

Renewable Transport Fuels Obligation

Context

The Renewable Transport Fuel Obligation (RTFO) is the UK's key mechanism for decarbonising transport fuels, requiring fuel suppliers to deliver an increasing share of renewable alternatives. Suppliers earn certificates or “credits” for every unit of renewable fuel they supply, and these credits can be used towards their regulatory obligations or traded with other market players. This market-based mechanism incentivises the use of renewable fuels, driving significant greenhouse gas emission reductions without Government funding.

Other European countries, including Germany, Denmark and Austria, have reformed their equivalent schemes to include renewable electricity as a qualifying “fuel”. Charge point operators in these countries are able to generate and trade renewable credits like traditional fuel suppliers, which strongly incentivises the roll-out of charging infrastructure.

All remaining EU member states are set to follow suit from May 2025 under the EU’s Renewable Energy Directive III. The UK will soon be the only European country *not* to have reformed its scheme to recognise the role of EVs in the decarbonisation of the transport sector, which will place UK CPOs at an additional competitive disadvantage relative to their counterparts.

Impact

The recent amendments to the ZEV Mandate, which provided necessary flexibility to vehicle manufacturers, have inadvertently created uncertainty for the charging sector which now faces an unpredictable demand trajectory and potentially fewer ZEVs on the roads overall.

Including electricity in the RTFO would address this uncertainty by offering a strong signal to investors and boosting the business case for investment in charging infrastructure. In particular, we believe reform would:

- **Strengthen the investment case** for infrastructure in locations with challenging economics such as rural areas and sites with lower initial utilisation, addressing uneven geographic deployment
- **Restore revenue certainty** by providing charge point operators with an additional estimated revenue stream of £0.05-£0.07/kWh, based on European precedents, which would help significantly with viability
- **Boost demand for EVs**, by boosting the geographic spread of charge points, potentially reducing prices and even allowing drivers themselves to generate and sell credits per the German scheme

Our ask

We are calling on the Government to reform the RTFO scheme to ensure charge point operators continue to invest in the UK. The Department for Transport recently consulted on whether to extend the scheme in this way, but despite the strong support for this proposal across multiple sectors, we have not been given confidence that the DfT will proceed with these plans.

We understand that extension of the RTFO may require primary legislation, but believe that now is the right time for the Government to commit to legislating in this area, either through the upcoming SAF Bill or when parliamentary time allows.