An Roinn Iompair
Department of Transport

Summary Report of Consultation on the Draft Renewable Transport Fuel Policy Statement 2023-2025

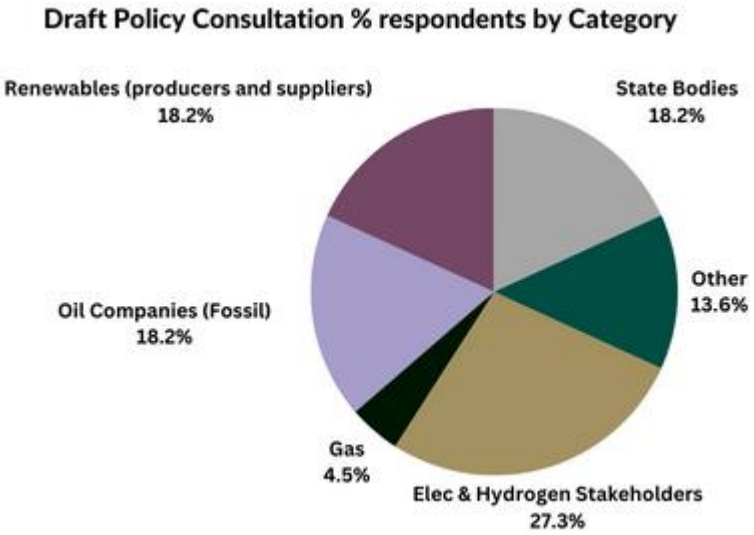
June 2023

Background

The renewable fuel for transport policy statement 2021-2023 committed to a review and revision every two years. This document is a summary of the results of the consultation undertaken on the draft renewable transport fuel policy statement 2023-2025 which built upon the engagement with stakeholders through written consultation, webinars, and meetings over the 2021-2023 period. It also draws upon the findings and recommendations of the biofuel study report published in 2022.

The Department held a consultation event on 24 February 2023 setting out the key themes and measures to be incorporated into the draft policy statement for the next two years. It was planned to publish the draft policy statement on the renewable transport fuel site of Gov.ie on the 9th of March for a period of six weeks up to mid-April but following multiple stakeholder requests it was decided to extend the deadline to the 26th of May.

OVERALL RESPONSE



There were 22 responses to the consultation on the draft Renewable Transport Fuel Policy 2023-2025. Submissions were received from a range of stakeholders, including oil companies (fossil fuel), renewable energy producers and suppliers, state bodies and transportation companies.

KEY ELEMENTS CONTAINED IN THE DRAFT POLICY STATEMENT

The themes covered in the draft policy statement broadly relate to:

Theme 1 - a review of the Renewable Transport Fuel Obligation scope, Q1 to Q11

Theme 2 - the obligation rates targets and limit, Q12 to Q18

Theme 3 - supporting compliance, Q19 to Q26

Theme 4 - ongoing review of evidence and research supporting the policy, Q27 to Q29

Response to Questions

THEME 1 - A REVIEW OF THE RENEWABLE TRANSPORT FUEL OBLIGATION SCOPE, Q1 TO Q11

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

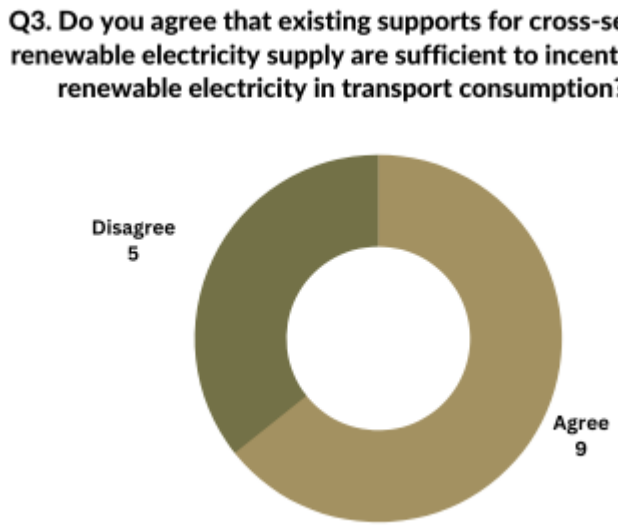
Q1. What do you think are the key considerations to be considered within this review?

A significant number of respondents (13) were in favour of the inclusion of rail transport within the scope of the RTFO to ensure alignment with REDII and to achieve targets in the Climate Action Plan. Irish Rail and CIE group are investigating HVO across all rail and bus services as it does not have the same technical barriers as FAME but questions remain on price and availability and are asking about the availability of state aid to purchase large volumes. While some respondents (2) feel that the key factor is quality and ensuring that the feedstock is authenticated. While a number of respondents (4) believe rail will in the future, be a key user of renewable hydrogen for use in the transport sector as Irish Rail are currently examining the potential of green hydrogen to be used in certain services.

Q2. Do you agree or disagree with the proposed review timeline and reasons why?

A large number (7) of respondents were in favour of the timeline set out. While only one disagreed asking for its introduction as soon as possible rather than in 2025, a few others (3) also agreed to its implementation as soon as possible.

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



Q3. Do you agree that existing supports for cross-sector renewable electricity supply are sufficient to incentivise renewable electricity in transport consumption?

A large majority (9) of respondents agreed that there are sufficient existing cross-sectoral supports in existence already. A smaller number (5) respondents disagreed with this, two of which were from forecourt operators asking for further supports to help with EV charging station infrastructure while the other three respondents were electricity suppliers asking that all mechanisms of support around transport be looked at and any potential interactions with other supports like the EEOS be considered.

Q4. If you agree, do you think that there is merit in reviewing this position again in 2025 or a later date?

Many respondents (9) agreed that reviewing the position again in the future will be necessary, especially with the rate of EV uptake. One respondent, a fuel supplier disagreed with the timeline and asked that any changes to the RTFO be considered well in advance in case it undermines investor confidence in transport fuels.

Q5. Do you think that models such as in the Netherlands should be explored further for the benefits for electrification of transport?

Opinion on models such as the Netherlands was split. A small majority (5) supported further analysis of other schemes and jurisdictions to incentivise where possible and ensure targets can be met. Some respondents (4) disagreed with this approach, with one raising concerns that it may devalue the focus of biofuels on the RTFO and the credit trading system. While two others felt that capital investment and taxation measures for charging infrastructure would be more advantageous.

Q6. What incentives would you like to see for the supply of renewable transport fuels in aviation and maritime fuels?

There were a diverse number of answers to this question while recognising the challenge of decarbonising aviation and maritime fuels. Several respondents (6) raised the need for direct government grant support or tax incentivisation to scale up sufficient SAF and hydrogen production schemes similar to the US or envisioned in the EU. While some respondents (3) raised the importance that feedstocks that are currently already in use in road transport are not diverted into other sectors or that possibly could be capped such as HEFA. One respondent raised the need to ensure that any policy incentives are in line with internationally agreed schemes due to the global nature of aviation and maritime tankering and that Ireland's only measures may lead to knock-on negative consequences both economically and environmentally. One respondent expressed that there is no impediment to mandating biodiesel in Maritime and that it should be included in the RTFO as soon as possible.

Q7. What do you see as the key challenges or enablers to incentivise the supply of renewable transport fuels in aviation and maritime sectors?

Several respondents (6) stated that SAF technology and infrastructure are currently cost-prohibitive, and industry requires long-term planning with commitments such as tax incentives from Government. Many correspondents (6) said that a consistent approach across national schemes, EU directives and international subsidy schemes will be key for successful delivery across all transport sectors. One respondent raised the possibility of international collaboration on best practices and that demonstration projects are helpful learning tools which would give industry confidence.

Q8. Do you agree with the inclusion of non-road mobile machinery (NRMM) within the RTFO?

Many respondents (8) agreed with the inclusion of NRMM in the RTFO with none against it. Many respondents (6) noted that all forms of transport will be required to meet ambitious targets and NRMM has huge potential across a range of different renewable technologies from HVO,rDME and Hydrogen across a range of sectors such as construction and agriculture.

Q9. If this were introduced as a reduced RTFO rate initially what contribution would be appropriate – 75%, 50%, 25% or other?

While there is full agreement on the inclusion of NRMM in the RTFO there is a split of opinion as to the appropriate % during its introduction. A few of the respondents (3) believe that it should be introduced on a graduated basis and increased over time, while two respondents also suggest that there should be flexibility in the obligation rates and ensure there are no sub-sectoral targets. Another set of respondents (2) believe that it should be 100% obligated.

Q10. In your view what should be the key considerations for this policy proposal?

Some of the respondents (3) feel that there is a need to consider the scale and availability of renewables for the NRMM sector to meet demand. A couple of respondents (2) state that HVO will most likely be the renewable of choice in the immediate term for NRMM due to its storage, drop-in fuel ability and lifespan of the machinery. Two of the respondents also state that a clear policy is required in advance of any obligation to ensure industry can plan appropriately.

Q11. What is the appropriate balance of consideration of benefits and impacts including social, economic and environmental considerations?

Some of the respondents (3) mention that as many of the same feedstocks will be called on to meet the extra demand for NRMM that other incentives may need to be looked into whether its extra support for the likes of domestic production of rDME or targeted subsidies for NRMM users.

THEME 2 - THE OBLIGATION RATES TARGETS AND LIMIT, Q12 TO Q18

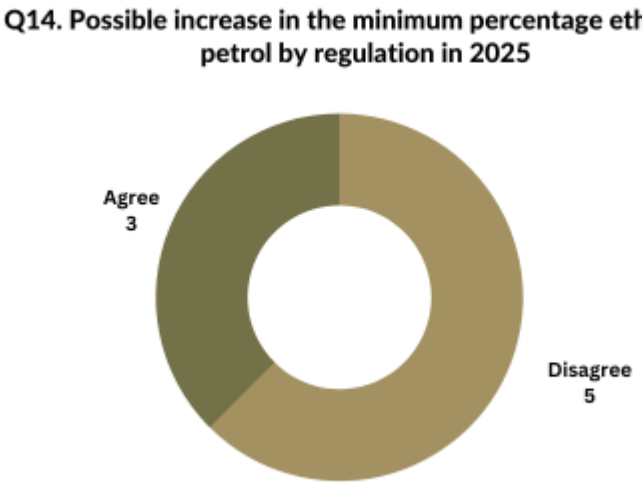
Q12. Given the proposed trajectory of increase in the RTFO to meet ambitious biofuel blending targets in the climate action plan, what steps can be taken within this policy to avoid future biofuel lock-in?

A large majority of respondents (8) were in agreement that policy certainty allows industry to adapt and plan accordingly and that frequent changes can be counterproductive. Some of the respondents (5) don't believe there is any concern with regards biofuel lock-in with the proposed trajectory of increase as they will be critical in meeting transports short to medium-term targets while alternatives such as battery electric and hydrogen technology scale-up. Two respondents also state that further support for Hydrogen will be required to encourage development.

Q13. 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?

A number of respondents (4) commented on the development and success of the indigenous renewables industry in Ireland. They highlighted the importance of safeguarding it as well as the future potential feedstock availability through sectors such as agriculture and forestry as well as the potential opportunities in Ireland for new technology such as hydrogen. Two respondents also stated the need for monitoring of RTFO obligation rate, buy out and biofuel costs to ensure the end user is not adversely affected.

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 a possible increase in the minimum percentage of ethanol in petrol by regulation in 2025:



Q14. Do you agree or disagree with this approach? And why?

A small majority (5) of respondents to this question do not favour this approach as the 5.5% minimum provides flexibility in blending to meet the obligation and ensures consistency across the island of Ireland. A minority (3) support a possible increase in the minimum percentage of ethanol in petrol adding that is safe and effective and there is little reason for it to be so low.

Q15. Do you agree with the proposal for a higher national advanced biofuel obligation rate, beyond EU requirements?

A significant number (11) of respondents disagree with a proposal to go beyond EU requirements with an advanced biofuel rate due to their limited availability and the risk for Ireland if operating outside of EU requirements. Only one respondent is supportive of a higher national target as it may lead to more production of advanced fuels. Two of the respondents welcome a further review and consultation in 2024 prior to setting 2026-30 targets.

Q16. What should the Department consider in setting the advanced biofuel obligation rate, including social, economic, and environmental impacts?

Some of the respondents (4) ask that the Department consider only moderate increases to the advanced biofuel obligation to ensure targets are achievable and there is no enforced buy out which may have implications on the cost to the consumer while availability and sustainability remain concerns. One respondent stated that further investment and research will be required with long-term policy objectives while another respondent asked that there may be a focus on indigenous production and supply.

Q17. 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?

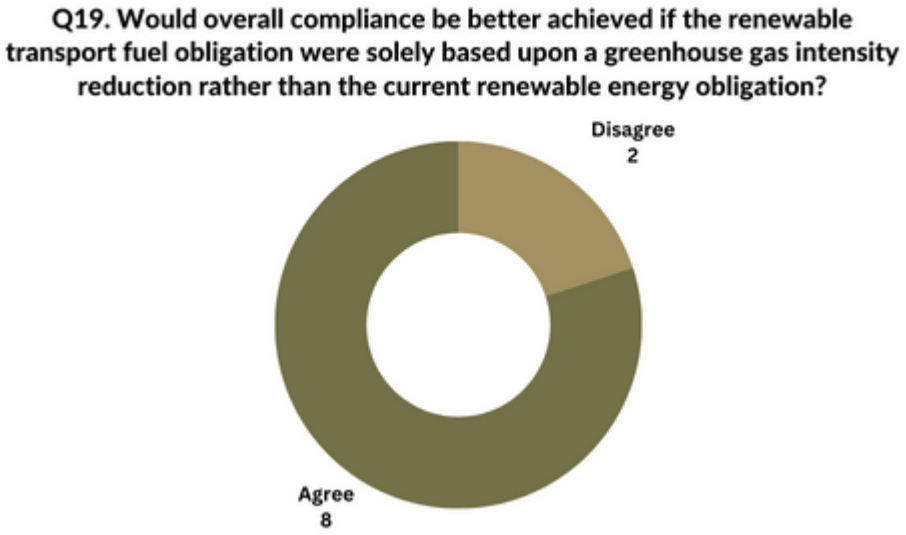
Most respondents (8) asked that in advance of any sub-target being set, it would be necessary and advantageous to view the soon-to-be-published Hydrogen Strategy for Ireland, the finalised RFNBO delegated acts on production, REDIII targets and other related EU funding schemes which would allow industry to make investment decisions over the coming years. Only one respondent believes Ireland should set a higher national target.

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:

Q18. What considerations should be included in this review –including possible social, economic, and environmental impacts?

A majority of respondents (5) asked that any adjustments and changes to additional certs regulations be communicated well in advance to ensure industry can plan and procure properly otherwise there may be a risk of knock-on price effects to the end user. One respondent referenced the EU move to a GHG reduction target while another respondent said that additional certs are not the solution to incentivising renewable transport fuels.

THEME 3 - SUPPORTING COMPLIANCE, Q19 TO Q26



Q19. 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?

The majority of respondents (8) agree that a GHG reduction target would be advantageous and also incentivise the highest GHG% saving renewables such as waste-based biofuels. Two respondents although in favour of the logic of moving to GHG reduction, and agreeing it may lead to better compliance warn that it would be a fundamental change to the system and may lead to a period of uncertainty for suppliers. Two other respondents disagreed with the approach with their preferred option being the existing RTFO gradual rate increases.

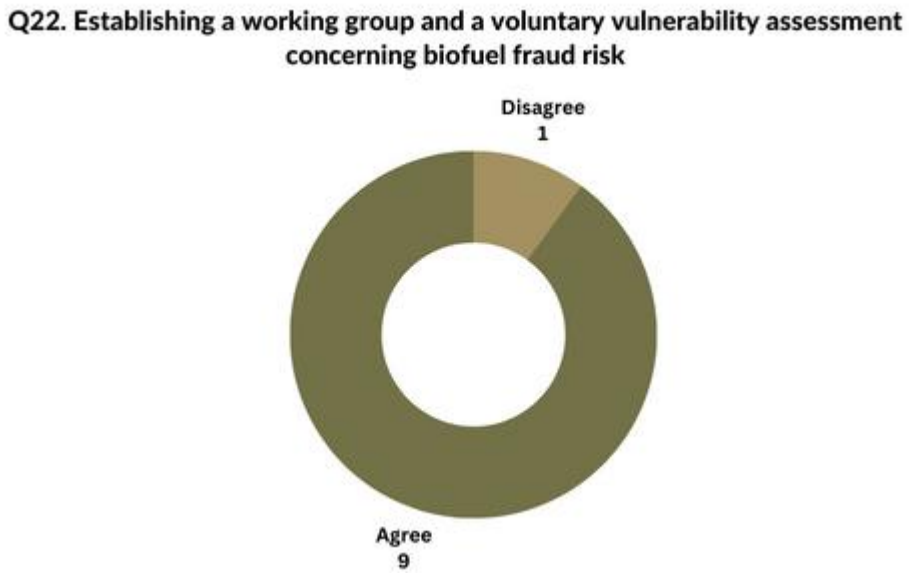
Q20. Would you agree with introduction of a greenhouse gas intensity reduction basis for the 2025 obligation period?

Most of the respondents (8) agree that a GHG reduction basis for the 2025 obligation is reasonable while only a small number (2) consider 2025 to be too soon. Three respondents asked for the policy to consider a period of transition to allow some flexibility in the system and ensure there are no adverse effects on procurement or costs to the consumer. One respondent said they would welcome some consultation on the matter in advance of a possible move.

Q21. 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?

Many of the respondents (6) welcome the introduction of the EU Database which should bring further traceability, greater visibility of biofuel supply chains and potentially highlight fraudulent activity. Some respondents (2) highlighted the need for further measures such as standardised audit processes which could help with the administrative burden for industry while two other respondents raised the need for prosecution of any fraudulent behaviour.

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



Q22. Do you agree with this approach in addressing the recommendations of the biofuel study?

A large proportion of respondents (9) are in favour of establishing a working group and a voluntary vulnerability assessment which may help to minimise biofuel fraud cases and ensure compliance. Only one respondent was not in favour as they felt there were no issues in Ireland as all biofuels are waste based with little crop-based biofuels in the system.

Q23. If so, what are your views concerning the scope of the assessment?

Some of the respondents (5) asked to ensure the scope was comprehensive enough to cover an assessment into areas of the entire supply chain such as sourcing, blending, misclassification of certain products, GHG calculations and biodiversity concerns. One

respondent also noted that the assessment should look to benchmark Ireland's measures in comparison to other EU countries.

Q24. Do you agree with the proposed trajectory of decrease in high ILUC-risk biofuels supply to 2030, as set out in the policy statement?

Most respondents (7) agreed with the proposed trajectory of decrease for high ILUC-risk biofuels given Ireland has very small use of biofuels produced from such feedstocks. Two respondents raised the point that quantifying high ILUC- risk feedstocks in the future may become more complex and the need for further governance structures.

Q25. Should this be reduced annually, or every 2 or 3 years?

All the respondents (4) to this question agreed with an annual reduction

Q26.Should the reduction to 0% be accelerated, e.g., by 2025 or earlier?

The majority of respondents (5) agreed that the reduction could be accelerated and phased out as soon as possible. One respondent was more cautious to ensure any potential high ILUC feedstocks were exhausted in the system and that a compromise of 2027 or 2028 would be more acceptable.

THEME 4 - ONGOING REVIEW OF EVIDENCE AND RESEARCH SUPPORTING THE POLICY, Q27 TO Q29

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

Q27. Do you agree with this approach in addressing the conclusion of the Biofuel study?

Most respondents (10) agreed with this approach which will provide a platform for further discussion and analysis of various concerns around renewables. Three respondents raised the matter of Ireland talking to the Commission on the 1.7% cap on Annex IX Part B feedstocks. One respondent raised the potential contribution of hydrogen and renewable electricity across all transport sectors as should be further examined.

Q28. If so, what are your views concerning the scope of the examination and research needed?

There was a diverse number of answers to this question. Some respondents (2) believe higher biodiesel blends need to be investigated. Another set of respondents (2) feel that socio-economic and consumer behaviour need to be considered further. Future CAP, EU targets and limits need to be considered according to two other respondents while one other respondent asked to ensure industry consultation and participation be considered for this study.

Q29. 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?

A small majority of respondents (4) supported further analysis on RFNBOs and advanced renewables such as Green Hydrogen and how they can be factored into the RTFO in the future. Ongoing stakeholder input was also raised by two respondents as being key to future policy development and implementation.