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THE RESPONSE OF THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS TO BIOFUEL ISSUES IN THE NEW LEGISLATION ON THE PROMOTION OF RENEWABLE ENERGY

Specific Questions

The SMMT has answered those questions within our area of knowledge and expertise.

Question 1.1:

Do you think the "possible way forward" described above is feasible?

The "possible way forward" certainly appears feasible but it is essential that new legislation works in harmony with sustainable bio-fuel related legislation already in place in Member States. This will minimise the overall administrative burden and support those Member States already committed to reducing greenhouse gas emissions through the use of bio-fuels.

Question 3.1:

How should second-generation biofuels be defined? Should the definition be based on:

a) the type of raw materials from which biofuels are made (for example, "biofuel from cellulosic material")?

b) the type of technology used to produce the biofuel (for example, "biofuels produced using a production technique that is capable of handling cellulosic material")?

c) other criteria (please give details)?

It is important to base support for biofuels on life cycle or well-to-wheel basis. Second generation biofuels may give significant well-to-wheel greenhouse gas emissions reduction, and thus the definition should be based on this reduction. Specifying technology, process or feedstock would lead to development being focussed on those preferred areas and potentially limit development of more efficient "first generation" fuels.

Question 3.2:

Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.

As stated above, any preference of feedstock, process or technology in the legislation would limit development in other, potentially more efficient areas. Any advantage should solely be given on the basis of well-to-wheel greenhouse gas emissions reduction. Additional benefits may be needed to aid research and development into future fuels along side investment in the production facilities for such fuels.

Question 3.3

Should second-generation biofuels only be able to benefit from these advantages if they also achieve a defined level of greenhouse gas savings?

Applying the well-to-wheels approach for greenhouse gas savings would allow the best technologies, regardless of definition, to flourish. It would be inappropriate to encourage one fuel technology to the detriment of another if the greenhouse gas savings were similar.

Question 4.1:

Should the legislation include measures to ensure that diesel containing 10% biodiesel (by volume) can be placed on the market, and is in fact placed on the market?

It is important to determine the effect of 10% biodiesel fuel (B10) on the current vehicle parc. There is a significant evidence base to suggest that current vehicles, particularly those fitted with particulate filters, are not suited to B10 use. It is essential for the success of biodiesel in the general market that consumers are not adversely affected. Therefore it may be more prudent to continue to market diesel fuel with a 5% bio content meeting the existing EN590 requirements whilst promoting higher blends such as B30 for future vehicles that are compatible with that fuel.

Question 4.2:

Should the legislation include measures to encourage the use of ethanol and biodiesel in high blends? If so, what?

It is clear that fuels that are compatible with the current vehicle parc will offer the biggest potential greenhouse gas reductions. This method of greenhouse gas reduction is largely invisible to the customer which is beneficial in that little behavioural change is necessary but also risks not highlighting the low carbon message. It is important for the future development of the low carbon message and alternative fuel vehicle market that higher blend fuels be encouraged. Higher blend fuels will require significant financial support to become an attractive alternative to consumers and realise the greenhouse gas reductions they offer. Higher blend fuels must also adhere to internationally agreed standards. It is essential that the correct balance of support for high and low blend fuels will be developed by policy makers and other stakeholders in the transport sector.

Question 4.3:

Should the legislation include measures to encourage the use of biomethane, methanol and DME in transport? If so, what?

It is important not to discourage any road fuel that may offer significant greenhouse gas savings but it is likely that bio-derived liquid fuels such as bioethanol and biodiesel will offer the greatest short to medium term benefits as they are most compatible with the current and near future vehicle parc. Methanol, however, has a number of safety and emissions related issues and as such we believe it should not be actively encouraged at this stage.

Question 4.5:

Should the legislation ask the Commission to review, by a given date, whether it is possible to be confident that the 10% target can be achieved through:

- a) rules that allow 10% blending by volume of ethanol in ordinary petrol, plus**
- b) rules that allow 10% blending by volume of biodiesel in ordinary diesel, plus**
- c) the four options listed under 'other options for solving the problem';**

If so, what should the date be?

If the review were to conclude that the target is unlikely to be met, what action should the Commission take?

It is essential that consumers are not adversely affected by changes to the bio-content of fuels. Due to the lead time in development, the life of current vehicles and the difficulty in adapting current vehicles, it is essential that fuels that are compatible with the current vehicle parc are available for a significant time into the future. It would be prudent for the Commission to review the progress towards the 10% target but it should not be viewed as an opportunity to change the bio make-up of ordinary petrol or diesel unnecessarily. However the increased promotion and use of ETBE, BTL and high blend biofuels will help to redress any shortfall to the target.

Question 4.6

More generally, what role should taxation play in the promotion of biofuels (considering different situations such as low blends, high blends and second-generation biofuels)?

Biofuels have assumed a central role in European policy to reduce greenhouse gas emissions. Biofuels are currently more expensive to produce and, in some cases, have a lower energy content per unit volume than conventional, mineral based fuels. In low blend fuels it is unlikely any increase in volumetric fuel consumption will be noticed. Higher blends, particularly E85, suffer from a noticeably decreased range. To therefore promote the use of such higher blend fuels to consumers, a taxation rebate for biofuels could be suggested to member states in order to equalise the costs of ownership. For instance the UK currently offers a reduction in fuel duty for biofuels.