Government low carbon fuels strategy for transport

Good afternoon everyone. It's a real pleasure to speak to you today (8 July 2019) about the role that low carbon fuels will play in our journey to zero emission road transport.

Last month the Prime Minister announced the UK's pledge to achieve a net zero greenhouse gas target by 2050.

It's an ambitious, but entirely achievable target. But also one that requires a focused and co-ordinated response from all of us. To speed up innovation. To support new and emerging technologies like greener fuels. And to ensure that industry and government are working in partnership towards shared goals.

The Low Carbon Vehicle Partnership is clearly integral to that process. Helping me and my colleagues in government understand the opportunities – and how to grasp them. In particular, how we can overcome barriers to low carbon fuels, and create the infrastructure that will transform demand. And how we can harness diverse interests across industry to advise and influence policy.

The partnership is also tasked with pushing forward the low emission transport debate, including through the Road Transport Emissions Advice Group and the Electric Vehicle Energy Taskforce, and bringing together stakeholders from government, energy and automotive industries to meet challenges facing the energy system.

For example, how we can meet demand for energy in an efficient and sustainable way as we move to electrified transport and smart charging, while keeping consumers at the heart of the transition.

And of course, its expertise covers a wide range of applications. The partnership has – for instance – helped DfT to develop the Ultra-Low Emission Bus Scheme. Which has funded 263 zero emission buses, and supporting infrastructure across the country. And that's helped establish a strong foothold.

In 2018 the UK was the second largest market for ultra low emission vehicles in the EU, behind Germany – and 1 in 5 electric cars sold in Europe were made in the UK. So now we have to use that foothold to propel us forward.

We want the UK to bolster its position as a global leader in ultra low emission vehicle production, and in the design and manufacture of zero emission vehicles, as we plan ahead for all new cars and vans to be effectively zero emission by 2040.

This is why the government is providing £1.5 billion to support the further uptake of ultra-low emission vehicles, and develop a world-class electric vehicle infrastructure network. But the transformation from fossil fuels to a zero carbon road transport system is complex.

How do we reduce emissions while combustion engine-powered vehicles are still running on UK roads? The environmental impact of road vehicles today is under intense scrutiny. The range of powertrain technologies and fuels available to consumers is greater than ever.

Although our Road to Zero Strategy set a clear pathway to zero emissions, with a strong emphasis on ultra low emissions vehicles, the transition to ultra low emissions vehicles does not mean that we can afford to simply ignore measures to reduce emissions from conventional road vehicles, or hybrids for that matter.

Nor does it mean we should ignore the potential for low carbon fuels to de-carbonise those transport modes harder to reach through electrification. Low carbon fuels will therefore continue to play a vital role in reducing greenhouse gas emissions for decades to come.

That's why we established a Transport Energy Task Force with the Low Carbon Vehicle Partnership, and published a strategy for renewable transport fuels in 2017. This built on the success of the Renewable Transport Fuel Obligation (RTFO) scheme, which saw the average greenhouse gas savings of biofuels increase from 46% in 2008 to 2009 to 76% in 2017 to 2018. And last year alone reduced CO2 emissions by 2.7 million tonnes – equivalent to the emissions pumped out by around 1.2 million combustion engine-powered cars. Thanks in no small part to suppliers and producers here today.

Last year we amended the RTFO scheme increasing the supply, and sustainability, of low carbon fuels. Doubling their use between 2018 and 2020. And setting targets through to 2032. We also extended the RTFO so that renewable aviation fuels are eligible for reward. And set new development targets to encourage the supply of strategically important fuels for the UK, including renewable hydrogen, renewable aviation fuel and bio substitute natural gas.

All helping to drive the market for advanced low carbon fuels and de-carbonise conventional road vehicles for decades to come. But there is still much more to do.

It is vital that we realise the potential for the UK to become a global leader in developing and producing advanced transport fuels. Developing a thriving domestic advanced fuels industry won't just create jobs at home. It will also help us export our products and skills. To complement the demand for advanced fuels generated by the RTFO.

The Future Fuels for Flight and Freight Competition, known as the 'F4C', is also making up to £20 million of matched capital funding available. Funding that will promote the development of an advanced fuels industry within the UK.

This extends to projects that can produce low carbon waste-based fuels for use in the aviation and heavy goods vehicle sectors. Modes that are particularly difficult to de-carbonise. Later this year we will be announcing those companies who will receive capital funding from the F4C.

We are also considering what more can be achieved through the RTFO scheme to support other fuels capable of reducing emissions. We are looking at how to incentivise fuels made from non-biogenic and non-recyclable plastic derived waste, and we hope to publish a research report on this topic later in the summer. We are aiming to publish soon our response to last summer's call for evidence on whether and how E10, petrol with 10% bioethanol, may be introduced in the UK.

So, to sum up, there's a huge amount of activity going on to drive forward fuel technology, and the market for ultra-low and zero emission vehicles.

I am confident the UK will seize the economic opportunities presented by both our Road to Zero Strategy, and our 15 year strategy for renewable transport fuels.

Clearly, government can't deliver either of these in isolation. We need established, and advanced fuel technologies capable of producing genuine reductions in emissions. We need the support of small technology providers and large automotive manufacturers. We need local authorities and fleets. We need environmental bodies.

And we need the Low Carbon Vehicle Partnership. With the unique contribution you all can make. Not just in the short term. But right through our journey to zero emissions. It's a journey of historic proportions and importance. And we are hugely grateful to have you all on board.

I wish you a successful conference. Thank you.