

RENEWABLE FUELS AGENCY

The RFA was the Government body responsible for administering the Renewable Transport Fuel Obligation from its inception in April 2008, through to Quarter 1 2011, when the department was engrossed back into the Department for Transport.



FIVEBARGATE

FiveBarGate was commissioned to look at the market impacts of the Renewable Transport Fuel Obligation for the first year of its operation, 2008/9. Then for the RTFO year 2009/10 FiveBarGate was commissioned to perform a complete business impacts review following a competitive tender process. The scope of the 2009/10 review was to provide:

A review of the costs and benefits of complying with the RTFO for obligated companies; costs and benefits of reporting under the RTFO for non-obligated companies and cost and benefits to other organisations in the supply chain.

An indication of the state and prospects for UK agriculture, including any limiting factors for UK bio-fuel feedstock supply and the expected situation once the RED is operational.

Analysis of market costs for fossil fuels, bio-fuels and Renewable Transport Fuel Certificates during the year.

Analysis of the export market for UK biofuels and feedstocks during the year and the reasons for export rather than UK supply.

Specific examination of effects on bio-fuel producers (non-obligated suppliers).

OUTCOMES

The 2009/10 report was presented to the RFA in time for their annual report to parliament. A summary was also presented to stakeholders and the press.

FIVEBARGATE APPROACH

For the 2009/10 assignment, FiveBarGate interviewed participant's active at all stages of the biofuels supply chain. Nearly 70 interviews were completed. This covered parties from agricultural growers, merchants, traders, processors, biofuels producers, oil companies, biofuels traders, academics and single Interest groups. Interviews were conducted to a prepared questionnaire, aimed at digging into the detail of key factors affecting supply chain economics, including import and export trade factors.

UK agricultural impacts were assessed by a slightly different set of questions, aimed more at the UK agricultural supply chain. The interview responses provided a rich data set, which was scored objectively and analysed to show supply chain trends. This highlighted where different sectors expressed different views along supply chains. This supply chain overview, coupled with a detailed market assessment based on publicly available pricing data, manipulated to show key margin factors informed the key conclusions of the report presented to the RFA.

CLIENT STATEMENT

Aaron Berry of the RFA said, "Given the current economic climate and Government austerity measures, we have to choose carefully what work we place. This assignment was key to our annual report to parliament in January 2011. We selected FiveBarGate because of the strength of the team and specific sector experience. We are pleased that the team got under the skin of the market and gave us some real insights into what the RTFO is costing and where it adds value".

