

Farmers and Hauliers Unite with IrBEA to Call for Action on Biofuel

Tuesday, 24 April 2007

Biofuel producers, farmers and road hauliers have united to demand that the Government immediately reverse its policy which, in effect, excludes most producers of biofuel from the Irish market.

The Government's decision to grant excise duty relief to a limited number of the State's biofuel producers means that those without this excise duty relief simply cannot compete, Tom Bruton, Secretary of the Irish Bioenergy Association said in a statement yesterday. One particular biofuel, Pure Plant Oil, is particularly disadvantaged with some extra 5 million litres of PPO which could have been produced in Ireland being excluded from the market.

The Irish Bioenergy Association, the Irish Road Haulage Association and the Irish Farmers Association are campaigning for improved market access for indigenously produced biofuels, given the existing Pure Plant Oil processing capacity and the willingness of farmers to supply energy crops under contract for biofuel production.

"Our national biofuels targets for 2009 are 5.75% of transport fuel and 10% by 2020", said Tom Bruton. "There is an opportunity being missed to start meeting that target by supporting the direct use of PPO in transport fleets."

Under the Government's Mineral Oil Tax Relief II (MOTR II) Scheme, the Government invited applications from producers of biofuel including Pure Plant Oil to apply for excise duty relief. However while there were over 100 applicants the Government decided late last year to license just 16 operators to produce biofuel in very restricted quantities.

Indeed many of those granted biofuel licences are intending to import large quantities of biofuel initially and therefore will not be claiming the excise relief on Irish produced biofuels. Some will not be in a position to produce biofuel in Ireland for a number of years. In the meantime, others are actually producing biofuel in Ireland and have been completely overlooked.

The Irish Farmers Association agrees. According to JJ Kavanagh, IFA Biofuels Project Team leader "It is ridiculous that a number of existing Irish Biofuel plants are being discriminated against in favour of imported biofuels. It beggars belief that a number of Irish-based oil crushing plants currently in production or being commissioned failed to secure excise relief. The Government must now move to extend the Motor Oil Tax Relief Scheme to cover all indigenous transport biofuel production".

The majority of biofuel producers who were turned down for the excise duty relief scheme are in a worse position than if there was no scheme at all. For Pure Plant Oil Producers to

sell their product legally they must charge excise duty, therefore charging 36.8 cent more per litre than those who were licensed under the scheme.

"This situation is obviously nonsense and cannot be what the Government intended", Mr McBennett, a producer of PPO and member of the Irish Bioenergy Association and IFA said yesterday. "The Government wants to encourage more production of fuels such as PPO, but this scheme is actually forcing farmers to export both Oilseed Rape and PPO as there is no viable Irish market for their produce."

The Pure Plant Oil Sub-Group of the Irish Bioenergy Association is now demanding immediate measures to address the severe shortfall in excise allocations under the last round of government licensing for biofuels.

- We request that in the May 2007 review of the biofuels support scheme (MOTR II), that biofuel excise relief that is not used is re-allocated to those in a position to deliver.
- We also request the expansion of the scheme in the short-term to support greater volumes of PPO from 2007 to 2010.
- In the longer-term we seek a full recognition for the benefits of PPO and other high-blend biofuels in the upcoming Biofuels Obligation scheme, which is to be introduced by 2009.

Recognising the need to encourage more biofuel production the Government has announced a move towards a new biofuels obligation system for 2009. "We welcome the recognition that a new scheme is required, but more short-term action is needed to support those currently producing or capable of producing biofuel who have effectively been excluded from the market", said Mr Bruton. "They can't wait until 2009".

Hauliers and bus-fleet operators have demonstrated an appetite to use PPO in large volumes and strongly support and participate in our group's objectives. Due to the current exclusive licensing regime imposed by the Mineral Oil Tax Relief Scheme II (MOTR II), many are at a competitive disadvantage to their peers who enjoy access to low-cost sustainable PPO. "The premise of MOTR II had an excessive focus on the mass consumer market and oil distributors while a more economical and environmentally friendly direct trading network between PPO producers and fleet operators was ignored" according to Jimmy Quinn, President of the Irish Road Haulage Association "We urgently need to see competitive and sustainable fuel supported in the Irish market. PPO represents a genuine opportunity for transport operators to increase efficiencies and reduce carbon emissions. We want to be able to source our fuel directly from Irish biofuel producers."

"There are over 16,000 licensed heavy goods vehicles (HGVs) in the country and the road-freight sector uses over 20% of all transport fuel sold in Ireland, or over 1 billion litres of fuel. They can typically carry up to 3 days fuel supply, removing the need to have an extensive refuelling network in place."

Our national biofuels targets for 2009 are 5.75% of transport fuel and 10% by 2020. There is an opportunity being missed to start meeting that target by supporting the direct use of PPO in transport fleets.

"There is also significant capacity to expand the production of oilseed rape and other cereals in Ireland. We estimate that approximately 40 million litres per annum of PPO can be produced by 2009 with the right policy supports. At least 5 million extra litres of Irish Pure Plant Oil (PPO) which could have been produced has been excluded from the market in 2007 alone."

Encouraging Pure Plant Oil will contribute to greater security of energy supply compared to importation of either fossil fuel or biofuel. We have the opportunity to support an indigenous energy source and the time to do it is now. Oilseed rape that will end up in our trucks and other vehicles in 2009 needs to be planted in August 2007, will be harvested in July 2008 and converted to Pure Plant Oil over the course of 2008-2009.

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