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## Energy Systems Catapult Response: DfT Amending the Renewable Transport Fuel Obligation Consultation

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Dear DfT Low Carbon Fuels Team,

### About Energy Systems Catapult

Energy Systems Catapult was set up to accelerate the transformation of the UK's energy system and ensure UK businesses and consumers capture the opportunities of clean growth. The Catapult is an independent, not-for-profit centre of excellence that bridges the gap between industry, government, academia, and research. We take a whole systems view of the energy sector, helping us to identify and address innovation priorities and market barriers, in order to decarbonise the energy system at the lowest cost.

### Our Position on Transport Decarbonisation

Amendments to the Renewable Transport Fuel Obligation (RTFO) should be taken alongside, and in consideration of, implementing a comprehensive package of policies targeted at transport decarbonisation, consisting of:

- An enduring framework of outcome-based policy mandates or incentives targeted directly on the desired sectoral policy outcome (i.e. achievement of emissions reduction across the transport sector consistent with achieving Carbon Budgets and Net Zero), rather than mandates or incentives that focus on specific input technologies or categories of fuels.
- Complementary policies to support innovation in immature technologies and ensure that the necessary infrastructure is constructed. Distributional impacts will also need to be addressed, especially while EV prices continue to fall.

This can form part of a 'sector-led' approach, which we argued in our 'Accelerating to Net Zero' report has significant merit in enabling innovation and the broader achievement of a coherent economy-wide carbon policy framework (see Figure 1).<sup>1</sup>

These considerations should also sit alongside decisions around the future role of Fuel Duty and ending the sale of new petrol, diesel and hybrid cars and vans, which will increasingly shape the market over the next decade. This suggests that the use of low carbon fuels should be more readily targeted on those sectors unable to achieve wide-reaching electrification (e.g. heavy road vehicles, shipping, and aviation).

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<sup>1</sup> ESC (2020). Accelerating to Net Zero: A sector led approach to an economy-wide carbon policy framework. <https://es.catapult.org.uk/news/accelerating-to-net-zero-a-sector-led-approach-to-an-economy-wide-carbon-policy-framework/>

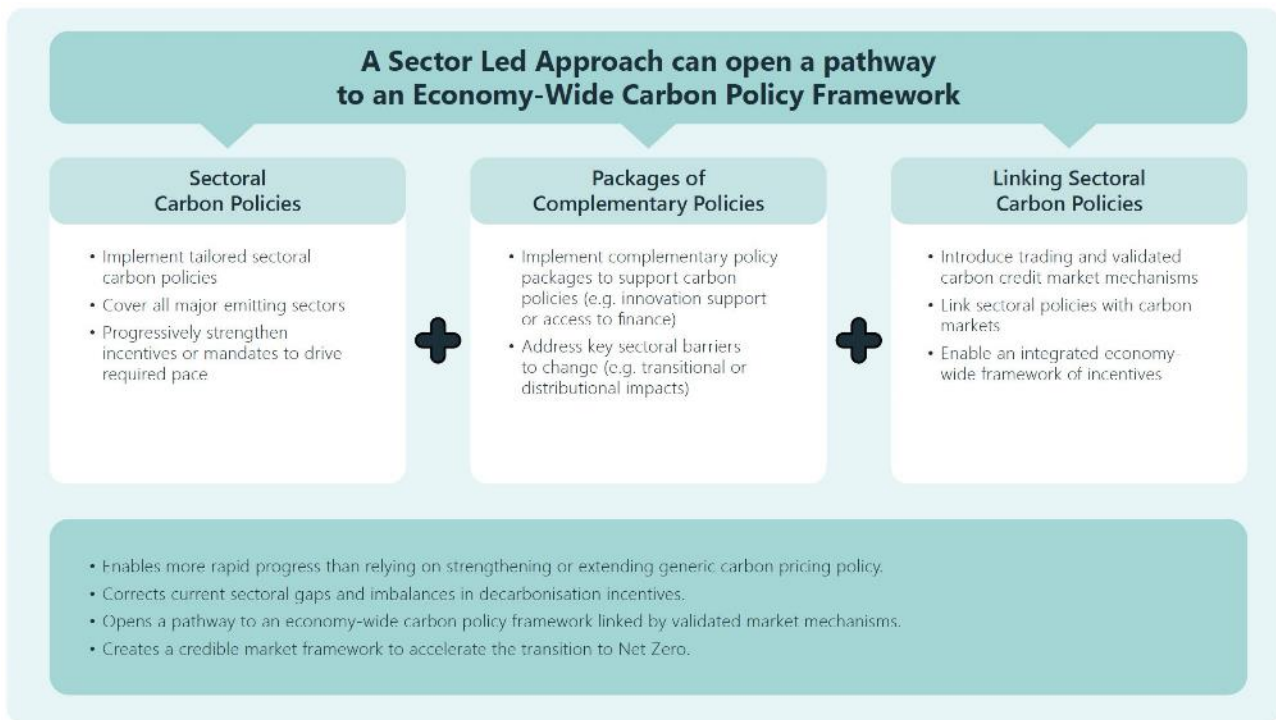


Figure 1 A summary of a sector led approach to an economy-wide carbon policy framework.

## Key Points in response to the consultation

When considering amendments to the RTFO, we suggest the following are taken into account by DfT:

- Consideration of how proposed amendments fit with the wider context of ongoing work within Government, in particular BEIS, on supporting the role out of hydrogen (and to a lesser extent, CCS) infrastructure.
- Understand the impact that additional fuel subsidies for maritime and trains affects wider transport decarbonisation strategies, especially where there is a choice between electrification and use of hydrogen.
- Ensure there is a review process for assessing proposed amendments in light of the forthcoming Transport Decarbonisation Strategy, providing a clear plan for transitioning development fuels into a broader enduring outcome-based policy framework for transport decarbonisation.

Yours faithfully,

**Susie Elks**

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