

Transport Energy Taskforce High Level Group

Monday, 1 December 2014, 10:30 - 13:30
BIS Conference Centre, 1 Victoria Street, London SW1H 0ET

TE-HL-A-03

MINUTES

Actions

Action: WG1 to consider the relative efficiency of competing uses of bio-energy resource across the economy.

Action: Clarification of WG3 minutes.

Action: Expressions of interest in chairing WG4 and 5 were requested.

Action: Approved minutes, papers and presentations to be made available via the LowCVP website.

Action – Set meeting dates for High Level Group and circulate to members of the Task Force.

Attending

Aaron Berry – DfT
Andy Eastlake – LowCVP (Vice Chair)
Ausilio Bauen – E4Tech
Ben Allen – IEEP
Chris Malins – ICCT
Chris Mottershead – Kings College (Chair)
Clare Wenner – REA
Doug Parr – Greenpeace
Kenneth Richter – FOE
Konstanze Scharring – SMMT
Grant Pearson – Ensus
Leigh Hudson – BA
Jeremy Tomkinson – NNFCC
Jonathan Murray – LowCVP
Nunzia Florio – UKPIA
Richard Kneller – DfT
Rick Taylor – Vivergo
Rob Wakely – DfT (Vice Chair)
Roy Murray – BP
Thomas Robertson – DfT
Vikram Paul – Shell

Apologies

Andrew Owens – Greenergy
Baden Gowie-Smith – CNG Services/EU Skills
Chris Hunt – UKPIA
Charlotte Morton – ADDBA
Chetal Owens – Defra
David Baldock – IEEP
Frazer Campbell – DECC
Helena Busby – Defra
Hugh Tucker – UKPIA
James Mills – NFU
Jennifer Hurley – DfT
John Baldwin – CNG Services/EU Skills
Keeley Signal – DfT
Neville Jackson – Ricardo/Auto Council
Patrick Lynch – Greenergy
Rawfiah Choudry – HMT

1. Welcome

Chris Mottershead (Chair) welcomed the members of the Task Force to BIS Conference Centre and went through housekeeping. There was a tour of the table and Members introduced themselves.

2. Minutes and matters arising

The minutes of the previous meeting, detailed in paper TE-HL-M-02, were agreed and the actions noted as either complete or covered under the agenda. There was a request to timetable future meetings of the Task Force which was accepted and covered under the agenda.

3. Task Force Work Programme

Progress reports were provided for working groups 1 to 4, which have met which are detailed in TE-HL-P-07. Working Group 5 at the time of the meeting had not met.

3.1 Working Group 1 – Evidence Base

Aaron Berry (DfT) provided a progress report for WG1. A workshop was held on the DfT's modelling work on the 8 November, although the WG hasn't met yet. It was reported that Ausilio Bauen, of E4Tech, had agreed to act as chairperson for the group and that the next meeting of the WG would be held on December 12.

There was then a discussion and a number of points were raised for clarification.

It was confirmed that a revised scenarios and background paper had been produced and would be made following the meeting via the LowCVP website.

It was questioned what the definition of advanced fuel was with respect to the Task Force. The task force had not yet developed a definition of advanced fuels. WG2 had been asked to consider what the definition for advanced fuels should be. Proposed EU legislation could constrain a definition used for UK legislation. Annex IX of the proposed RED amendment to address ILUC lists feedstocks which would fall under a definition of advanced fuels.

It was noted that the modelling work should be aligned with the fuel options being considered by the automotive industry, as set out by the Automotive Council, and should include methane, electric and hydrogen.

How HVO was treated in the modelling was discussed. It was noted that HVO can come from crop or waste and sits between 1st and 2nd generation biofuel. In the current modelling HVO isn't treated as advanced because although it is a technically superior fuel, it is restricted to broadly the same feedstocks (waste and crop based oils and fats) as first generation biodiesel.

3.2 Working Group 2 – Objectives and Sustainability

Rob Wakely, DfT, provided the update for WG2. The Task Force had provided a long list of questions, which the WG had refined based around objectives, sustainability, advanced biofuels and the wider landscape. It was reported that WG2 had had a long debate and that there were a range of views. Therefore the members of WG2 had been asked to provide their definition of sustainability and advanced fuel by email by Friday 5 December. The intention being to determine the spread of views and see if common ground could be found.

It was also reported that WG2 had discussed the extent to which we should allow or exclude feedstocks requiring land use. With respect to the modelling work, it was proposed that scenarios should be modelled with a 'managed introduction' of E10 and that there should be a scenario which represented 'least cost to the consumer' of complying with the RED target.

It was reported that the next meeting of WG2 would be on 18 December.

There was then a discussion of a number of points.

It was questioned how the vehicle compatibility, as opposed to the consumer acceptance, of future fuels was being handled in the Task Force. It was confirmed that both issues were seen as being dealt with by WG4. It was noted that WG4 may need to revise its objectives to ensure this is the case.

It was pointed out that bio-energy will be used elsewhere in the economy, as well as in transport. It was agreed that this should be made clear in the work of the Task Force and reflected in the scenarios. **WG1 should consider the relative efficiency of competing uses of bio-energy resource across the economy.**

Action: WG1 to consider the relative efficiency of competing uses of bio-energy resource across the economy.

It was questioned whether hydrogen is sustainable, and it was agreed that this was directly related to the definition of sustainability WG2 was developing. There was a call for clarity on GHG and multiple counting, and to focus on 2030 which may dictate the trajectory via 2020.

3.3 Working Group 3 – Policy and investment certainty

Jonathan Murray, LowCVP, provided the update for WG3. It was reported that WG3 met for the first time on 21 November, which was a little unfortunate as it was prior to the meeting of WG2. However, useful progress had been made, David Baldock, of IEEP, had agreed to chair the group, the group had agreed the terms of reference and had a useful discussion regarding the questions it had been asked to consider by the Task Force which resulted in a revised set of 12 questions.

A preliminary work programme had been developed and it was noted that the WGs should complete their work by the end of February to allow the High Level group time to consider the final recommendations.

It was asked whether there should be an industrial strategy element to the work of WG3. It was agreed there should be however, the extent of this had yet to be agreed as it wasn't clear the extent of the UK's commercial interests in current and future fuels.

WG3 identified that there was a lack of aviation representation and was seeking to address this.

Dates for the remaining meetings of WG3 would be announced shortly via the LowCVP website and would be emailed to the members of the group.

3.4 Working Group 4 – Customer acceptance

Jennifer Hurley of DfT, who acts as secretariat for WG4 was not available for the meeting and a chair person has yet to be agreed, so a verbal update was provided by Andy Eastlake and Jonathan Murray, who both attended the initial meeting of the group.

The initial meeting of WG4 had taken place on 28 November and David Calderbank, DfT had acted as chair until a permanent chair could be appointed. The WG was well attended, with 17 participants including a number of stakeholders not on the High Level group participating. WG4 had reviewed and agreed its terms of reference and had discussed the issues it had been asked to consider. At the time of the meeting a set of minutes had yet to be circulated.

Key points which had been raised in the meeting included, a discussion regarding the distinction between the fuel specifications which vehicle operate on and the feedstocks which are used in those fuels. The distinction between consumer acceptance of fuels and vehicle compatibility, and who should be seen as the consumer in this context. It was agreed that only fuels envisaged on the Automotive Council's roadmaps would be considered, however alternative fuels including; hydrogen, methane and electricity were being considered by WG5, therefore the focus should be on petrol and diesel.

It was reported it was agreed that in addition to E5 and B7 fuels, E10 should be included although there was some disagreement whether petrol with higher blends of oxygenates such as E20 should be included or not as there was no agreed fuel specification available.

It was noted that there had been considerable work done by a range of stakeholders working with LowCVP on issues relating to the introduction of E10. This could be reviewed by WG2 and the experience of other European countries should be considered. It was noted that E10 had not achieved greater than approximately 50% market share in any market it had been introduced to in Europe to date.

It was noted that there was a section in the draft minutes of WG3 relating to 2040 and the remaining light duty vehicles not electrified could still be running on fossil fuels. The minutes implied this was DfT strategy, which it was made clear, it is not.

Action: Clarification of WG3 minutes.

It was asked if the terms of reference for all the working groups had been agreed, and if they had been checked by the high level group. The chair clarified that at the last high level group meeting a draft terms of reference had been agreed for each working group and it was proposed that only if this was substantially changed, would the high level group need to review them. It was noted that WG3 had agreed the terms of reference proposed by the high level group subject only to amendment of the date work had to be completed and refinement of the questions the group had been asked to consider.

Working Group 5 – Role of alternative fuels

It was noted that WG5 had not met yet due to initial lack of interest from stakeholders. However, this was no longer the case and a date had been set for the first meeting, which would be on 17 December.

Action: Expressions of interest in chairing WG4 and 5 were requested.

4. Discussion of cross cutting issues

4.1 Wasted: Europe's untapped resource

Chris Malins, of ICCT, gave a presentation of the 'Wasted: Europe's untapped resource' report which is detailed in paper TE-HL-P-08. The study looks at a range of waste feedstocks from a life cycle analysis (LCA) perspective and considers what GHG savings are achievable, the availability and economic benefit accruing from using agricultural, forestry and municipal waste for biofuels across the EU and in individual countries.

The report concludes that wastes and residues are a major resource in the UK, especially waste. That there are significant carbon reductions from cellulosic biofuels from waste and residues, and that the cellulosic industry could be a source of growth and employment for the UK.

There was a discussion based on the conclusions of the report. It was clarified that the report focused on liquid fuels, although some of the waste feedstocks could be used in anaerobic digestion (AD) to produce methane.

It was clarified that compared to liquid fossil fuels, waste stream at an EU level could theoretically provide up to 16% of transport fuels, however, between 4 and 8% would be more realistic. This was based on energy not volume.

It was confirmed that the cost of waste collection was not modelled. It was commented that operating costs for second generation plant could be lower than current plants due to lower feedstock costs, however the capital expenditure required for second generation plants could be in the region of 8x that of first generation plants unless it was possible to latch onto an existing scale operation. This might be the case with Refuse Derived Fuel (RDF).

DOE in the US looked at geographic location to look at waste availability. It was commented that straw prices are higher in UK than rest of EU. Close to commercial viability point.

It was commented that the UK doesn't have incineration capacity, so exports refuse. Hence there is potential to exploit RDF in UK. However, waste to energy requires relatively low capital expenditure and is low risk compared to biofuel plants. First generation bioethanol plants have the potential to be adapted to produce second generation biofuels in due course, but need to survive in short term for this to happen.

It was pointed out that agricultural residues are land based and it was asked how this relates to the sustainability definition to be used. It was noted that this would be covered in next agenda item.

4.2 Issues raised by Working Groups

Aaron Berry, DfT, presented a paper TE-HL-P-09 outlining three topics raised by the working groups for guidance. These were sustainability, scenarios and trajectories to 2030, and investment certainty.

Sustainability

The high level group were asked to provide their views on what should be the definition of sustainability, focusing on the environmental aspect. In particular a key question is the role of crop based fuels. It was proposed that to 2020 they would almost certainly be required to meet the 2020 RED target; beyond then they represent a potentially significant source of energy, so is there a role for them and if so under what conditions?

It was proposed that we should consider how much the UK wants transport to contribute towards GHG savings. Should transport contribute more than its marginal abatement contribution, or do we need to have policies to drive it further? It was suggested that the UK may need to focus on technological development in the period to 2030. This would imply smaller subtler measures to encourage technology development.

It was suggested that if climate change is the focus, then what are other options? Carbon capture and storage could be very important but is a big unknown. It was proposed that there will almost certainly be a need for biofuels to decarbonise transport, not least because there are unlikely to be other options in aviation in particular.

It was commented that if the UK can access sustainable biofuels then why not use them. But it's the sustainable bit that's a problem. Some stakeholders stated that there should be no crop based biofuels because there wasn't an adequate sustainability framework. With an appropriate sustainability framework then what ICCT report proposes might be possible.

The Chair asked what are the dimensions of a sustainability framework. This was followed by a discussion regarding the role of crops in particular. Some stakeholders considered that crops grown on degraded land, land which is not possible for use for food production, might be acceptable.

However while it is estimated there is a lot of marginal and degraded land, in reality it is difficult to identify and utilize. It was noted that IEEP had undertaken a study of land availability at an EU level which using EU data sets which indicated a limited resource. However this didn't go down to members state level.

It was commented that the land used in agriculture in the EU was decreasing, and that the UK has a very efficient agricultural industry with high yields compared to most of Europe. It was noted that distinguishing land that could or could not for used for biofuel production would be difficult.

It was agreed that WG1 should provide some guidance on defining sustainability and that this needs to look at options of no crop based feedstocks, only degraded land, or ILUC factors. As part of this account would need to be taken of land availability.

There was a brief discussion regarding waste. It was noted that the Task Force needs to be clear on what definition of waste it is using.

Scenarios & Trajectories to 2030

It was noted that in the period to 2020 complying with the RED target appears to require a significant increase in crops based fuels alongside waste and potentially advanced fuels. However, to date the Task Force has not looked at what happens after 2020. Four basic scenarios with trajectories to 2030 were presented for discussion containing varying contributions from crops, wastes and advanced fuels from wastes and residues. These included ending support for biofuels; a steady increase in overall supply focused on advanced fuels; a stable level of supply based on the 2020 proportions of crop, waste and advanced or a stable level of supply with crop based fuels phased out and replaced with advanced fuels.

It was noted that there is work going on in BIS looking for highest value use for wastes for the UK economy. Therefore there may be other policy claims on feedstocks for advanced fuels which should be taken account of.

It was suggested that the UK is heading into uncertain times and may need to have a lot of options to respond to future. In which case it should not rule out crop based biofuels. If there is a move in policy away from crop based to other feedstocks industry can respond but will require significant investment and must have policy certainty. Investors will not invest if there are changes to the rules. There needs to be some security.

It was commented that transport is the only area with a policy on proportion of energy from different biogenic sources. It was noted that EU NGOs are lobbying for no support for crop based biofuels beyond 2020.

There was a call for consistent policy across sectors and for the Task Force to consider how its recommendations might apply to other sectors using bioenergy.

Investment Certainty

There was not enough time to debate this issue although it came up in discussion of other topics.

6. Communication

Jonathan Murray, LowCVP, reported that the LowCVP had added pages to its website for the Task Force and its working groups which are publicly available, in line with DfT's wishes that the work of the Task Force should be an example of open based policy formation. The intention is to make papers for the Task Force available for download and guidance was requested on what papers and how should they be approved.

It was confirmed that the Membership of the Task Force be made publicly available, which was agreed at a previous meeting of the High Level group.

In addition the approved Minutes and key papers should be made available, along with presentations by third parties. Draft minutes and working papers should not be available for download and should be circulated by email.

Minutes and papers should be approved by the Chair and Vice chairs before being posted on the website, and presentations by third parties should only be made available with the presenter's permission.

Action: Approved minutes, papers and presentations to be made available via the LowCVP website.

5. Next steps & DONM

It was proposed that meetings should be scheduled and circulated for the remaining meetings of the High Level group. It was proposed that the next meeting of the High Level group should be mid January.

Action: Set meeting dates for High Level Group and circulate to members of the Task Force.