



Department  
for Transport

# Transport Energy Taskforce

## Working Group 4: Customer Acceptability

### Meeting 2

**Tuesday 13<sup>th</sup> January 2015**



# Item 1: Welcome and introduction

The purpose of Working Group 4 is to provide guidance on identifying issues and proposing ways to address customer acceptability issues related to the fuels mix to 2020 and 2030.

The group operates under Chatham House rules.





## Item 2: Follow up on actions

**Action: Work to continue to develop further thinking on ‘novel’ fuels, e.g. gaseous fuels, and how to handle this issue.**

Update from Working Group 5 regarding the handling of novel/ alternative fuels:

- WG5 met on 17<sup>th</sup> Dec; next workshop on 23<sup>rd</sup> Jan
- 1<sup>st</sup> workshop considered:
  - Biomethane
  - Biopropane
  - Advanced fuels
  - Aviation
- Acknowledged the need to consider recommendations for pre- and post-2020, and ensure coordination with other WGs
- Next workshop: presentations from Ecofys / E4Tech on novel fuels and R-AEA on UK biomethane supply potential; post-2020 in more detail; possible mechanisms like an advanced sub-target.



# Item 2: Follow up on actions

**Action: Work to continue in order to consider where NRMM lies and how to handle this issue.**

- NRMM: any mobile machine, item of transportable industrial equipment, or vehicle - with or without bodywork - that is:
  - not intended for carrying passengers or goods on the road;
  - installed with a combustion engine (petrol or diesel).
- NRMM fuels: predominantly gas oil and (to a lesser extent) biodiesel.
- Renewable Energy Directive: 10% target (does not obligate NRMM, but biofuels used in NRMM can contribute towards achieving this).
- Fuel Quality Directive: 6% target (encompassing NRMM).
- April 2013: RTFO amended to include fuel supplied for use in NRMM. This completed the transposition of the FQD into UK legislation.



## Item 2: Follow up on actions

### Moving forwards:

- There is now broad agreement among fuel suppliers as to the inclusion of NRMM.
- It is presumed that low sulphur gas oil is used for NRMM purposes, unless otherwise demonstrated and is therefore obligated.
- DfT has been engaging with fuel suppliers and UKPIA to determine suitable evidence of the end use of gas oil.
- Although low sulphur gas oil is obligated under the RTFO, we remain open to receiving evidence that may overturn the presumption. The onus of responsibility remains with suppliers to do this.



## Item 2: Follow up on actions

It is suggested that discussions continue in Working Group 4 on issues related to NRMM as needed:

- How should/could we take forwards work on NRMM in WG4?
- What concerns/ considerations should be taken into account here?
- How can we best address these moving forwards? What are the options?



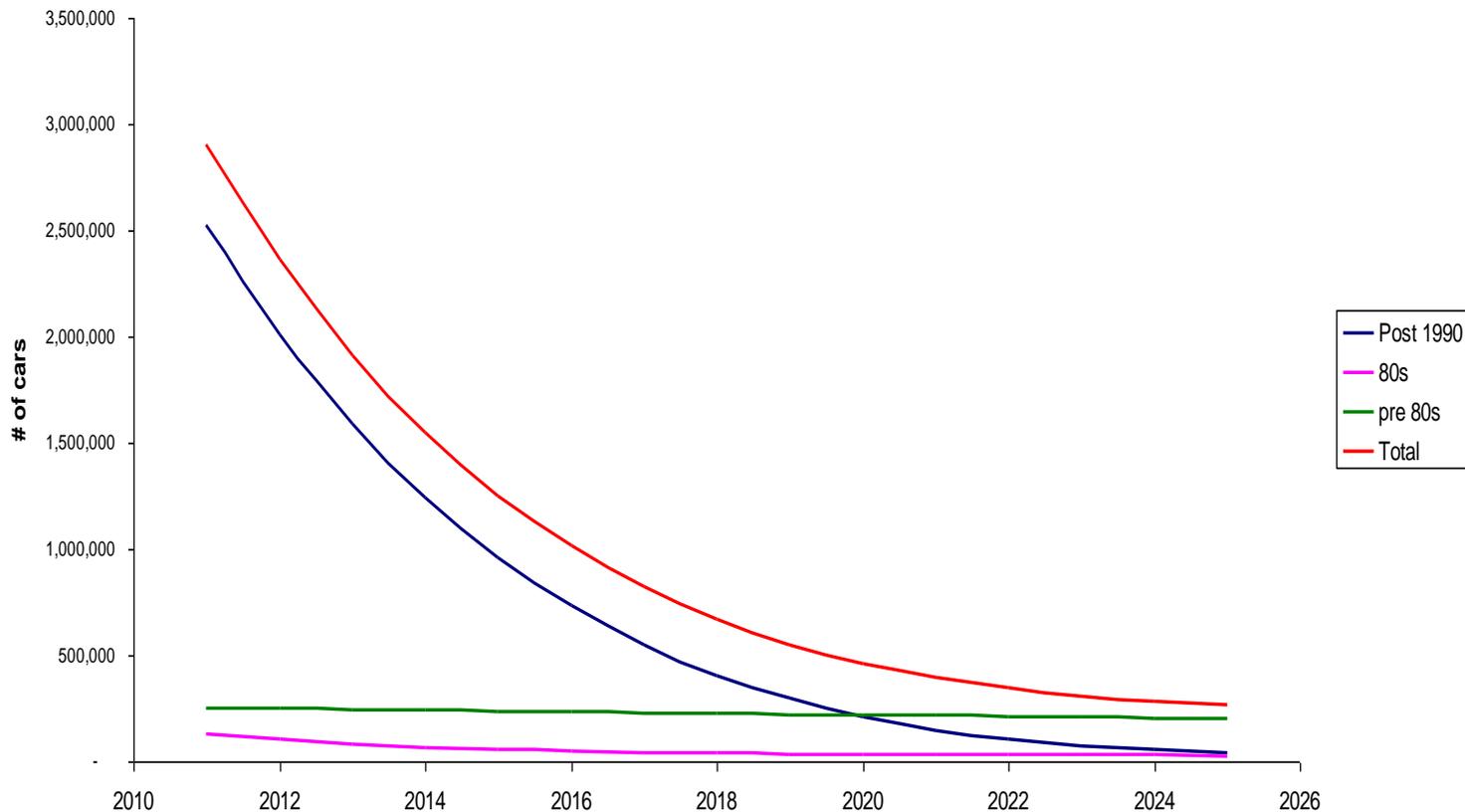
## Item 3: E10 Market preparation

- Approval was given in early 2013 of a new British Standard for petrol, which allows fuel suppliers to sell blends of up to 10% ethanol: known as E10.
- E10 has yet to be rolled-out in the UK.
- The roll-out is a commercial decision, to be made by fuel suppliers/ retailers.



# Item 3: E10 Market preparation

Industry estimated that in 2012 there were approximately 2.5 million vehicles (or 12% of petrol cars) that were incompatible with E10. The forecast rate of decline of E10 non-compatible cars is:





## Item 3: E10 Market preparation

- The Motor Fuel Regulations (1999) were amended in 2013 to extend the provision for the E5 protection grade until 31<sup>st</sup> December 2016.
- This ensured continued availability of a petrol grade with maximum ethanol content of 5% (E5).
- This applies only to large filling stations (those selling more than 3 million litres of fuel per year).



# Item 3: E10 Market preparation

## E10 labelling requirements:

- The Renewable Energy Directive sets a requirement for labelling at the sales point only where the percentage of biofuel blend exceeds 10% by volume.
- Biofuel Labelling Regulations (2004): fuels which contain more than 5% ethanol are required to display the following wording at point of sale:  
“Not suitable for all vehicles: please consult manufacturer before use”.
- The standard marking for all dispensers using the new E10 petrol grade is set out in the British Standard, and will follow the form below:

**UNLEADED  
PETROL  
95 E10**

**Not suitable for all vehicles: consult  
vehicle manufacturer before use**

# E10 Market Preparation

Jonathan Murray

TETF – WG4

13 January 2015

# Introduction

LowCVP working with a wide group of stakeholders during 2012 and 2013 looked at:

- How E10 could be introduced successfully in the UK.
- Draw lessons from other European Countries.
- Developed resources which would be required.

This work can be accessed on the LowCVP website at [E10 Market Preparation](#)

E10 has not been introduced into the UK road fuel market, however it remains likely that it will be necessary if the UK is to comply with the RED transport target by 2020.

This presentation summarises the work LowCVP and other stakeholders undertook as a basis for discussion by the Force Working Group 4 to consider what further preparations might be required.

# Background

- In 2012 CEN, and subsequently BSI, standards for gasoline fuels were revised allowing suppliers to market E10 fuel in the UK.
- Finland, France and Germany had introduced E10 to varying degrees of success.
- Risk of disruption to consumers and the fuel market if E10 was introduced in an uncoordinated manner was considerable.
- Situation in UK in 2012/13
  - The decision to introduce E10 was viewed as commercial.
  - The RTFO did not require the introduction of E10.
  - E10 was an option for obligated companies to meet their obligation under the RTFO.
  - 87% of petrol cars were E10 compatible, 9% were not and so the introduction of E10 would require public education.
  - NGOs were lobbying against biofuels on the grounds of ILUC, sustainability and food v fuel.
  - Motoring press had raised concerns regarding fuel consumption using E10.
  - UK Government unenthusiastic towards E10 introduction in 2012.

# Consumers generally see biofuels as a good thing ...

- Consumer awareness of biofuels is high and they see the benefits at a macro level
- However understanding of the detailed facts is very low
- Consumers perceive biofuels to be further into the future than current timelines
  - *“I’ve heard the term but don’t know anything about it”*
  - *“They’re more eco friendly. You assume that from the name. Probably non-fossil fuel sources, and less fumes”*
  - *“Maybe it’s cheaper”*
  - *“We don’t have to import it. We’re not held hostage by oil producers”*

Source: LowCVP E10 Group, November 2011

## ....but consumers do not like surprises.

- Consumers are not aware of the context and European agreements for introducing renewables into fuel.
- Awareness of both E5 and E10 is almost zero
- Consumers are largely unaware that they are already motoring with biofuels in their fuel.
- Consumers often think of biofuels as some form of exotic future fuel offer which they will be able to choose to accept or reject.

Consumers get upset if not properly advised of changes that impact them. The legitimacy and authority of the sources of that advice are important considerations.

Source: LowCVP E10 Group, November 2011

# Experience of Finland, France and Germany

## Finland

- Govt leadership and stakeholder involvement
- Clear information & consistent messages
- >1 year run into to national launch.

### Impact

- Consumers were aware of E10 intro.
- Confident they could make informed fuel choice.
- Initial mpg concerns.

### Response

- E10 Accepted
- **E10 58%** of petrol market in 2013

## France

- Active government and stakeholder involvement
- Clear guidelines
- Consistent approach
- Clear communications.

### Impact

- Consumers were aware of the change to E10
- Confident that they could make the right fuel choice.

### Response

- E10 Accepted
- **E10 30%** of petrol market

## Germany

- No Govt or industry coordination.
- No central comms on the change.
- Labelling requirements issued.

### Impact

- No advanced notice.
- Lack of consistent messaging
- Confusion, anger & supply disruption.
- Blame game in the media.

### Response

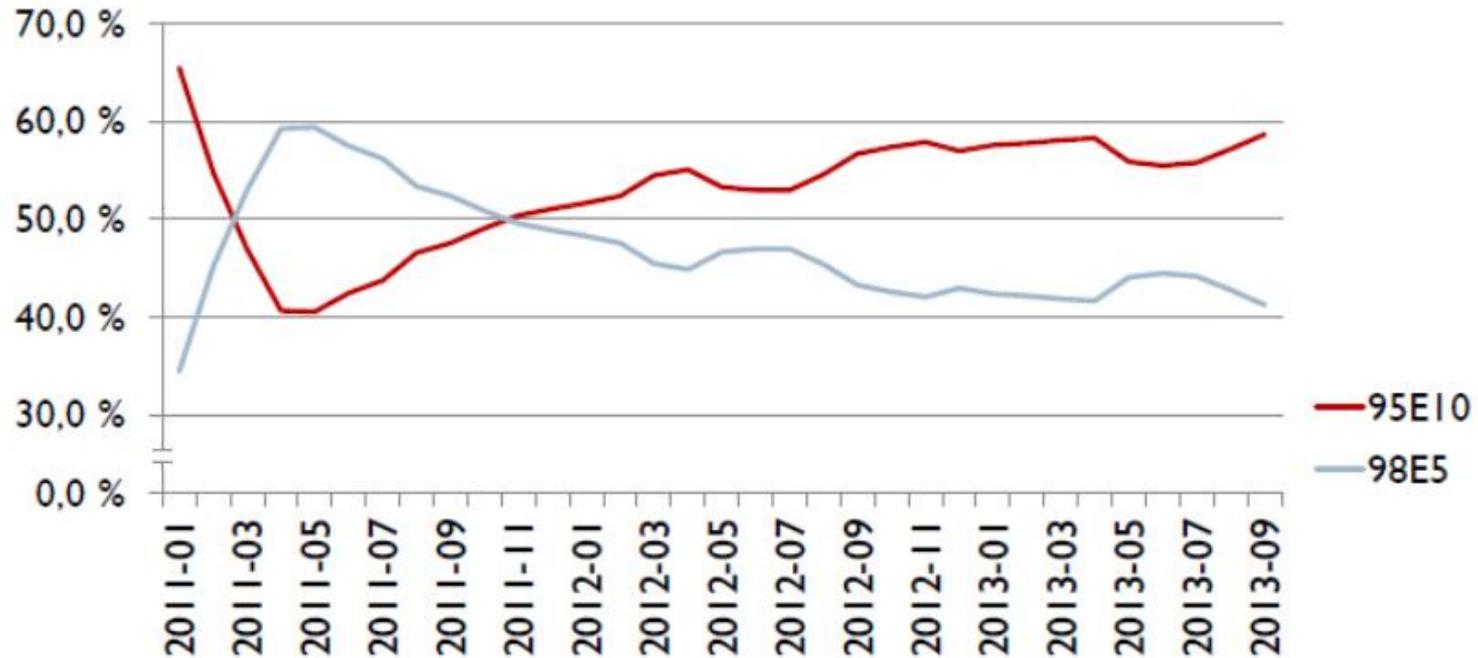
- E10 initially rejected
- **E10 15%** of petrol mkt (2013)

# German launch shows risks of poor communication

Action	Consumer consequence	Industry consequence
No official vehicle compatibility listing promoted by VMs	Consumers did not know what fuel was right for their car – they defaulted to protection grade	Forecourts sold out of protection grade – making already confused customers very angry
Not enough information on E10 and protection grade provided to media partners	Media created their own story about supply of biofuels	75% were about policy and 60% of those were negative
Lack of background information on legislation and sources of ethanol in Europe	Consumers perceive it's a decision made by oil companies for their own gain.	E10 roll out was stopped and ethanol levels were lower than before launch 9 months after launch
No overall leadership of the conversation on E10	Consumers were confused about where to find information and who to listen to	Blame was attributed to all parties

**No stakeholders came out well**

# Lessons from Finland's introduction of E10



## Finish Communication Cooperation Network

- Underestimated how sensitive motorists were to E10 introduction
- Degree to which motorists distrusted authorities, oil companies, car manufacturers.
- Degree to which motorists and media were swayed by social media commentary

## Conclusions

- An early survey of consumer attitudes would have helped with communication planning.
- More proactive communications including social media and direct mail.
- Provided objective fuel consumption data prior to launch.
- Finland has history of using oxygenates in petrol should have been emphasised.

# LowCVP Activity

LowCVP was asked by DfT to work with stakeholder to identify how and when E10 might be introduced successfully.

## Objectives:

- Undertake an assessment of the likelihood of E10 introduction (based on publicly available information) and of the UK's readiness to accept the fuel.
- To review key information required for the introduction of E10 to the UK market and coordinate stakeholder views in light of evolving situation regarding E10.
  - Vehicle compatibility projections via SMMT
  - Fuel supply information
  - Fuel retailer information
  - Consumer information
  - Carbon and sustainability information
- If appropriate, to appoint a marketing company to develop and deliver a consumer information campaign in advance of the launch of E10.

# Outputs

Provision of coordinated information for all stakeholders.

- Agreed messages, information sources and spokes people
- Consumer Communications – LowCVP/Shell
- Retailer Guidance – DFA
- Vehicle compatibility database – SMMT

Web-based FAQs. ([see LowCVP website](#))

- Low carbon road transport, biofuels and E10 petrol
- General FAQs
- Specific E10 FAQs

Communication campaign brief.

- Campaign brief was developed and budget established
- Mechanism for triggering campaign agreed to avoid collusion.

# Item 3: E10 market preparation – group discussion

- Is the existing work still fit for purpose?
- How has the landscape changed since the work was undertaken in 2013?
- Are there any evidence gaps?
- E5 protection grade: is it likely that a further extension of the provision for the E5 protection grade beyond 31<sup>st</sup> December 2016 will be required?
- E10 labelling: discussion of requirements and options surrounding the labelling of E10 for consumers.
- What are the implications surrounding the timing of the introduction for E10 (e.g. in 2016 / 2017/ 2018 etc.)? How will this impact on labelling requirements; the protection grade etc.?

# Item 3: E10 market preparation – group discussion

- How can we ensure a successful/ positive roll-out of E10 in the UK?
- What will be the main barriers to success? How can we overcome/ work around these?
- E10 has been introduced already in Finland, France and Germany: what lessons can be learned from these introductions?
- What is the lead-in time for retailers for UK E10 roll-out?
- What actions will be needed? (Government, industry, NGOs etc.)
- What are the options, recommendations and next steps?



# Item 4: Meeting outcome

We would now like to prepare an options paper to facilitate a positive and successful UK roll-out of E10 UK introduction.

- Objective: development of a paper to feed into the overall report of the Transport Energy Taskforce, to be presented to Ministers. This should provide clear advice and deliverable/ desirable options.
- Paper development led by stakeholders – volunteer(s) from WG4 to coordinate this?
- Timeline for work before our next meeting on 2 February:
  - Early circulation of a first draft for comment (based on today's discussion).
  - Deadline for comments and amendments.
  - Discussion of the updated paper at the next meeting.



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The next meeting of Working Group 4 will take place on Monday 2 February, from 2.00-5.00pm in the DfT.

Thank you for your time today.

