Department of Communications, Climate Action & Environment

Biofuels Obligation Scheme

Consultation on future increases in the biofuels obligation rate.

Company Response: Calor Teoranta, Long Mile Road, Dublin 12, Ireland

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Purpose: The purpose of this document is to present the views of Calor Teoranta, a non-obligated party. Calor opened an account with BOS in advance of BioLPG being available in Ireland. BioLPG will be an advanced biofuel in Ireland from biological sources and is chemical identical to Fossil LPG. BioLPG will provide a new method to help achieve Ireland's renewable obligations in the transport sector.

CALOR TEORANTA RESPONSES TO THE QUESTIONS OUTLINED

Question 1:
In order to meet Ireland's 2020 renewable energy target in the transport sector, it is proposed to increase the biofuel obligation rate to 10% from 2019 and circa 12% from 2020.
-Do you support this policy measure?
-What biofuels do you envisage contributing to meeting these increased rates?
-What alternative approaches do you view as being more likely to achieving Ireland's 2020 renewable energy target in the transport sector?

Calor Response:

Calor fully supports measures working towards Ireland achieving their 2020 renewable energy targets. An increase of the obligation rate is in line with similar schemes in the transport sector in Europe. It should be noted an increase of the Biofuel obligation rate is not something that will directly impact Calor or our existing LPG customer base.

We would envisage new innovative fuels contributing to the Biofuel mix in Irelands transport sector. In particular BioLPG will be available in 2018, a fuel made from biological sources and chemical identical to Fossil LPG. There is an existing LPG transport market in Ireland, although it is small in the wider scheme of fossil fuel consumption. The quantity of BioLPG counted towards the Biofuel obligation to gain certificates is limited by the LPG

market share and size. Growth in this market supported through conversion grants, taxation relief or similar would grow the market place. In turn allowing more BioLPG, renewable Biofuel to be sold in Ireland.

Expanding the definition of "transport" would provide more opportunities to deliver biofuels and receive recognition under the BOS. Currently only road transport is included. Materials handling is a form of transport widely used in Ireland through Fork Lift Trucks. This form of transport is of particular interest, it currently uses diesel, petrol and LPG engines. Widening the scope of transport would provide new channels for innovation and biofuels. Marine transport, aviation and the train network could be considered under the obligation scheme. Widening the definition would engage new stakeholders in the transport market and inform them of the transport targets. This could develop new interest in this sector and further develop solutions.

Question 2: In order to meet Ireland's 2020 renewable energy target in the transport sector, it is proposed to increase the biofuel obligation rate to 10% from 2019 and circa 12% from 2020. -What impact do you believe this will have on fuel prices? -What alternative approaches could provide a more cost-effective method of achieving Ireland's 2020 renewable energy target in the transport sector?

Calor Response: We have limited knowledge of the petrol and diesel market and are therefore not in a position to comment on this subject matter.

Question 3: In order to maximise the contribution of the *Biofuels Obligation Scheme* to Ireland's renewable energy target in the transport sector, it is proposed to restrict / reduce the current level of use of carried over certificates in 2020. - Do you support this approach? - What would be the appropriate level of carryover for use in 2020 and beyond? - If you feel the current level should be maintained, please provide reasoning including an alternative approach to maximising the contribution from biofuels to achieve Ireland's renewable energy target in the transport sector.

Calor Response: Calor Teoranta have had limited input and involvement in the scheme to date. Therefore we feel it would not be appropriate for us to comment on this issue.

Question 4:
The recently amended *Fuel Quality Directive* (Directive 98/70/EC) places obligations on suppliers to reduce emissions – specifically the reduction in carbon intensity of at least 6% to be met by 31 December 2020 compared to 2010.
-How do you envisage this requirement being met?

-Are there any measures that Government could take to assist obligated parties reach the Fuel Quality Directive target?

Calor Response:

This is not applicable to Calor Teoranta, so we would prefer not to comment

Question 5:
Increasing the biofuel obligation rate is likely to involve the introduction of fuels with higher concentrations of biofuel (such as E10 which is petrol blended with 10% ethanol and B7 which is diesel blended with 7% biodiesel). This may lead to compatibility issues with older vehicles, consumer cost, the necessity of consumer awareness in order to ease its introduction, and potentially the development in forecourt infrastructure.
-What do you view as the technical and consumer challenges associated with increasing the biofuel obligation rate (including introducing fuels such as E10 and B7)?
-Can fuels such as E10 and B7 be brought to the market in Ireland by 2020?
-Are there technical barriers to achieving 7% conventional biodiesel blend (B7) averaged across the full year, including the winter months?

-For biodiesel blend rates higher than 7%, are drop-in biofuels a viable solution for Ireland?

Calor Response:

Calor currently only supply LPG in the Irish transport sector, and we have limited knowledge of the petrol and diesel market. Therefore we are not in a position to comment on the technical and consumer challenges on the introduction of E10 and B7.

However in relation to drop-in fuels, we would highlight that BioLPG does not have a blend limit. Calor supports the idea of fleets utilising biofuels and we see this as a method with less technical and consumer barriers. BioLPG not having a blend limit means the product and technology does not present a barrier. Technology is readily available and used throughout Europe, in a range of commercial vehicles and HGVs. Unfortunately there are currently no financial incentives for logistics providers to switch to a renewable fuel, which in turn would help achieve the renewable transport targets.

Question 6:
Since the publication of *A European Strategy for Low Emission Mobility* in July 2016, the European Commission has designated that food based biofuels have a limited role in decarbonising the transport sector due to concerns about their actual contribution to the decarbonisation. It is envisaged that a gradual reduction of food based biofuels and their replacement by more advanced biofuels will realise the potential of decarbonising the transport sector and minimise the overall indirect land-use change impacts. The EU Commission has signalled that the trajectory of biofuels is away from first generation biofuels towards advanced or second generation biofuels. This is primarily to be achieved through the introduction of a cap on first generation biofuels and the incentivisation of advanced biofuels.

-How should the development of increased levels of advanced biofuels be supported in Ireland?

Calor Response:

Increased research into advanced or second generation biofuels should take place in Ireland. This could be achieved through government grants or private sector tax incentives. Support and recognition of fuel and energy suppliers working in this innovative field could also be considered and made widely available with the correct governance in place. Support in this area could promote the research and encourage non-obligated parties to take an interest in the transport sector.

Question 7:
Currently, the *Biofuels Obligation Scheme* is limited to the transport sector. In the heating sector, there is a high use of fossil fuels (including oil) and a target 12% of energy consumption from renewable sources by 2020.
-What is your opinion on the potential for an obligation scheme (similar to the Biofuels Obligation Scheme) in the heat sector?

-What do you see as the technical barriers to introducing such a scheme?

Calor Response:

The thermal heat sector already has a scheme in place called the Energy Efficiency Obligation Scheme (EEOS), https://www.seai.ie/energy-in-business/energy-efficiency-obligation-scheme/. The obligation scheme started in 2014 and will run until at least 2020. It currently places obligations on larger energy suppliers and distributors to deliver energy savings. This is true for all energy types, including electricity, gas, oil and solid fuel. The purpose of this system is to reduce the energy demand ultimately leading to a reduction in carbon footprint. If a biofuel obligation was also put in place the same customer base, it would effectively increase cost for consumers to meet two separate obligation schemes. We feel it unfair to burden our existing customer base with these increased costs.

Additional Comments:

It is currently proposed the volumes of BioLPG will fully meet Calors supply of fuel in the transport sector, from 2018 onwards. We fully recognise the potential to supply BioLPG in the market is restricted primarily due to the lack of vehicles that can operate on this fuel. Growth in this market could be supported through conversion grants, taxation relief or similar measures that are common place in other countries across the globe.

Calor plans to sell BioLPG into other sectors but will currently gain no incentives and other government recognition. On this basis we have surplus product to help meet the needs of the transport obligation.

As BioLPG as the potential to be generated from 100% waste under the current NORA guidelines the fuel would qualify for double counting.

We remain at the departments disposal to answer any enquires on this submission or on other topics.

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