



About the RTFO Programme

The Renewable Transport Fuel Obligation Programme will, from April 2008, place an obligation on fuel suppliers to ensure that a certain percentage of their aggregate sales is made up of biofuels. The effect of this will be to require 5% of all UK fuel sold on UK forecourts to come from a renewable source by 2010. This will help meet our climate change objectives as well as contributing to other Government objectives, including security of energy supply.

The RTFO is modelled on the existing Renewables Obligation in the UK electricity supply industry. The transport sector is responsible for 25% of emissions and through this initiative the RTFO expects to reduce the carbon emissions from road transport in 2010 by about 0.7 - 0.8 million tonnes, equivalent to taking 2.6 - 3.0 million tonnes of carbon dioxide.

The 5% by volume target represents the maximum biofuel content allowed by European Specifications to be sold on the forecourts as standard petrol or diesel.

Powers to set up an RTFO were provided by the 2004 Energy Act subject to secondary legislation. The RTFO Administrator will be an NDPB and will formally come into existence once the RTFO Regulations are approved by Parliament in late 2007.

In order to ensure compliance the Administrator will issue RTF Certificates according to the quantity of renewable fuel on which duty has been paid. It will be possible for companies to trade certificates. If a company cannot produce enough certificates at the end of each compliance period it will have to pay a buy out price which will go into a buy out fund.