

# North East bio-diesel initiative

Progress and update

January 30 2004

# North East bio-diesel initiative

- Carbon imperative looking for action in short term
  - We continue to progress North East Investment.
  - Engaged with Regional Agencies
  - Economics reviewed by W Koerbitz (Austrian Bio-fuels Institute) - close to making it work.
  - Engaging farming community to investigate industrial cropping contracts.
  - Need further support from HMG in the short term to meet EU targets
  - loosely defined medium term options can not deliver these targets

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- All renewable options cost money
  - Current 20ppl supports imports of some materials
  - Current duty rebate supports Tallow UCOME
  - Increased structural support required to develop Bio-ethanol and UK source FAME
  - Hydrogen will cost even more in the longer term
  - Hydrogenation option may have lower structural costs but has higher well-wheels CO<sub>2</sub>

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- EU Directive supports spending money to deliver benefits
  - Environment
  - Energy Security
  - Economic development of rural economy
- EU looking for progress in 2005, requiring early decisions

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- Ideas/ options
  - Introduce further structural support reducing over time knowing that the market in general will have to ultimately pay for Hydrogen solutions.
  - Further duty rebate - 28pppl for material with auditable carbon footprint plus trade-able quota system to limit commitment
  - Enhanced energy crop incentive
  - Mandated use by Government - local councils - providing additional monies to councils adopting these fuels as a rebate
  - Resolve bus company rebate system, so stage-coach bus companies are not penalised
  - Capital grants for investment
  - Share best practice at farm level to increase farming efficiency
  - Support regional independent forecourts

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- Way forward
  - Continuing dialogue with all stakeholders
  - Develop by-product end use markets
  - Develop public awareness and understanding of issues
  - Progressing commercial realisation of crushing project
  - Regional Seminar Summer 2004
  - European Conference 2005