

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Third Delegated Legislation Committee

DRAFT RENEWABLE TRANSPORT FUEL
OBLIGATIONS (AMENDMENT) ORDER 2021

Monday 29 November 2021

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Friday 3 December 2021

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The Committee consisted of the following Members:

Chair: GRAHAM STRINGER

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|---|---|
| † Cowan, Ronnie (<i>Inverclyde</i>) (SNP) | † Kane, Mike (<i>Wythenshawe and Sale East</i>) (Lab) |
| † Cummins, Judith (<i>Bradford South</i>) (Lab) | † Loder, Chris (<i>West Dorset</i>) (Con) |
| † Dinenage, Caroline (<i>Gosport</i>) (Con) | † McCabe, Steve (<i>Birmingham, Selly Oak</i>) (Lab) |
| Dowd, Peter (<i>Bootle</i>) (Lab) | † Richards, Nicola (<i>West Bromwich East</i>) (Con) |
| † Duddridge, James (<i>Rochford and Southend East</i>) (Con) | Seely, Bob (<i>Isle of Wight</i>) (Con) |
| † Gibson, Peter (<i>Darlington</i>) (Con) | † Solloway, Amanda (<i>Lord Commissioner of Her Majesty's Treasury</i>) |
| † Greenwood, Lillian (<i>Nottingham South</i>) (Lab) | † Stewart, Bob (<i>Beckenham</i>) (Con) |
| † Harrison, Trudy (<i>Parliamentary Under-Secretary of State for Transport</i>) | Kevin Maddison, <i>Committee Clerk</i> |
| † Higginbotham, Antony (<i>Burnley</i>) (Con) | |
| Johnson, Dame Diana (<i>Kingston upon Hull North</i>) (Lab) | † attended the Committee |

Third Delegated Legislation Committee

Monday 29 November 2021

[GRAHAM STRINGER *in the Chair*]

Draft Renewable Transport Fuel Obligations (Amendment) Order 2021

6 pm

The Chair: Before we begin, I remind Members that they should wear face coverings except when speaking and unless exempt, and maintain social distancing as far as possible. This is in line with current Government guidance and that of the House of Commons Commission. Please give one another and staff space when seated and when leaving the room. Members should have a covid lateral flow test twice a week, either at the testing centre in Portcullis House or at home. If Ministers and Members have speaking notes, it would be greatly appreciated by officials if they could send those notes electronically to hansardnotes@parliament.uk.

The Parliamentary Under-Secretary of State for Transport (Trudy Harrison): I beg to move,

That the Committee has considered the draft Renewable Transport Fuel Obligations (Amendment) Order 2021.

It is a pleasure to serve under your chairmanship for the first time, Mr Stringer. The instrument amends the Renewable Transport Fuel Obligations Order 2007, which established a certificate trading scheme known as the renewable transport fuel obligation. The RTFO promotes a market for renewable fuels and places obligations on larger suppliers of fossil fuels to ensure the supply of renewable fuels. Since 2018, that main obligation has included a sub-target supporting the uptake of development fuels. Development fuels are made from sustainable wastes or renewable energy. They deliver higher carbon reductions than traditional biofuels, and include fuels of strategic importance such as aviation fuels, drop-in fuels and renewable hydrogen. The amount of renewable fuel, including development fuel, to be supplied under the obligation is calculated as a percentage of the volume of fossil fuels supplied in a calendar year. Those obligations are met by acquiring certificates that are awarded for the supply of sustainable renewable fuels. The trade of those certificates provides a revenue stream for suppliers of renewable fuels.

The draft instrument delivers several commitments made in our transport decarbonisation plan, which was published in July. It increases the main RTFO obligation level from 9.6% to 14.6% by 2032, continuing at that level in subsequent years, and makes a corresponding change to the development fuel sub-target, ensuring that it is not reduced in absolute terms. The instrument further expands RTFO support for suppliers of renewable hydrogen. It does so by extending certificate eligibility to renewable hydrogen used in maritime vessels and in fuel cell-powered rail and non-road vehicles. Importantly, as targets for the supply of renewable fuels increase, this

instrument further strengthens the sustainability and greenhouse gas emissions savings criteria that renewable fuels must meet.

The changes made by this instrument will make an important contribution to achieving UK carbon budgets. As we transition to zero-emission vehicles, we cannot ignore carbon emissions from conventional road vehicles, and increasing the supply of renewable fuels is the best abatement option for many such vehicles. Those low-carbon fuels will increasingly be required in the aviation and maritime sectors. The increase in targets for the supply of renewable fuels in this instrument can deliver carbon reductions quickly, and will provide investor certainty. Expanding eligibility for renewable hydrogen used in maritime and fuel-cell vehicles is an important transitional step, which will encourage the innovation needed to increase deployment of low-carbon fuels in transport sectors that are more challenging to decarbonise.

This instrument is a small part of the wider work that we are undertaking to drive down carbon emissions from liquid and gaseous fuels. Work is progressing at pace to consider further RTFO support for hydrogen, building on the summer consultation. That work includes better supporting hydrogen production plants located away from sources of renewable energy. We will respond with further proposals on the treatment of hydrogen under the RTFO early next year. Similarly, it is our intention to make recycled carbon fuels eligible for support under the RTFO scheme, once primary legislation is secured.

Recycled carbon fuels could play an important role in decarbonising aviation, supporting the aim set out in our net zero strategy to become a leader in sustainable aviation fuel. The net zero strategy contained £180 million of new funding to accelerate the commercialisation of UK SAF production and our ambition for 10% SAF to be blended into UK aviation fuel by 2030.

Beyond 2030, we are developing a long-term strategy for low-carbon fuels to meet decarbonisation challenges across transport sectors. The strategy, to be published next year, will set out the likely transition from road to other transport sectors, and examine the size of the opportunity for UK industry and the ways in which Government policies could support these changes.

In the here and now, it is worth noting that the RTFO delivers around a third of the savings required for the UK's current transport budget. In 2020, the RTFO scheme saved carbon emissions equivalent to taking 2.5 million combustion-engine-powered cars off the road. The changes in this instrument are estimated to deliver carbon reductions equivalent to the removal of an additional 1.5 million cars from the road by 2032.

This instrument builds on the success of the RTFO scheme and is an important part of our future work to decarbonise transport. I commend this statutory instrument to the Committee.

6.6 pm

Mike Kane (Wythenshawe and Sale East) (Lab): It is a pleasure to serve under your chairmanship, Mr Stringer. In 35 years of knowing you, that is the first time I have referred to you as Mr Stringer. I have referred to you as many other things during that 35 years, but they may not be for the public record.

I put on record that the Chairman and I were together on Thursday night to mark the retirement after 25 years of Councillor Sir Richard Leese, the leader of Manchester City Council, but it must be remembered that Manchester's renaissance, which gained pace under Sir Richard, was started by the Chairman when he was leader of Manchester City Council for 12 years.

The Chair: You are drifting out of order.

Mike Kane: That marks nearly 40 years of continuous leadership by two politicians. I am eternally grateful to the Chairman for taking me under his wing as a very young councillor in the great city of Manchester. Okay, I have embarrassed you enough, Mr Stringer.

The statutory instrument amends the renewable transport fuel obligations order 2007, as the Minister rightly said, and will help further to increase carbon savings by increasing renewable fuel targets and expanding the renewable transport fuel obligations to sectors with limited alternatives to decarbonise, such as maritime.

While we welcome the SI, it does not go far enough. We need to be doing much more radical things if we are to decarbonise the transport sector. The covid-19 pandemic has dominated headlines, but we cannot forget that we are still in a climate emergency and that green, efficient transport is the future. As transport is now the largest contributing sector to UK emissions, it is worth reinforcing the need to reinvest in our communities and offer true levelling up across the regions. We needed a radical plan to decarbonise and get polluting vehicles off our streets, but what did we get in the autumn spending review? A cut to air passenger duty for domestic flights, a devastating announcement on HS2 and the abandonment of most of Northern Powerhouse Rail. That will not take 1.5 million cars off our northern roads any time soon.

The UK hydrogen strategy, which the Minister mentioned, identifies transport as the key early market for hydrogen in the 2020s. While the new policy plans outline long-term frameworks for business models, these will not come into effect until 2024-25. The Government's offering ranges from absolutely zero to nowhere near enough, and every shade of not much in between. The Government's unambitious approach to something that we all know and agree is vital to our future should be a major concern for us all.

Internationally, Governments are investing billions in alternative fuel markets. For example, Germany has invested €9 billion in its hydrogen markets and France has invested €7 billion, whereas our Government are under-investing and hoping to stimulate private investment through smaller targeted funds. If the UK were to invest properly in research, technology and infrastructure, we could truly become world-leading in this technology. For instance, Hamburg port alone is investing £100 million in decarbonising itself. The Government here have announced a fund for £20 million for the whole country for a competition. It really is not good enough.

There are a couple of areas where the Government have not gone far enough and are examples of why we are struggling to offer support. The Government have announced that they will ban the sale of new petrol and diesel vehicles in 2030—a policy with which we agree, as it was our policy too. However, there is no commitment to phase out the sale of second-hand vehicles. Another example of something for which the Opposition have been calling for some time is the formal inclusion of international aviation and shipping emissions in future carbon budgets; however, we still need to see detailed, specific plans on how those sectors will be decarbonised. As I said, all the efforts are being undermined by plans to cut air passenger duty on domestic flights.

You and I, Mr Stringer, represent a city that started the industrial revolution and saw the beginning of the mass extraction of fossil fuels to fund a new world order. It would be great if we could have a commitment from Government that our regions and great cities in the north will not only decarbonise but grow wealth and jobs in those regions, and lead the world in reversing what we started.

6.11 pm

Trudy Harrison: I thank the hon. Member for his interesting comments. The UK's sixth carbon budget requires a reduction in emissions of 78% by 2035 compared with 1990 levels. That will require rapid action across the economy, supported by technological innovation. The changes in the instrument to expand the support currently provided by the RTFO for renewable hydrogen and to foster that innovation send a clear message for future low-carbon fuel investments. The increase in the RTFO obligation by 5% to 2032 is beyond ambitious. It is also necessary to reduce the environmental impact of conventional vehicles that use petrol and diesel. It is achievable, based on the availability of sustainable feedstocks, and it is widely supported by fuel suppliers, including suppliers of fossil fuels that would be obligated.

With the ongoing support of the RTFO, the UK fuel sector can play its part in helping to drive the UK's transition to net zero and the green jobs that it will bring. The hon. Member referred to a number of measures that he would like to see. I remind him that, as we set out in our transport decarbonisation plan this July, we have made a commitment to phase out the sale of petrol and diesel cars from 2030, and that all cars and vans will be zero emission at the tailpipe from 2035. We have made a commitment on heavy goods vehicles: 26 tonnes from 2035, and then larger vehicles from 2040. We have set out our commitment for sustainable aviation fuel: 10% by 2030. I think that he, and Members across the Committee, would agree that we are making huge progress in the decarbonisation of transport. I hope that the Committee will join me in supporting the statutory instrument.

Question put and agreed to.

6.13 pm

Committee rose.

