



14th April 2009

UK Biofuels Industry is Delivering Green Fuel One Year On

The introduction of the Renewable Transport Fuel Obligation (RTFO) last year marked a landmark in the delivery of renewable transport in the UK. One year on, and despite a Government slowdown on targets, the UK biofuels industry is delivering on its promise to provide green, sustainable transport fuels. With new bioethanol plants set to open in the UK in 2009 and 2010, the industry can continue to build on its initial success, producing good biofuels that are both sustainable and deliver real greenhouse gas savings.

Wednesday (April 15th) marks the first anniversary of the RTFO. Since April 2008 all fuel in the UK has included a small amount of biofuels¹. Around eight per cent of the biofuel going into the UK supply chain is manufactured in this country from UK feedstocks produced by sustainable UK agriculture. Most of the UK-produced biofuels are currently coming from British Sugar's bioethanol plant at Wisington, and Argent Energy's biodiesel plant near Motherwell. Compared to biofuels sourced from other countries these fuels have delivered an average greenhouse gas saving of 71%, compared to an average of 46% delivered overall. According to the Renewable Fuels Agency 99% of UK biofuels are 'sustainable', compared to just 18% overall.²

Clare Wenner, Head of Renewable Transport Fuels at the Renewable Energy Association says: "When the RTFO was introduced last April there was a lot of concern about whether biofuels might do more harm than good. Since then the UK biofuels industry has demonstrated that good biofuels are produced in this country. These results have been confirmed by the Government's own Renewable Fuels Agency.

"Road transport fuels produce around a quarter of all greenhouse gases, and this figure continues to grow. The problem is urgent and we cannot simply ignore it or rely on solutions currently in development, which may not be available for many years. Given the right

investment, the UK biofuels industry can make an even greater contribution to combating climate change in this area. At this time when the economy needs stimulating, more investment in biofuels can help the environment and provide green jobs.”

UK biofuels are set to grow over the next twelve months with the opening of the Ensus plant later this year at Wilton, Teesside that will produce 400 million litres of bioethanol, and the Vivergo plant in Hull, – also producing bioethanol from wheat – in 2010.

The longer term prospects for UK biofuels are positive as a result of the targets set in the EU’s Renewable Energy Directive. This obliges the UK to use up to 14% biofuels⁴ by the year 2020. This provides a real opportunity for the UK industry, but will mean that the Government has to expand the UK’s renewable transport sector significantly before 2020.

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¹ The RTFO was intended to ensure that 2.5% of all fuels used came from renewable sources as from 15th April 2008. However, an error in the drafting of the legislation meant that only around half this figure has actually been achieved

² RFA Monthly Report April 2008 – January 2009

³ As a result of the Gallagher Review, and despite the drafting error outlined above, the inclusion rate for biofuels for 2009/10 is only 3.25%, and this will rise to 5% by 2013/14 (rather than the original target of 5% by 2010)

⁴ The target in the Renewable Energy Directive is 10% by energy. However, the UK currently sets its targets by volume. 10% by energy equals just over 14% by volume i.e. virtually a threefold increase between 2014 and 2020

More information on biofuels is available at www.biofuelsnow.co.uk

For more information or to arrange interviews contact:

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Long Term Biofuels Targets Provide Opportunities for Scotland

As we approach the first anniversary of the legislation that made fuel companies include biofuels in the fuel we use at the pumps (the Renewable Transport Fuels Obligation), the long-term increase in targets will provide an opportunity for increased green jobs in Scotland.

Under the RTFO 2.5 per cent of the fuel we put in our cars since April 2008 has come from either bioethanol or biodiesel. Despite a recent slow down in the obligation level of the RTFO, long term targets set by the EU will provide opportunities for the region in the decade ahead.

From 15th April 2009 3.25 per cent of the UK's transport fuels will have to be provided by fuel from renewable sources. Following a drafting error in the RTFO and a review of biofuels by Professor Gallagher, Chairman of the Renewable Fuels Agency, this has been cut from the original proposed target of 3.75 per cent. This will rise to 5 per cent by 2013/14 – three years later than proposed in the original RTFO.

Although the slow down may damage short term prospects for investment in the UK biofuels industry, longer term targets outlined by the EU in the Renewable Energy Directive provide a more positive outlook. By 2020 the UK will have to derive 10 per cent of the energy used to drive road transport from renewable sources, which will provide opportunities for Scotland.

Greener fuels, such as biofuels, are part of a larger 'green economy'. Recently Gordon Brown announced that Britain can expect 400,000 new environmental jobs over the next eight years, claiming that building a 'better, more secure and sustainable world' was one of the 'greatest peace-time challenges of all.' According to the latest statistics from the Renewable Fuels Agency ninety-nine percent of all UK produced biofuels meet the agency's environmental sustainability standards,

whereas the reported average is just 18 per cent overall. These results demonstrate the efforts that UK biofuels companies have made to meet and to raise carbon and sustainability standards.

Biofuels can play a major part in the economy of Scotland in the latter part of the next decade. As well as those employed directly many more would be employed in supply chain activities such as agriculture, transport and maintenance. Within the agricultural sector, biofuels offer farmers an additional market opportunity allowing growth in crops such as high starch wheat and rapeseed.

Argent Energy currently operate a multi-feedstock biodiesel plant near Motherwell in Scotland – which was the first large scale producer of biodiesel in the UK when it commenced production in 2005. The plant currently utilises tallow (animal fat) and used cooking oil as feedstocks and has a production capacity of 45,000 tonnes (in excess of 50 million litres) of biodiesel per annum. The Group commenced production in March 2005 and was the first large scale producer of biodiesel in the UK. The Motherwell plant is currently producing a weekly average of at least 875 tonnes (approximately 1 million litres). Recently Argent was named Sustainable Biodiesel Producer for 2009 in the inaugural Sustainable Biofuels Awards.

Scotland is also playing a major role in researching renewable energy sources for the future. The **Biofuel Research Centre (BRC)** at Napier University, Edinburgh, has been set up to develop second-generation biofuel from a range of non-food crops and waste.

For more information or to arrange an interview contact Peter Crowe or David Gough at Ceres on 01189 475 956 or email david.gough@ceres-pr.co.uk

Notes for Editors

- The Renewable Energy Association is the UK's leading trade association for the renewables industry, with over 550 members across the industry and around 70 involved in biofuels
- More facts and figures on biofuels can be obtained from www.biofuelsnow.co.uk