificate/credit has been extended specifically to benefit investors in large scale EV infrastructure development, whereby the credit can be traded with obligated RTFO/fuels suppliers. If implemented in Ireland, this could have benefit for EV infrastructure investment (relating to roughly 30% of charging), but would displace biofuel blending activity, and would result in the RTFO rate having to be increased further to offset the biofuel blending displacement.

**No Further Action is proposed.**

### **Observations sought:**

*Following consultation and review, it is intended that electricity used for transport would not be included in the RTFO:*

*Do you agree that existing supports for cross-sector renewable electricity supply are sufficient to incentivise renewable electricity in transport consumption?*

*If you agree, do you think that there is merit in reviewing this position again in 2025 or a later date?*

*Do you think that models such as in the Netherlands should be explored further for the benefits for electrification of transport?*

## AVIATION AND MARITIME FUELS

Under the EU Fit for 55 package of legislative proposals, there are two impacting directly on the decarbonisation of fuels used. Both the so-called “Refuel EU” for Aviation and “Fuel EU” for Maritime regulations will have direct effect, and the details are subject to negotiation at a European level.

In the Fuel EU Maritime regulation, there is an obligation on shipping companies concerning: 1) a GHG reduction target on energy produced on board ships (2% in 2025, rising to 75% in 2050) and 2) an onshore power (OPS) requirement, which will tie in with proposed EU Alternative Fuel Infrastructure Regulation obligations on Member States.

In the ReFuel EU Aviation proposal, there is an obligation on fuel suppliers to ensure that all aviation jet kerosene made available contains a minimum mandated level of SAF (minimum 2% in 2025 rising to 63% in 2050, and a 0.7% RFNBO sub-target in 2030 rising to 28% in 2050). The proposal also provides for a transitional period, commencing from 1 January 2025, during which, for each reporting period (annual), an aviation fuel supplier may supply the minimum mandated share of sustainable aviation fuel (SAF) as a weighted average over all the aviation fuel it supplied across Union airports for that reporting period.

Currently the RTFO provides for RTFO certificates to be granted for supply of RTF in aviation and maritime fuels, to incentivise supply of RTF in these transport sectors.

Stakeholder responses to the Policy Consultation in 2022 suggested that any mandate for supply of advanced or development renewable fuels, e.g., for use in these marine and aviation sectors, alone would have little impact on their supply if there is low or no availability of these fuels and their feedstocks. This may point to a need for support or incentives targeting production of these RTFs, which is outside the scope of the RTFO.

**Proposed Action:** To review the demand and supply of SAF and RTF in maritime fuel within the context of RTFO certificates issued or the draft regulations for additional RTFO certificates, as part of the evidence base for any future policy consideration within the context of implementing future EU Regulations.

### Observations sought:

*What incentives would you like to see for supply of renewable transport fuels in aviation and maritime fuels?*

*What do you see as the key challenges or enablers to incentivise the supply of renewable transport fuels in aviation and maritime sectors?*



## NON-ROAD MOBILE MACHINERY

Currently the relevant disposals for the purpose of the RTFO relates to road transport fuel only, and non-road mobile machinery (NRMM) is outside the scope of the RTFO.

However, biofuels blended with gas oil, or in liquified petroleum gas (LPG), which is used in NRMM are eligible for RTFO certificates, as they both fall within the definition of a renewable transport fuel.

The gas oil market is roughly the same scale as the petrol market, i.e., about 1 million litres per year, in the State. It is estimated by the NORA that to apply the RTFO to gasoil used for transport purposes could yield a 0.9MT CO<sub>2</sub>eq abatement between now and 2030.

To implement these carbon reduction benefits through the RTFO, the scope of the obligation and the definition of relevant disposals would need to be expanded to include NRMM. Applying the full RTFO rate would achieve the possible carbon reduction benefits estimated above. Alternatively, a lower percentage contribution NRMM toward the RTFO rate would achieve part of this carbon reduction benefit.

While there are benefits from a climate perspective, consideration is also required as to the impacts or consequences within in the economic sectors using NRMM. The balance needs to be assessed between the benefits of carbon reduction lost against the impact on consumers of gasoil and users of NRMM, in terms of price impacts.

The ambitious targets for anaerobic digestion biomethane production under the climate action plan are also noted in this context along with future potential for NRMM to be powered by these alternative energy sources.

**Proposed Action:** Further consideration is to be given to inclusion of the category of NRMM in the scope of the RTFO, in the context of decarbonising hard to abate sectors, and the timeframe of implementing emission ceilings within the second carbon budget, which commences in 2026.

### Observations sought:

*Do you agree with the inclusion of non-road mobile machinery (NRMM) within the RTFO?*

*If this were introduced as a reduced RTFO rate initially what contribution would be appropriate – 75%, 50%, 25% or other?*

*In your view what should be the key considerations for this policy proposal?*

*What is the appropriate balance of impacts including social, economic, and environmental considerations?*

## Section 2: RTFO rate, targets, and limits

### THE RTFO RATE

From 2023 the RTFO rate is expressed in energy terms, rather than in volume terms, previously.

In line with meeting Climate Action Plan targets and EU Fuel Quality Directive requirements (see next section), in 2022 the RTFO rate was increased from 12% to 15% by volume as a % of road fossil fuel. In January 2023, the RTFO rate was further increased to approximately 17% by energy (as a % of road fossil fuel)

In 2022, approximately 307m litres (9.6 PJ) of liquid biofuels and 0.04 PJ of gaseous fuels were placed on the market, which was an increase from 246m litres (7.6 PJ) of liquid biofuels and 618k Nm<sup>3</sup> (0.2 PJ) of gaseous fuels in 2021.

The Biofuels Study Report 2022 estimates 72-78m litres of bioethanol and between 570-730m litres of biodiesel/HVO could be required to meet the Climate Action Plan transport targets by 2030.

In line the Climate Action Plan targets, which are broadly supported by stakeholder responses in the Policy Consultation 2022, it is proposed to increase the RTFO rate annually. The last Policy Statement set out an indicative projected trajectory for annual increases in the RTFO to 2025, and up to an estimated 38% by energy rate from 2030.

The trajectory to 2025 has been reviewed and adjusted, supported by analysis by the NORA RTFO Team considering actual supply to date and the impact of actual and planned changes in the contributory elements within the RTFO.

The trajectory of increase of the RTFO annually to 2030 as a % of road fossil fuel is set out in the table below. While the projected figures appear high this reflects the assumptions being made on potential for 15% disposal using certificates from previous years, and multipliers that will be applied to actual volumes placed on the market. The underlying assumption remains as an E10/B20 blend.

	2024	2025	2026	2027	2028	2029	2030
RTFO	21%	25%	29%	34%	39%	44%	49%

The RTFO is expressed as a percentage of road diesel and gasoline and is set at a level that is forecast to achieve both domestic targets (E10 & B20) and EU requirements. The above penetration of renewable fuels in the transport market is estimated to deliver over 1 MtCO<sub>2eq</sub> emission savings in 2030.

Transport sector modelling is complex, and several assumptions are relied upon when forecasting the RTFO. For example, the diesel - gasoline mix, the rate of double counting and additional counting, the feedstock mix, etc. The further into the future the model forecasts, the more uncertain the results become. To account for this and potential changes in the market, the trajectory should be updated annually.

**Proposed Action:** the RTFO rate is projected to be increased by 4.5 percentage points (from the current 16.5 to 21%) by energy for the obligation period 2024; and 4 percentage points (from 21% to 25%) by energy for the obligation period 2025, subject to statutory consultation on draft regulations; and in 2024 a further review and consultation is to be carried out on the indicative annual trajectory of increase in the RTFO rate 2026-2030.

**Observations sought:**

*Given the proposed trajectory of increase in the RTFO to meet ambitious biofuel blending targets in the climate action plan, what steps can be taken within this policy to avoid future biofuel lock-in?*

*What safeguards and mitigation could be included, within this policy or related Government policy, against possible socio-economic and distributional impacts, to ensure just transition?*

## **E10 MANDATE**

To incentivise E10 supply in the Irish market, the legal provision in Section 11 of the Oil Emergency Contingency and Transfer of Renewable Fuel Function Act 2023 provides for establishment of a minimum percentage ethanol in petrol placed on the market in the State, which can be reviewed and adjusted over time.

The conclusion from the Policy Consultation in 2022 was to ensure the right level of ambition was maintained in the policy on renewable transport fuels, requiring ongoing review.

The Biofuel Study Report 2022 recommends an examination of the possibility of increasing bioethanol rates.

It is understood that some other countries have a higher minimum requirement for ethanol in petrol, for example the Netherlands has an 8.5% biofuel requirement in petrol with a 7.5% minimum blend of ethanol and is seeing actual ethanol supply of up to and over 10% blended in petrol.

Therefore, the minimum percentage which will be specified in Regulations for the 2023 obligation period will also be kept under review to ensure that the actual supply of ethanol achieves Climate Action Plan target of E10 by 2025, while maintaining a crop-based biofuel contribution in Ireland's RTF supply within the EU Renewable Energy Directive limit of 2%.

**Proposed Action:** A review of the effectiveness of the 5.5% minimum percentage ethanol in petrol measure in meeting the CAP target with a view to adjusting the specification upwards by 2025, subject to consultation on draft regulations.

**Observations sought:**

*To ensure achievement of the climate action plan target of E10 by 2025, it is proposed to keep under review the supply of ethanol, with a view to possible increase in the minimum percentage ethanol in petrol by regulation in 2025:*

*Do you agree or disagree with this approach? And why?*

## ADVANCED BIOFUEL OBLIGATION

In line with the targets for advanced biofuels supply set out in EU Renewable Energy Directive an advanced biofuel obligation rate was established in 2023 at 0.3% by energy, to incentivise the supply of biofuels from feedstocks listed in Annex IX Part A.

Also established in the 2023 obligation period is an advanced biofuel buy-out charge of €0.08 per/MJ shortfall and provision has been made that in future years 15% of the advanced biofuel obligation can be met with RTFO certificates obtained for supply of advanced biofuels in prior years.

EU targets for supply of advanced biofuel share of renewable energy in transport consumption are at least 1% in 2025 and 3.5% in 2030. To meet these requirements, the indicative rate of increase of the advanced biofuel obligation is set out in the following table.

The trajectory of increase of the advanced biofuel obligation annually as a % of gasoline and diesel supplied in the road transport market (other fossil fuels are LPG and CNG) is set out in the table below. Again, the projected figures appear high reflecting the assumptions being made on potential for 15% disposal using certificates from previous years, and multipliers that will be applied to actual volumes placed on the market.

	2023	2024	2025	2026	2027	2028	2029	2030
ABO	0.3%	1.0%	1.5%	2.4%	3.4%	4.7%	6.2%	7.9%

As for the RTFO rate projections, considering many assumption and variables underpinning modelling forecasts, the trajectory should be updated annually.

Increase in the advanced biofuel sub-target by 2030 has yet to be agreed in the proposals for revision of the European Renewable Energy Directive and could be 1% in 2025 and as high as 4.4% in 2030 (as expressed in the Renewable Energy Directive).

Incentivising the production and supply of advanced biofuels and relevant feedstocks may involve increasing the advanced biofuel obligation to higher rates than the EU requirement and setting the penalty (buy-out) for missing the target at a level more than the average EU penalty price.

It is clear from the Policy Consultation 2022 that, while there is support for increasing the advanced biofuel supply, there is also concern that targets and demand incentives move too quickly ahead of available production and supply of these advanced biofuels and feedstocks

**Proposed Action:** the advanced biofuel obligation rate is to be increased by at least one percentage point (from 0.3% currently to 1.0%) by energy for the obligation period 2024; and by at least 0.5 percentage points (from 1.0% to 1.5%) by energy for the obligation period 2025, subject to consultation on draft regulations; and in 2024 a further review and consultation is to be carried out on the indicative annual trajectory of increase in the advanced biofuel rate 2026-2030.

**Observations sought:**

*Do you agree with the proposal for a higher national advanced biofuel obligation rate, beyond EU requirements?*

*What should the Department consider in setting the advanced biofuel obligation rate, including social, economic, and environmental impacts?*

**RENEWABLE FUELS OF NON-BIOLOGICAL ORIGIN (RFNBO)**

The proposals for targets in the EU Renewable Energy Directive under the proposed EU Fit for 55 sets out a sub-target for supply of renewable fuels of non-biological origin (RFNBO) in the transport sector of a binding 1.5% target by 2030 complemented by a non-binding target of 5.2%.

This could be implemented by a percentage contribution for RFNBO being established within the RTFO rate in 2025, with a corresponding buy-out charge. This will require an amendment to the RTFO rate provisions of the 2007 Act, to implement the proposed EU Renewable Energy Directive requirement.

The Biofuel Study recommends further examination of the potential availability and supply of RFNBO and recycled carbon fuels (RCFs).

**Proposed Action:** Subject to adoption of the amendments to the EU Renewable Energy Directive, introduction of a sub-target obligation for supply of RFNBO in 2025, including an appropriate buy-out charge, subject to consultation and establishment of the necessary delegate acts. Further research and consultation to be carried out as to the projected availability and projected annual increase in the RFNBO contribution rate required in the years from 2025 to 2030.

**Observations sought:**

*What should be the key considerations – social, economic, and environmental, in establishing in 2025 a sub-target for renewable fuels of non-biological origin (RFNBO) and associated buy-out?*

**ADDITIONAL CERTIFICATES TO INCENTIVISE CERTAIN RTF SUPPLY**

From 2023 authorisation has been granted for additional certificates to be granted for supply of specified RTFs, in specified sectors, with the aim of targeted incentivising of supply.

The Regulations and specifications were the subject of extensive consultation with stakeholders and the public, and these can be reviewed and adjusted over time.

**Proposed Action:** The supply in 2023/2024 of the specified fuels, which qualify for additional certificates, will be reviewed against the objective for incentivisation, the rationale for which will also be considered, so that any necessary adjustments can be consulted upon in 2024 and implemented for the 2025 obligation period.

**Observations sought:**

*What considerations should be included in this review – including possible social, economic, and environmental impacts?*

## Section 3: Supporting compliance

### EU GREENHOUSE GAS INTENSITY REDUCTION TARGET

Article 7a of the EU Fuel Quality Directive (FQD) requires fuel suppliers, at a minimum, to reach a 6% reduction in lifecycle carbon intensity (lifecycle emission) of fuel supplied to the transport sector, in comparison to a fuel baseline standard. In 2021, in aggregate, suppliers failed to meet the EU FQD target 6%, only achieving 3%. This is currently estimated to be 3.8% in 2022.

It is projected that with planned increases in the RTFO rate, in aggregate, this FQD target may be achieved by end 2024 or in 2025 and in the years after 2025 Ireland will exceed the target.

The 2021 Policy Statement committed to examining possibilities to strengthen compliance enforcement of the EU FQD requirement. For financial penalties to be sufficiently dissuasive they would need to be much higher than currently provided for and may require supporting primary legislation. Such a penalty increase would need to be introduced on a graduated basis over time to avoid any resulting sharp cost impact on consumers through increased pump price.

However, in the absence of the suggested increased FQD penalties, the current gradual process of RTFO rate increase may be a lower impact option for a managed achievement of the FQD target by 2025.

Policy consultation stakeholder responses in 2022 broadly supported the RTFO to achieve this target rather than penalties and fines.

Proposed changes to the EU Renewable Energy Directive currently being negotiated under the EU Fit for 55 could see the establishment of one overarching target for RTF (and low carbon fuels) of at least 13% or higher in GHG emission reduction. This will be kept under review regarding possible impacting changes to the RTFO.

**Proposed Action:** Subject to the adoption of the EU revision of the Renewable Energy Directive, expected in 2023, to consider implementing any necessary changes to the RTFO and the RTFO rate in 2025, including consideration of new greenhouse gas intensity targets and compliance enforcement that is proportionate and dissuasive.

#### **Observations sought:**

*Would overall compliance be better achieved if the renewable transport fuel obligation were solely based upon a greenhouse gas intensity reduction rather than the current renewable energy obligation?*

*Would you agree with introduction of a greenhouse gas intensity reduction basis for the 2025 obligation period?*

## **SUSTAINABILITY AND GHG CRITERIA COMPLIANCE - EU DATABASE AND SUPERVISIONS OF CBS**

NORA (and SEAI for non-transport renewable energy consumption) will be responsible for supervision of certification bodies conducting audits under voluntary schemes, in cooperation with all other Member States.

In 2023 the European Commission established the Union Database for RTFs, and fuel suppliers are obligated to input information to the EU Database on RTFs supplied.

These new elements in the EU oversight of sustainability and GHG criteria compliance are continuing to be embedded within the compliance oversight system, for all concerned - economic operators, voluntary schemes, certification bodies and Member States' competent authorities.

The Biofuel Study Report 2022 recommends continued progress in implementing these new supervision elements, as key to safeguard against the risks around sustainability of biofuels supply.

**Proposed Action:** The system administrator and Departments will continue to engage at an EU level with the European Commission and with stakeholders to ensure implementation of the EU supervision updates.

### **Observations sought:**

*From your perspective, where does the focus need to be over the next two years concerning the implementation of the EU measures for oversight of sustainability and GHG reduction for renewable energy in transport?*

## **SAFEGUARDING AGAINST RISK OF FRAUD AND OTHER INDIRECT EFFECTS**

The Climate Change Advisory Council in its 2022 Annual Review recommended ceasing the current policy of increasing biofuels under the transport sectoral targets of the climate action plan, considering the potential high ILUC-risk impacts of this policy.

The Biofuel Study Report 2022 addresses the concerns of the Council within its findings and recommendations for further work. In particular,

- To study how indirect emissions could arise, further work is needed to examine this in greater detail, considering Ireland's current reliance on UCO and tallow feedstocks
- To examine the indigenous market and potential for deliberate 'downgrading' of category 3 tallow to category 1, and,
- To Investigate first-hand how fraudulent activity may be carried out.

**Proposed Action:** In 2023 the Department will establish a working group to progress a voluntary vulnerability assessment of the current and projected future biofuels supply into Ireland, with a view to identifying scope for risk of biofuel fraud (leading to high ILUC-risk) and other indirect impacts and making recommendations concerning improvements.

**Observations sought:**

*Concerning the proposal to establish a working group and a voluntary vulnerability assessment concerning biofuel fraud risk:*

*Do you agree with this approach in addressing the recommendations of the biofuel study?*

*If so, what are your views concerning the scope of the assessment?*

**HIGH-ILUC-RISK**

Currently the permitted level of supply of high ILUC-risk biofuels is capped as the amount supplied in 2019 by the companies who supplied it unless it is certified as low ILUC-risk.

The volume contribution to the RTFO rate from high ILUC-risk biofuel will be reduced (from the amount supplied in 2019 by the companies who supplied it) to 0% by 2030 in line with the EU Renewable Energy Directive. This provision in the Directive does not apply to biofuels from feedstocks which are certified as low ILUC-risk.

The indicative trajectory of annual reduction of high ILUC-risk biofuels is set out as follows:

	2023	2024	2025	2026	2027	2028	2029	2030
% Of 2019 amount	100	90	75	60	45	30	15	0
Energy that can be sourced from High ILUC feedstock (TJ)	48.96	44	37	29	22	15	7	0

**Proposed Action:** it is the intention to reduce the contribution of high ILUC-risk biofuels to the RTFO commencing in the 2024 obligation period.

**Observations sought:**

*Do you agree with the proposed trajectory of decrease in high ILUC-risk biofuels supply to 2030, as set out in the policy statement?*

*Should this be reduced annually, or every 2 or 3 years?*

*Should the reduction to 0% be accelerated, e.g., by 2025 or earlier?*



## Section 4. Ongoing review of evidence and research supporting the Policy

The ongoing development of the Renewable Transport Fuel Policy involves extensive public and stakeholder engagement. The Policy is reviewed every two years to ensure that it remains iterative and responsive to changes and developments under the national policy or European obligations.

Regarding the considerations of the Minister in developing and implementing RTF policy, there is ongoing review of the evidence base required to support this including:

- the rate of actual (versus projected) renewable transport fuel supplied/consumed each year
- the quantum of supply of crop-based biofuels and high-ILUC-risk biofuels below required levels
- GHG emission savings on a lifecycle basis
- the rate of actual (versus projected) renewable energy share in transport
- air quality and non-carbon emissions within EU CAFÉ requirements
- price of fuels and biofuels to gauge possible pump price impact on consumers

In addition, discrete studies can provide a snapshot or deep dive into specific aspects related to the RTF policy.

### ***The Biofuel Study Report 2022***

The Biofuel Study Report by Byrne Ó'Cleirigh states that 'there is a complex relationship between the requirements of Renewable Energy Directive and Ireland's national transport targets (B20 and E10).' Rather than stating that these are incompatible, the Report suggests that this presents challenges for administration of both EU and National targets through one renewable transport fuel obligation, in the 2007 Act.

The National target for supply of biofuel for B20 by 2030 under the Climate Action Plan, will inevitably incentivise the continued and further supply of biofuels from UCO in transport consumption in the State. However, under the EU Directive the 1.7% limit on biofuels from UCO and tallow is not applied to the overall renewable energy share (RES) reported - encompassing all the renewable energy consumed in the state – including transport, heating, and power generation sectors.

The report concludes that in order to ensure that Ireland meets the EU requirements in the context of ambitions national targets for biofuels, it will be necessary to both increase the share of renewable electricity in transport (delivering on CAP EV targets) and incentivise the supply of advanced biofuels (i.e. Annex IX listed feedstocks other than UCO and tallow).

***Proposed Actions:***

The Department in 2023 will establish a working group to progress further examination and research building on the conclusion of the Biofuel Study Report 2022 to address the challenge of achievement of EU renewable energy obligations and ambitious domestic targets for biofuels. This would include the contribution of advanced biofuels, RFNBOs and potential renewable electricity, in future road, aviation and maritime transport consumption, considering research and analysis in Europe, the UK and beyond as recommended in the Biofuel Study Report 2022.

In collaboration with the NORA, the Department in 2023 will review the indicators for ongoing assessment of impacts of changes to the RTFO as proposed in this policy statement, considering possible socio-economic and distributional impacts.

***Observations sought:***

*Concerning the proposal for a working group to progress further examination and research, addressing the policy challenge of EU obligations and domestic targets:*

*Do you agree with this approach in addressing the conclusion in the Biofuel study?*

*If so, what are your views concerning the scope of the examination and research needed?*

*In addition to the policy indicators, evidence and research identified in this policy statement, are there other evidence-based inputs which need to be considered to support future policy development and implementation?*



**An Roinn Iompair**  
Department of Transport