Carbon and Sustainability Reporting in the UK

Jessica Chalmers
Low Carbon Vehicle Partnership

IEA Bioenergy ExCo61

14th May 2008

LowCVP
low carbon vehicle partnership

Low Carbon Vehicle Partnership

Accelerating a sustainable shift to low carbon vehicles and fuels in the UK

Stimulating opportunities for UK businesses

LowCVP
low carbon vehicle partnership

Delivering not just low carbon but sustainable biofuels is now mainstream in the UK …

- Minimise unintended, negative consequences of biofuels market development
  - Maintain mainstream public and political support
  - To meet corporate CSR commitments and manage reputation risk

- Validate claims & avoid greenwash

- Maximise the GHG-savings delivered by biofuels

- **Public and political concerns about the sustainability of biofuels are now mainstream**

- **Solution must involve shared responsibility between fuel suppliers and governments**

LowCVP
low carbon vehicle partnership

UK biofuel policy is designed to deliver GHG savings sustainably

- RTFO commences April 2008, requires suppliers of transport fuels to:
  - Sell a given amount of renewable transport fuel each year (for which they will receive certificates); or
  - Purchase certificates from another company; or
  - Pay a “buy-out” price of 22c/l – duty differential of 45c/l retained
- Scheme administered by the independent Renewable Fuels Agency
- From April 08 - reporting of the carbon and sustainability of biofuels
- From 2010 – proposed to link issuing of Renewable Transport Fuel Certificates to the carbon intensity of the biofuel
- From 2011 – proposed to issue certificates only to sustainable biofuels

LowCVP
low carbon vehicle partnership

UK Renewable Transport Fuel Certificates issued on receipt of a carbon and sustainability report

- Reports must be supplied on all fuels produced or imported to UK
- Confidential monthly reports on homogeneous batches
- Annual aggregate reports published by company
- Comparative reports of company performance published by Administrator
- Targets for company performance – but no penalties
- No exclusions of feedstock/fuel & “Not known” reports permissible
- Independent verification of reports & claims

Company targets	**2008-2009**	**2009-2010**	**2010-2011**
Percentage of feedstock meeting the ‘Qualifying’ Environmental Standard	**30%**	**50%**	**80%**
GHG saving	**40%**	**45%**	**50%**
Data provision	**50%**	**70%**	**90%**

UK Companies will report monthly – on fuel batches; and annual – data summaries

Monthly data sheet

- Information on specific fuel batches
- Data or discrete choices
- No verification of individual data entries
- Confidential – with aggregated reports available from the Administrator
- Nil reports permissible
- No information on actions to improve performance and data collection

Annual report

- Aggregate (annual) data
- Report
- Company systems certified – report independently verified
- Publicly available
- Targets for overall data collection
- Evidence of actions to improve performance and data collection

LowCVP
low carbon vehicle partnership

Summary Monthly Data Example

General Information				Sustainability Information				Carbon Information	
Fuel type	**Quantity of fuel (litres)**	**Biofuel Feedstock**	**Feedstock Origin**	**Standard**	**Env Level**	**Social Level**	**Land use on 30 Nov 2005**	**Carbon intensity incl LUC g CO_2e / MJ**	**Accuracy level**
Bioethanol	250,000	Wheat	UK	LEAF	QS	-	Cropland	61	2
Bioethanol	100,000	Wheat	France	GlobalGAP	-	-	Grassland	122	2
Bioethanol	250,000	Sugar beet	UK	ACCS	QS	-	Cropland	35	5
Bioethanol	1,000,000	Sugar cane	Brazil	Meta-Standard	RTFO	RTFO	Cropland	24	2
Bioethanol	500,000	Unknown	Unknown	Unknown	-	-	Unknown	61	0
Biodiesel	1,000,000	Oilseed rape	UK	ACCS	RTFO	RTFO	Cropland	55	2
Biodiesel	250,000	Oilseed rape	Unknown	Unknown	-	-	Unknown	55	2
Biodiesel	500,000	Palm oil	Malaysia	RSPO	QS	QS	Cropland	45	2
Biodiesel	500,000	Soy	Argentina	Basel	QS	QS	Grassland	177	2
Biodiesel	250,000	UCO	UK	By-product	QS	QS	By-product	13	2
Biomethane	150,000	Dry manure	UK	By-product	QS	QS	By-product	36	2

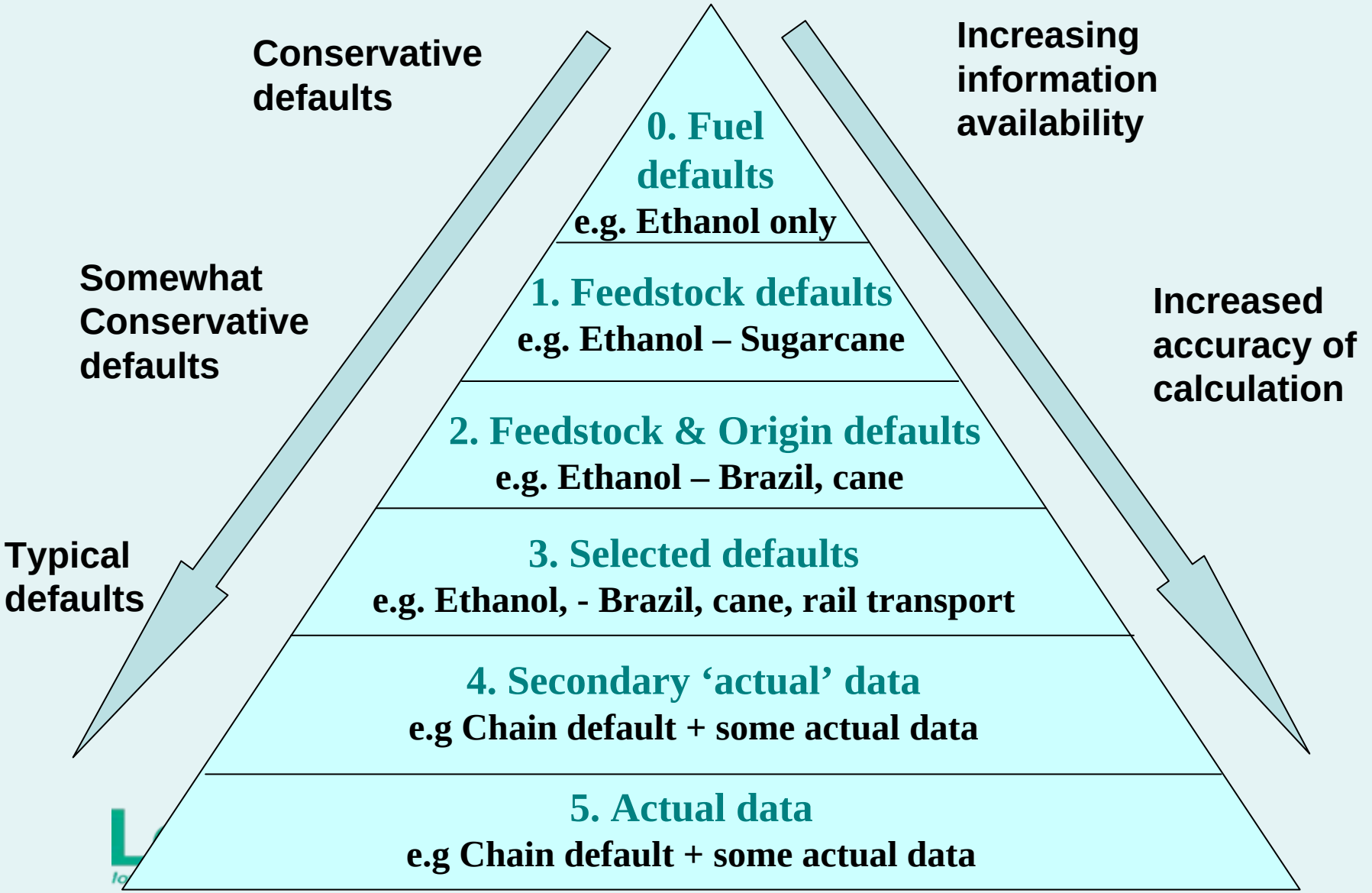
LowCVP
low carbon vehicle partnership

Reporting on the sustainability of biofuel under the RTFO is based on existing voluntary standards

Environmental/ social principle	**SAN/ RA**	**RSPO**	**Basel**	**LEAF**	**ACCS**	**EUREP GAP IFA**	**FSC**	**SAI**	**IFOAM**	**Pro-terra**
Conservation of Carbon	**Qualifying standard**									
Conservation of Biodiversity										
Soil conservation										
Sustainable water use										
Air quality										
Workers rights										
Land rights										

LowC VP
low carbon vehicle partnership

A tiered approach to defaults provides a practical and flexible approach to carbon calcs



Where no chain of custody exists mass balance should be used

Bulk Commodity

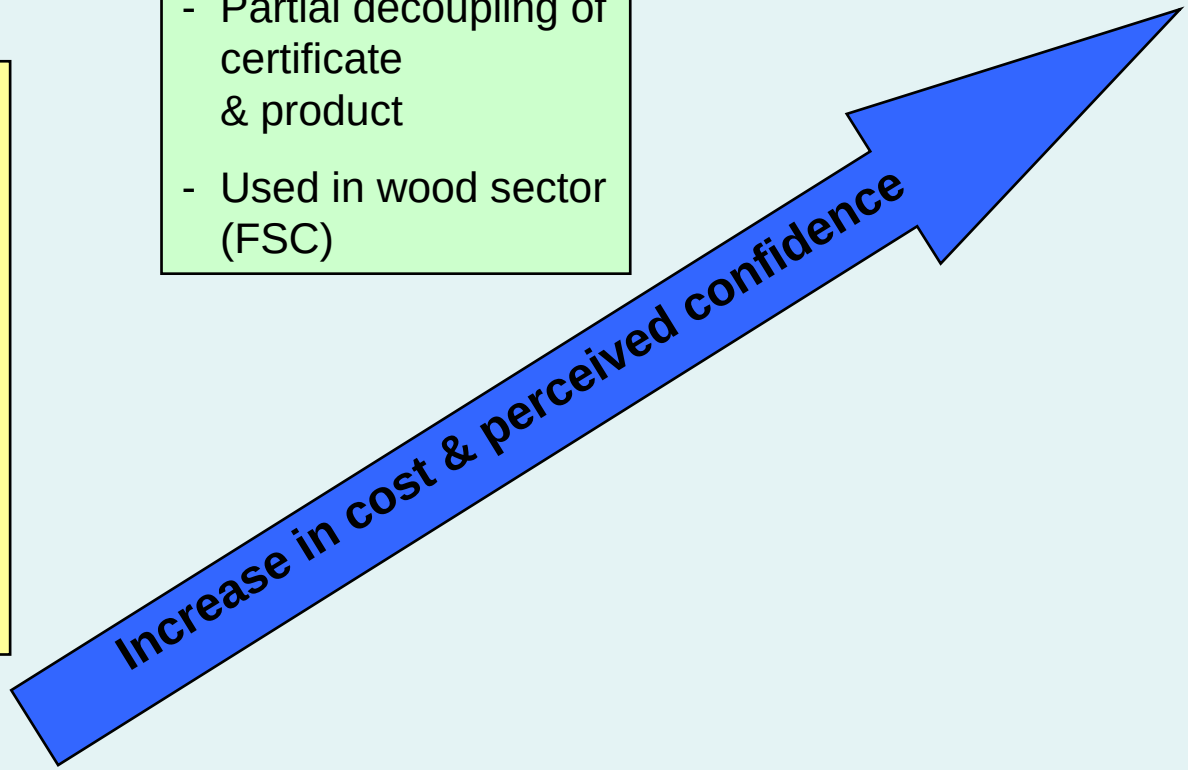
- 100% separation certified & non-certified
- Common in food sector
- Somewhat impractical for fuel or small volumes

Mass Balance

- Mixing permitted
- Units in units out basis
- Partial decoupling of certificate & product
- Used in wood sector (FSC)

Book & Claim

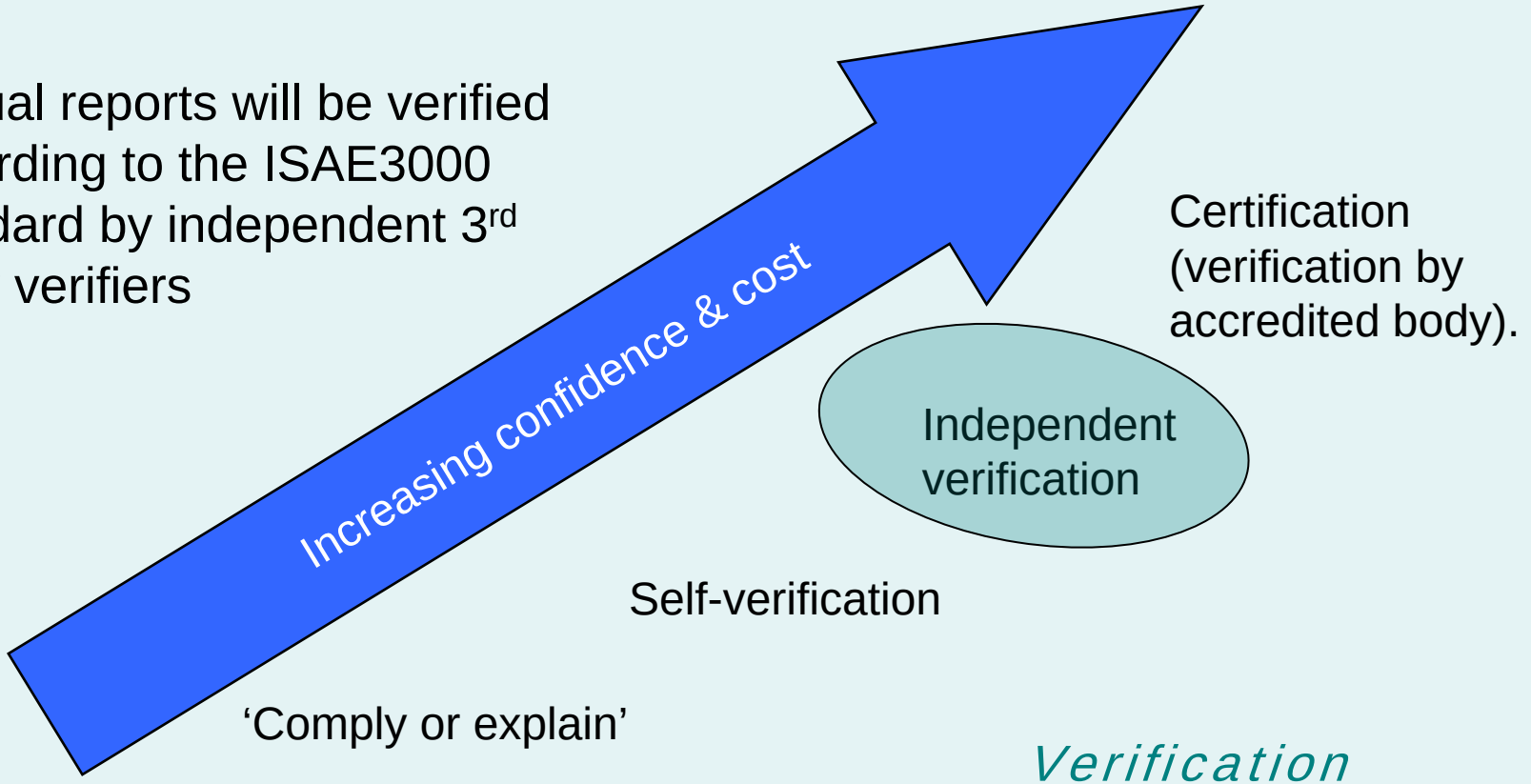
- Complete decoupling of certificates and product
- Trade in certificates
- Used in electricity market
- Akin to equivalence trading



LowCVP
low carbon vehicle partnership

Robust assurance schemes supported by cost-effective verification are an essential part of maintaining public confidence in biofuels

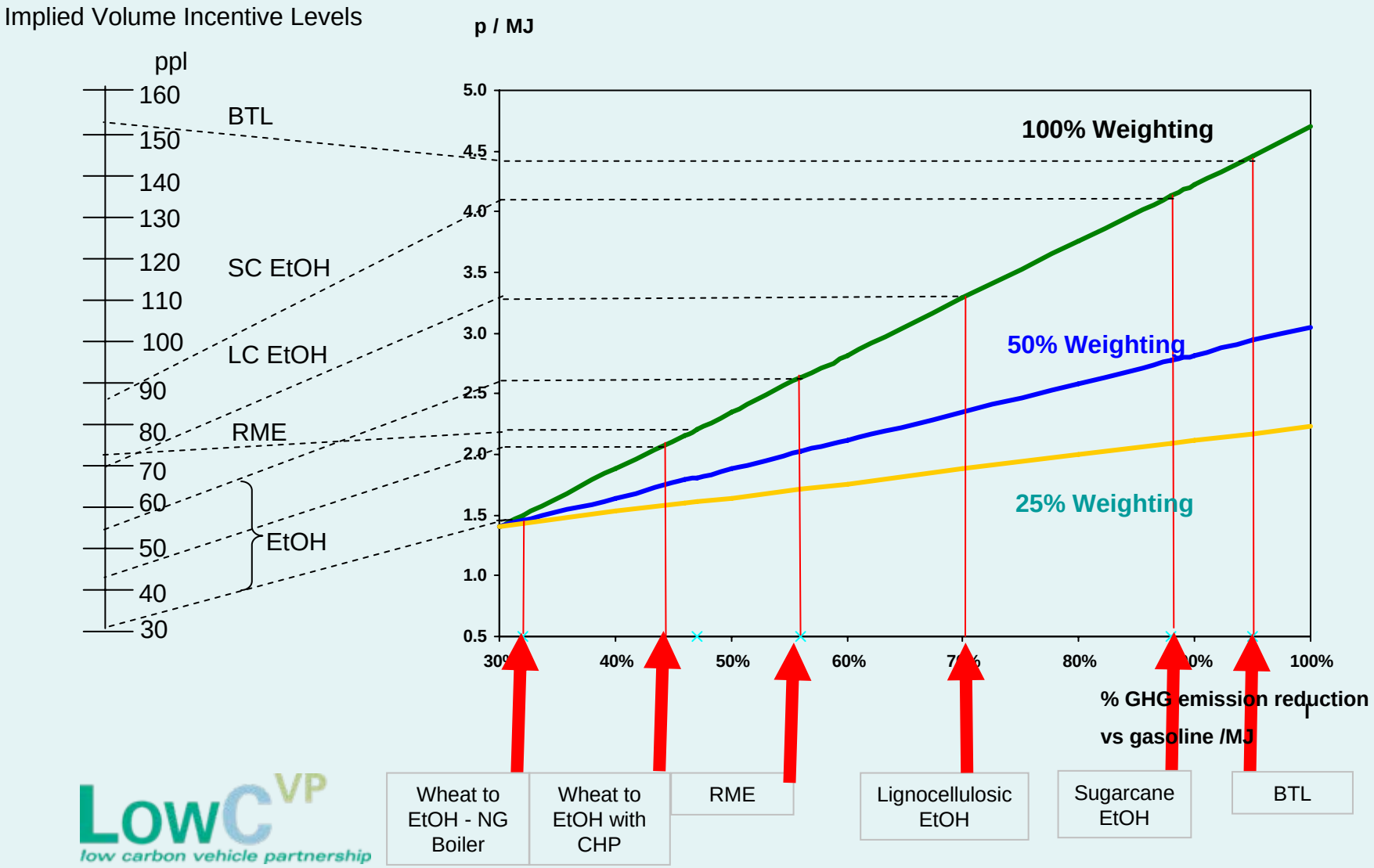
Annual reports will be verified according to the ISAE3000 standard by independent 3rd party verifiers



Verification Options

LowCVP
low carbon vehicle partnership

Rewarding fuels based upon their carbon intensity could incentivise advanced technology – but may 'overcompensate' some fuels



LowC VP
low carbon vehicle partnership

Key messages

- Biofuels can deliver GHG savings and form part of a package of measures to address emissions from transport
- But it is well understood that the sustainability risks are real and potentially outweigh the benefits of some biofuels
- Sustainability assurance is therefore critical but it not able to solve all the problems that are presented – a role for national governments is essential
- Certification has benefits but alternative solutions need to be found where there are no standards e.g. sugarcane
- The transfer of information from farm to oil company is a substantial challenge – time needed for implementation
- The UK approach for mandatory C&S reporting is a ‘stepping stone’ towards a carbon-based obligation but may overcompensate some fuels and evolution of the scheme must account for wider sustainability issues
- The UK Government has asked the Renewable Fuels Agency to undertake a review of the indirect effects of biofuels – to report at the end of June 08.

LowCVP
low carbon vehicle partnership

Any Questions?

The Low Carbon Vehicle Partnership
+44 (0)20 7304 7040

jessica.chalmers@lowcvp.org.uk

www.lowcvp.org.uk

LowCVP
low carbon vehicle partnership

Spare slides

LowCVP
low carbon vehicle partnership

Managing sustainability concerns is a shared responsibility for companies and national / international bodies

	Company Responsibility	National / International Responsibility
❑ GHG balance		
❑ Land use change		
❑ Biodiversity		
❑ Environmental Protection		
❑ Well being		
❑ Welfare (workers rights)		
❑ Competition for food and other materials		

LowCVP
low carbon vehicle partnership

Supplementary checks can be conducted on standards to improve performance but is intended as a temporary solution

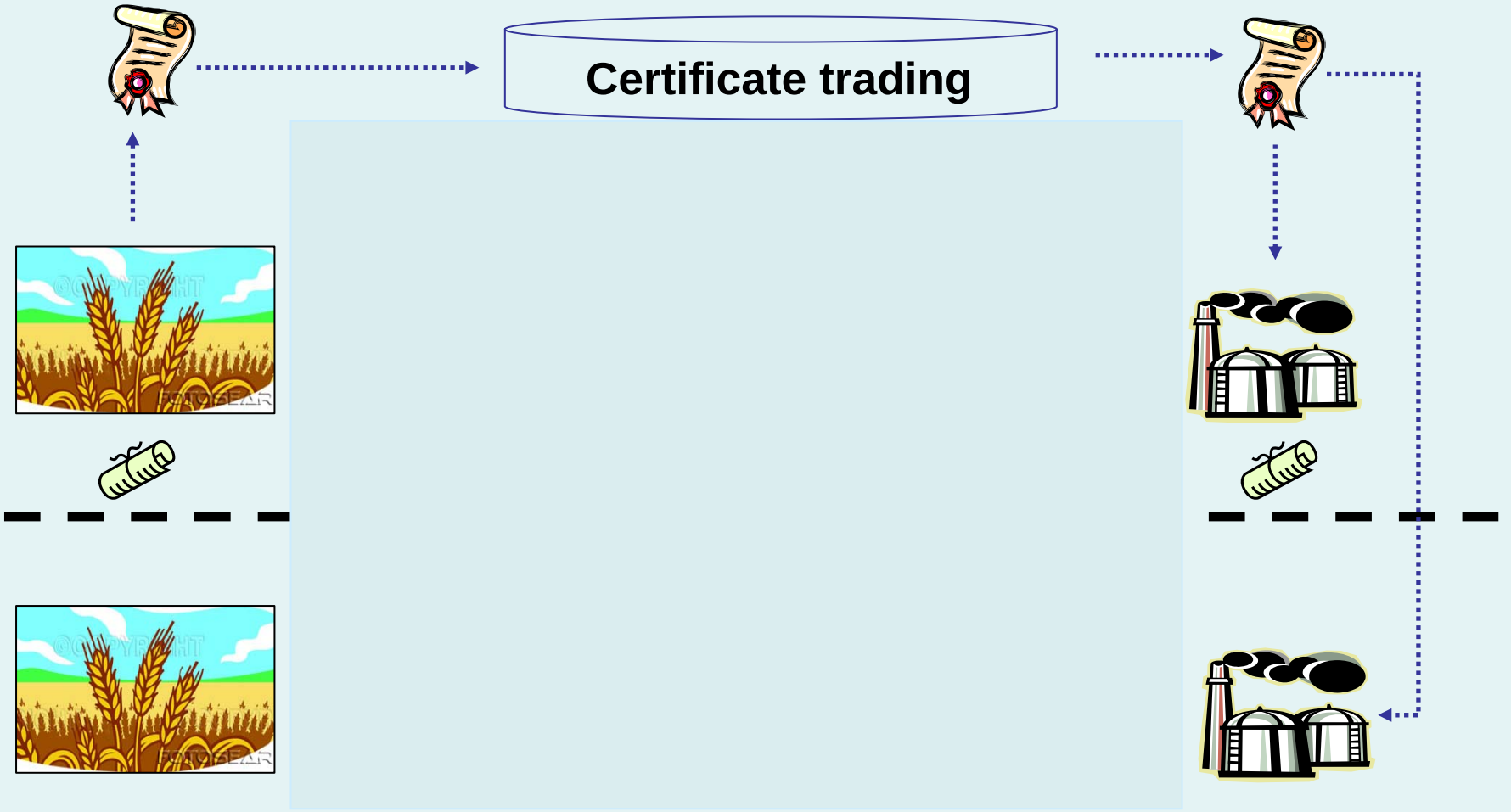
	Environmental standard	Social standard
RTFO Meta Standard ☆	Full audit against criteria *OR* A standard + supplementary checks	Full audit against criteria *OR* A standard + supplementary checks
Qualifying Standard ☆	ACCS FSC Basel RSPO LEAF SAN/RA A benchmarked standard + supplementary checks	Basel RSPO SAN/RA A benchmarked standard + supplementary checks
Benchmarked Standard ☆	Genesis crops module; Scottish Quality Cereals Qualitat und Sicherheit; Fedioil; SA8000; GlobalGAP; IFOAM; ProTerra	

LowCVP low carbon vehicle partnership

☆ Counts towards data capture target AND environmental performance

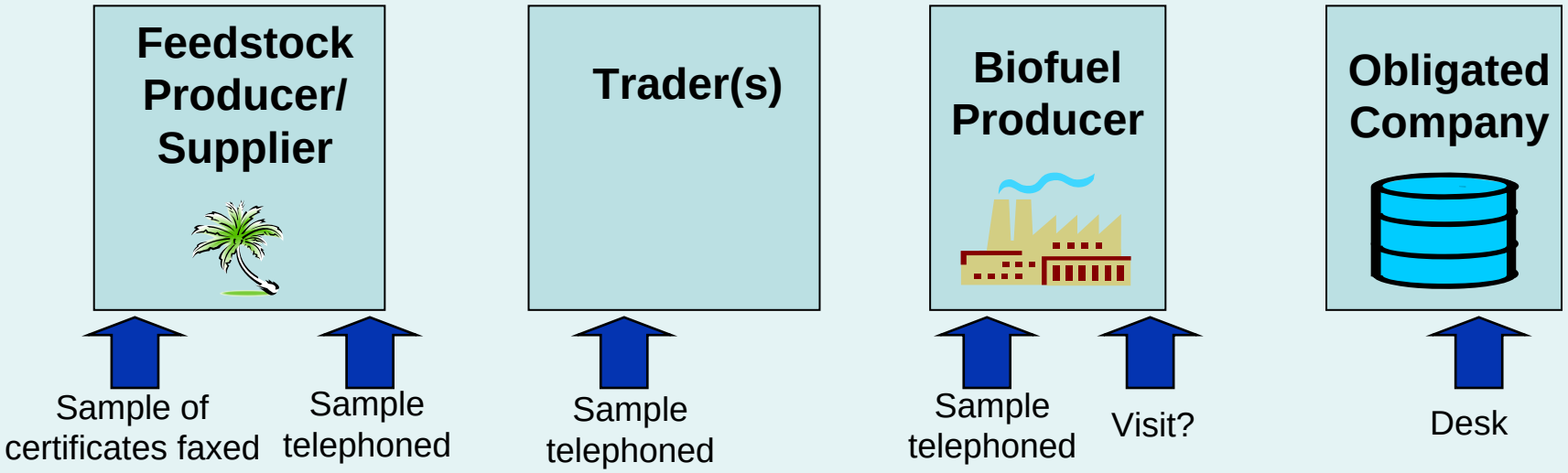
☆ Counts towards data capture target only

All chain of custody options are possible but where they are not operated by a sustainability standard a mass balance approach is required



LowC VP
low carbon vehicle partnership

Example annual verification activities in a limited assurance engagement



- Limited assurance engagement
- Evidence (e.g. actual certificates) does not travel up the chain
- Verification is risk-based
- Sample approach

- Auditor/ verifier will carry out engagement as defined in ISAE 3000 and should:
  - be independent of organisations in biofuel production
  - demonstrate competent personnel for specific functions
  - have effective training procedures for staff
  - have performance monitoring procedures for auditors

LowCVP
low carbon vehicle partnership