



# Environment, Housing and Infrastructure Scrutiny Panel

## Draft Carbon Neutral Roadmap

### **Witness: ATF Fuels**

Wednesday, 9th March 2022

**Panel:**

Connétable M.K. Jackson of St. Brelade (Chair)

Connétable J.E. Le Maistre of Grouville

Deputy I. Gardiner of St. Helier

**Witnesses:**

Mr. J. Best, Director, ATF Fuels

Mr. J. Procter, Supply and Logistics Manager, ATF Fuels

[14:02]

**Connétable M.K. Jackson of St. Brelade (Chair):**

Good afternoon and welcome to the Environment, Housing and Infrastructure Scrutiny Panel and part of our draft carbon neutral roadmap review. This is a public review hearing with ATF Fuels. I am going to introduce those on the meeting today, I am Constable Mike Jackson, chair of the panel.

**Connétable J.E. Le Maistre of Grouville:**

Constable John Le Maistre, member of the panel.

**Deputy I. Gardiner of St. Helier:**

Deputy Inna Gardiner, member of the panel.

**Director, ATF Fuels:**

Jonathan Best, director of ATF Fuels.

**Supply and Logistics Manager, ATF Fuels:**

James Procter, supply and logistics manager at ATF Fuels.

**The Connétable of St. Brelade:**

Thanks very much. For the benefit of the public listening, by way of an introduction to explain the role of ATF Fuels, could you just briefly summarise ATF Fuels' role as a Jersey organisation?

**Director, ATF Fuels:**

Certainly. Thank you for that opportunity. If I can just kick off by saying I am not a lobbyist, so please forgive me if the points that I am about to make are not as eloquently placed as you would normally expect. Should you have any questions throughout the course of this summary statement, then please feel free to ask me. Yes, as I have just said, I am Jonathan Best, director at ATF Fuels. I am accompanied today by James Procter, who is our ATF supply and logistics manager. Myself, personally, I have worked in the fuel industry for the last 22 years and James for the last 10 years. Both originally from the north of England, as you can probably pick up from our accents. Lived in Jersey for the last 6 years; proud to be able to work in the Island and particularly proud of what we have achieved or ATF has achieved as a business in that time. I suppose it is worth saying that since we provided our submission in January to the Scrutiny Panel for the consultation, I think it is worth noting that the international fuel market has changed dramatically in that time and I think it is important to explain that in context. Since ATF started operations here in Jersey in 2015, my team and I have been committed to creating a more competitive and dynamic fuel market for Jersey and more recently in the Channel Islands. Today ATF employ 25 people. We import our fuels via a unitised supply chain using containers, rather than a bulk operation through La Collette Terminal. Ultimately, I suppose our aim is to deliver industry-leading fuels at the best value for consumers. We are committed to playing our part for delivering both competitive prices and doing everything we can as a business to reduce our carbon footprint. The business started off in aviation and we saw value issues in regard of other fuels, so we decided to enter those markets. We have got to a point now where we provide approximately 30 per cent of the Island's fuel requirements and is pleased to supply some of the largest diesel commercial fleets on the Island, such as LibertyBus and Ferryspeed. I suppose it is also important to say at this juncture that while we are not members of the Jersey Energy Forum, we absolutely believe in the need for the carbon neutral roadmap and have tried to engage extensively through this process, through the consultation process. We have done that by attempting to provide examples of international best practice, lead an industry practice and proposals that we believe are pragmatic to effect change. At this time - and forgive my bluntness a little here - it has been a somewhat frustrating process. To give you an example of that, 12 months ago we submitted proposals to the climate conversation to include biofuels in road transport

specifically, such as E10 and B7, which contain renewable fuels in both petrol and diesel. We wanted the Government to consider the introduction of those into the fuel mix. With James and I both coming through the U.K. (United Kingdom) and these types of fuels being used for over 10 years there now, it was somewhat of a surprise that those fuels do not play a part in the energy mix or fuel mix in the industry in Jersey. Therefore, I suppose I am proud to say that ATF from day one have sold biofuels and when the opportunity recently arose to increase the percentage of biofuels in our fuel we took that opportunity. As I said earlier, I think over the last 2 weeks the international fuel markets have changed beyond recognition. In 22 years' experience that I have, I have never seen such a volatile market. The last time I remember seeing such market movements was 11th September attacks in New York where prices also significantly soared overnight but obviously fell back thereafter. As the conflict continues and sanctions are applied to Russia, I think it is likely that we will see fuel prices remain high and possibly go higher for a sustained period of time. You are probably sort of wondering why I am telling you this. I think it has implications on the carbon neutral roadmap; that is why. Firstly, in the short term the Government is likely to have seen increases in its G.S.T. (goods and services tax) returns from fuel sales because of the price of the fuel, increases it cannot have foreseen to budget for at the time. I would estimate that as we speak today there is an additional 2.5p being received by Government than there was 12 months ago for every litre sold. During that time fuel duties have increased by 5p a litre; 3p a litre which is allocated to strategies for the Climate Emergency Fund. Therefore, with the cost-of-living pressures that are affecting most people, we think that the Government can provide some form of assistance at this time to the public of Jersey by a balancing out of those 2 functions. Secondly, I think what we are seeing today in Russia and Ukraine means that we need to ensure as an Island that we have a more diverse range of supply to ensure ongoing security of supply. But it also means that we need to do everything we can to support a transition towards more renewable forms of transport fuels. I suppose, ultimately, while we are going through that transition, supporting a push towards electrification. My final point on that would be that contained within the carbon neutral roadmap the Government or the officers have made assumptions on fuel prices and those may need to be reconsidered in the light of the ever-changing environment that we are now experiencing; I wanted to say that. I am obviously aware ... I am sorry, go on.

**The Connétable of St. Brelade:**

Thanks, Jon, that is helpful. What I am going to do is just ask a few questions and come off the back of what you have just said. First of all, you do not have to answer this, I do not want to sort of probe into commercial sensitivity, but what is ATF Fuels' core business? Is it domestic, is it commercial or is it aviation or is it marine?

**Director, ATF Fuels:**

Yes, so it is equitable, it is pretty much split equally over all 3 markets. Yes, it is pretty much a third of aviation, a third domestic and a third of road transport/deliveries to bulk commercial customers that have their own infrastructure to hold fuels on site.

**The Connétable of St. Brelade:**

What involvement or level of consultation has the Government had with you to date on the draft carbon neutral roadmap workstream?

**Director, ATF Fuels:**

Until very recently none. We were not consulted with throughout the process. We took the opportunity to make representation 12 months ago. We have subsequently made representation through the consultation process. But if you were to ask me, did the Government officers approach you for input from the outset? Then the answer is no.

**The Connétable of St. Brelade:**

What role do you think you can play to support the overall strategic direction? I suppose the question is: what objectives would you like to see included in the carbon neutral roadmap that could support your company in delivering timely carbon reductions for Jersey and net zero by 2050?

**Director, ATF Fuels:**

Yes, okay. I think the key points we would like to get across are threefold. Firstly, we believe that all biofuels have a role to play in meeting carbon-neutral targets. Forgive me if I am teaching my grandmother to suck eggs, I do not mean it that way. But to give you an idea of the fuel market in Jersey, 57 per cent of road fuel sales are petrol, with the remaining percentage made up from diesel sales. Currently the carbon neutral roadmap has a policy that looks at road transport fuels, namely policy TR3 but it is diesel centric. It concentrates on what are called second generation renewable diesels and how they might be brought into ... sorry, John, do you want to ask a question?

**The Connétable of Grouville:**

No, carry on, Jonathan.

**Director, ATF Fuels:**

How they might be brought into market and the proposal or the policy is there is a significant cost variance of second-generation renewable diesels versus standard diesel. As we are sat here right now, that cost variance, the market closed last night and it was close to 70p a litre. The proposal is for the Government to provide a subsidy of 32p per litre to bring those fuels to market and to, I suppose, attempt to change behaviour in the use of those types of fuel. There isn't a policy that looks holistically at the total road transport fuel market.

[14:15]

There is a policy that looks at diesel, it is probably less than that, it looks at a subset of diesel for people who can, I suppose, afford to use it, even from our experience the public of Jersey or consumers remain very price conscious about how they purchase their fuel for their vehicles. At a level of 30p or 40p higher than the normal standard road diesel price, I do not believe the subsidy is sufficient to change that behaviour.

**The Connétable of Grouville:**

You could perhaps educate me, if not the others, about biofuel. Did you say that some of your fuel contains a proportion of biofuel or do you sell pure biofuel, if that is the right word?

**Director, ATF Fuels:**

No. Our fuel contains a proportion of biofuel, so bioethanol and biodiesel. In our petrol, up to 10 per cent of our petrol has an ethanol content and within our diesel up to 7 per cent of our diesel has a biodiesel content and the biodiesel content is called F.A.M.E. (Fatty Acid Methyl Ester).

**The Connétable of St. Brelade:**

The 7 per cent content diesel, as an example, that is 70p more expensive than ...

**Director, ATF Fuels:**

No, that biodiesel that we supply is called first generation biodiesel. Policy TR3 deals with second generation renewable diesel, which is, in simple terms, a product called H.V.O. (Hydrotreated Vegetable Oil) and that is the product that is circa 70p a litre more expensive than standard diesel, of which the Government are proposing a 32p a litre subsidy. Does that make sense?

**The Connétable of Grouville:**

Yes, I am just trying to get my head round this. Some of it has got a proportion of biodiesel and then some is pure biodiesel, if that is the right word.

**The Connétable of St. Brelade:**

What challenges or barriers in respect of the proposed reduction policies do you foresee, if any? What are your suggestions for mitigating the challenges you have identified?

**Director, ATF Fuels:**

I think there is a simple one in regards of biofuels, one that comes at no cost to the Government or the taxpayer and that is simply, as the U.K., as many countries in the E.U. (European Union) have

done, the U.S. (United States), Australia, is mandating the use of biofuels, such as the ones that we supply. If you were to do that we estimate that that would equate to nearly 7,000 cars taken off the road in Jersey. I believe that to be circa 10 per cent of all Jersey motor vehicles that you could affect immediately without change. In fact if you look at the carbon neutral roadmap and you look at the report that has informed some of those decisions - it was commissioned by the Government, an auxiliary report - the biofuels we are sat here talking about today are mentioned within that report and it states could provide immediate change. However, they are not in the carbon neutral roadmap, which is one of the things that prompted us to write in our most recent submission to try and understand why and get an explanation for.

**The Connétable of St. Brelade:**

I suppose turning that round, I can ask what role you think that your company can play in the provision of the roadmap and do you see any conflicts? How do you see the roadmap impacting on your business and will it impact on your financial capacity or business objectives? Really the question is: what can the Government of Jersey do to assist your company?

**Director, ATF Fuels:**

If we look at the policies that particularly are contained within it and are affecting road transport, then there is the motive or strategy to introduce second-generation renewable diesel. With the carbon neutral roadmap due to be published, I think we do not feel like we have had enough time to, if we wanted to and which we would, invest in our own infrastructure to be able to supply more second-generation diesel than we can do today. It feels like it is being pushed or rushed through without having a consultation with the industry in order to facilitate that change.

**The Connétable of St. Brelade:**

Really if you are changing or introducing a new fuel, there has got to be a lead time to put all the infrastructure in, I presume. What do you think you envisage; 3 months, 6 months?

**Director, ATF Fuels:**

Yes, it would require tankage and it would require loading arms for the tankers. With a fair wind you are probably talking a 6-month period, yes.

**The Connétable of St. Brelade:**

Yes, including 12 months for a planning application, I suspect.

**The Connétable of Grouville:**

Mike, can I just ask a question about biodiesel and the part biodiesel fuels or part biofuels? Do you get the same mileage per gallon?

**Director, ATF Fuels:**

There is possibly a slight degradation of M.P.G. (miles per gallon). You are talking about 1 per cent to 2 per cent; more influences, driving style, flat tyres over your M.P.G. than the fuel itself.

**The Connétable of St. Brelade:**

Going back to your submission and reinforcing what you have just been talking about, you noted within your submission your proposal as part of the consultation process whereby Jersey could introduce a mandatory requirement that all road fuel sold here should contain a minimum level of renewable fuels and propose the introduction of E10 and B7. Just really to confirm what you said before to a large extent, can you just explain your rationale in respect of your proposal, considering that policy direction seems to encourage a move away from diesel and petrol vehicles to electric by 2050, therefore a no-emissions model instead of a reduced-emissions model?

**Director, ATF Fuels:**

Yes, I completely understand that. We recognise that there is going to be a transition as an industry. We recognise there is going to be a transition to electrification of vehicles. But in that period there is going to be a transition period and I think we are all sat here today, we do not know how long that transition period is going to be. But if we are talking about banning registration of new petrol and diesel cars from 2030, we have got a minimum of the next 8 years, plus the shelf life of those cars over, above and beyond that. There is going to be a requirement for liquid biofuels in that transition period. I think that then comes full circle to support the argument we are making, is while we are undergoing that transition period, while we are wanting to lessen our impact on the environment, then biofuels have a crucial part to play within that.

**Supply and Logistics Manager, ATF Fuels:**

I think they can make an immediate gain, can they not, Jon? I think that is what we identified, that this can be put in place immediately or almost immediately and whereas there was not a benefit before there will be, even if it is only a percentage benefit, it is something to push along towards the carbon neutral policy that the Government has taken.

**The Connétable of St. Brelade:**

The barriers regarding E10 or B7 locally or what, is it going to be reasonably priced?

**Director, ATF Fuels:**

If we take it right back up the supply chain to, I suppose, the terminal operators, the barrier to things you will need - it is not a barrier to entry, you just need to overcome them - B7 road diesel can be shipped in immediately and the existing infrastructure that is in place is a drop-in replacement, so

you can use it. E10, the petrol, will require investment. It will require blending of ethanol into the petrol at the rack at La Collette. It does not with our supply chain model, we can bring it in pre-blended. But to be completely open with you there would be capital investment required at La Collette in order to bring it to market. Then as you move down the supply chain there is not any investment. E10 can be used on forecourts throughout Jersey already; it is just a drop-in replacement. In fact if you wanted sort of evidence of that or a test case, at one point in time through our own forecourts and ATF wholesale supplying other retailers in Jersey, we were supplying 25 per cent of the retail fuel market with these fuels.

**The Connétable of St. Brelade:**

There is no difference to the vehicles in terms of carburation.

**Director, ATF Fuels:**

No. There are compatibility issues with vintage hobbyists and very old type vehicles but most cars since 2000 are compatible with the fuels. All new cars are manufactured, designed and optimised for these fuels. E10 and B7 are both the test reference fuels used in the U.K. and the E.U. for emissions testings.

**The Connétable of St. Brelade:**

How will renewable fuels be vetted to ensure a reputable supply chain from high quality, authentic and traceable sources?

**Director, ATF Fuels:**

Yes, so that exists in the U.K. today. I am speaking on behalf of other districts here a little because I do not fully know their supply chain. But I think I am right in saying that 100 per cent of the fuel imported into Jersey is from the U.K. and the U.K. have those safeguards in place to ensure that ethanol or, in the instance of diesel, with F.A.M.E., all of those bio blends come from sustainable, renewable and vetted sources.

**The Connétable of St. Brelade:**

Would there be any cost implications for petrol stations through the requirement to change their equipment to supply the fuels, change any of their infrastructure?

**Director, ATF Fuels:**

The only thing that may be required is certain or really old rubber seals may need to be changed and swapped out but that would be on very, very old equipment that probably is in need of replacement anyway.



**The Connétable of St. Brelade:**

What about the impact that the fuels might have on engines possibly older or newer on any service agreements or warranties?

**Director, ATF Fuels:**

We have a vehicle checker that you can look up through our website. As a consumer, you just have to put your make, model into the vehicle checker and you will be able to see if your vehicle is compatible with it. That is only in reference to E10; B7 there are no issues. Any diesel vehicle can use the B7 biofuel. Going back to E10, there are compatible issues, as I have said, but that predominantly lies in vintage hobbyist type vehicles that predate the 2000s.

**The Connétable of St. Brelade:**

You mentioned you supply LibertyBus. It has been mentioned that LibertyBus are reluctant to move to later generation fuels because of recommendations from engine manufacturers.

**Director, ATF Fuels:**

No. We have supplied LibertyBus for the best part of 5 years now. Since we have supplied LibertyBus they have been supplied with B7. They are being supplied with first-generation biodiesels. More recently they have looked at the use of second-generation biodiesel, the H.V.O. that we are talking about now. I am speaking on their behalf but they have only been able to get O.E.M. (original equipment manufacturer) approval from certain engine manufacturers.

[14:30]

As well as the B7 to their wider fleet, we are supplying second-generation renewable diesel to specific vehicles that have O.E.M. approval.

**The Connétable of St. Brelade:**

Can you just explain the difference between first-generation and second-generation biofuel, unless I have missed it?

**Director, ATF Fuels:**

Yes. First-generation biofuels are in the case of diesel B7 and in the case of petrol E5 or E10, depending on the ethanol content. Second-generation diesels is H.V.O., which stands for hydrotreated vegetable oil.

**The Connétable of St. Brelade:**

What is the difference in practice; one is a blend and one is not?

**Director, ATF Fuels:**

Let me start with B7. B7 is blended with 7 per cent of renewable element, the remaining 93 per cent is fossil fuel diesel, it is blended together. H.V.O. is 100 per cent, it is refined from renewable sources, so if that answers your question.

**The Connétable of St. Brelade:**

In your submission you proposed that the carbon neutral roadmap: "Should require all retailers to include carbon offsetting for all fuel sold." How do you envisage this working? How would carbon offsetting be vetted and verified to ensure a trusted system, once again, from high quality, authentic and traceable sources?

**Director, ATF Fuels:**

Yes, I think what we say is that as well as ATF providing biofuels, we have taken the decision as a business to offset the carbon emissions from our customers' use of our forecourts with the use of carbon offsetting through a credit to the international schemes. We have gone to the market, looked at which schemes are verified for use and then we provide an offset payment to them to go into those schemes; that is something we have chosen to do.

**The Connétable of St. Brelade:**

Going back to a Government involvement. Within your submission you propose: "That Government should examine the current fuel importation process to ensure there are no regulatory or legal barriers that undermine attempts to introduce more environmentally friendly fuels into the market." Could you just outline the current Jersey fuel process as you know it and are you aware of any existing barriers to the importation of more environmentally-friendly fuels? Are there barriers in that particular area?

**Director, ATF Fuels:**

Yes. I think that is the key thing that needs noting. As things stand, we are the only company that has the ability to provide biofuels because we are purchasing pre-blended in the U.K. and shipping it across. The existing infrastructure at La Collette does not allow for the supply of a bio content within petrol. Investment is required at La Collette to facilitate that, therefore there is a barrier to entry. I suppose it goes on a step from that, because the La Collette facility is wholly owned by and operated by one operator, throughputters, of which there are one, and another competitor of ours that, I believe, buy their fuels ex-rack from Rubis, the sole operator, if they wanted to supply biofuels they cannot because the infrastructure at La Collette, which they are a customer of, does not allow.

**The Connétable of St. Brelade:**

I suppose that I am tongue in cheek asking what your suggestions might be for mitigating the challenges you have identified, and I suspect I know what the answer might be.

**Director, ATF Fuels:**

Maybe investment. Sorry, I was a bit facetious; it was not meant that way. It is my understanding that within the operating agreement, within the throughput agreement that exists for users of La Collette that any such investment made is recoverable by the throughput mechanism contained within the operating agreement. I do not know what the number is. I do not know what the level of investment is but we are probably talking about over a 10-year period writing down that investment, we are probably talking about points of pence to effect that change.

**The Connétable of St. Brelade:**

Moving on to electric vehicles, what are your views on encouraging a move to the use of electric vehicles in Jersey by 2050 and whether the proposed target date of 2030 to end the import and registration of new petrol or diesel vehicles is realistic and achievable, given that we have got the Ukraine situation? The Minister of Transport told us the other day he felt it was too quick, what are your thoughts?

**Director, ATF Fuels:**

Yes, I would agree with him, I think it is too quick. There is not the infrastructure currently in place to facilitate that. Jersey Electricity would obviously be better placed to answer. I am not sure of the capacity of the grid or whether that is sufficient. But the infrastructure required for on-street charging, et cetera, is not there. Will it be there in 8 years' time? I do not know, I have my reservations. I think that again just reiterates the point there is going to be requirement for these transition fuels while that takes place.

**The Connétable of St. Brelade:**

What about the second-hand market? What are your views on whether the increased demand for electric vehicles can be appropriately supported by the existing supply chain and how a second-hand electric vehicle market in Jersey might be encouraged? Would you encourage this on your forecourts, for instance?

**Director, ATF Fuels:**

Yes. We have looked at our forecourts and looking forward where we are looking at other opportunities to develop our footprint further. Electric charging points across our sites form part of our strategy.

**The Connétable of St. Brelade:**

Really what you are saying is that the transition fuels could be used as an effective tool to support the proposed reduction targets than a transition from hydrocarbon vehicles to electric; that seems to be ...

**Director, ATF Fuels:**

That is exactly what we are saying, yes.

**The Connétable of St. Brelade:**

In terms of forward thinking and forward planning, obviously there is a thought to diminish or remove the use of hydrocarbons completely, have your company got any particular plans as to where you might have sales diminish in terms of existing fuels at the moment?

**Director, ATF Fuels:**

I think, as we have just said, that in terms of our forecourts we are looking at the potential to repurpose those for electric vehicle charging, et cetera. Obviously technologies need to advance in the aviation market, different fuel types will, potentially, come to the fore. Hydrogen, for example, is something that we were already looking at, both in the aviation market and in the commercial fleet, in heavy goods commercial fleet use ...

**The Connétable of St. Brelade:**

I was going to come to that and in terms of hydrogen storage obviously is an issue. Would you envisage going into that area?

**Director, ATF Fuels:**

Yes, we would.

**The Connétable of St. Brelade:**

Yes, because there does not seem to be in technological terms. There is nothing much to replace existing diesel commercial vehicles, as I see it.

**Director, ATF Fuels:**

No. That is a good point to sort of reiterate it with regard to these transition fuels. Passenger vehicles are the ones that are obviously more easily electrified, so people have the choice to move from out of an internal combustion engine to an electric vehicle. But when you are talking about medium goods and heavy goods vehicles, industry and businesses do not have that same choice because they are the vehicles that are harder to electrify.

**The Connétable of St. Brelade:**

What would you need Government to do to encourage you to move faster into the hydrogen sphere, if I can call it that?

**Director, ATF Fuels:**

It is plain to see and you can see it in the U.K.; there is a bit of a chicken and an egg. I am not sure whether the Government can do anything. You need hydrogen-ready vehicles to warrant investment in the infrastructure to provide hydrogen but you are not going to get any hydrogen vehicles without the infrastructure being in place. Yes, it is a difficult one. I suppose the thing that Government can do is consider it in policy that when and if the technology is available that hydrogen should be a consideration overall in the roadmap.

**The Connétable of St. Brelade:**

Maybe it is for Government to take the initial risk.

**Director, ATF Fuels:**

Yes.

**The Connétable of Grouville:**

Do you think that hydrogen is going to be as price-competitive as, say, biodiesel?

**Director, ATF Fuels:**

It is significantly more expensive as we are speaking now. It will all depend on take-up and demand, yes.

**The Connétable of Grouville:**

Could you see it happening though because biodiesel seems to me to be a more price-competitive way of providing that energy?

**Director, ATF Fuels:**

In terms of second-generation biodiesel?

**The Connétable of Grouville:**

Yes. But I think it is accepted that things like heavy lorries carting big loads, farm vehicles and things like that ...

**Director, ATF Fuels:**

I am going to use the word again; it is the transition. I see second-generation biodiesel as a transition fuel to more advanced technologies, such as hydrogen, such as electrification but we are going to

have that period of transition. When we say that those second-generation biodiesels are more price-competitive, when you are talking about variants of 70p I would argue currently they are not; that is a significant uplift from standard diesel.

**The Connétable of Grouville:**

You mentioned second-generation biodiesel, is there a second-generation biopetrol or not?

**Director, ATF Fuels:**

No. There is not a second generation biopetrol but the level of ethanol content is increasing as technologies advance in the motor vehicle. If we use the U.K. as an example, you had back in 2008 zero ethanol content. It was mandated by the U.K. Government in the late stage of 2008 up to 5 per cent. Last year, was it October or September, James, of 2021? Yes, that moved up to 10 per cent. But you have other countries; Brazil, for example, have 100 per cent ethanol, Australia have fuels that are 15 per cent ethanol blends. Yes, there are synthetic fuels, the technologies that are being looked at for direct petrol replacement. But as we see it, as things stand, it is probably more so the level of ethanol content that will continue to increase.

**The Connétable of Grouville:**

Those percentages you have mentioned, that is the upper limits to which you can add; it is not compulsory obviously.

**Director, ATF Fuels:**

Yes, that is correct.

**The Connétable of St. Brelade:**

All your fuel, is it all ex-U.K. or do you bring it in from other countries?

**Director, ATF Fuels:**

No, it is all ex-U.K.

**The Connétable of St. Brelade:**

Is there a facility or in fact would there be any advantage to blending on-Island?

**Director, ATF Fuels:**

Not for us. It would create more movement because you would have to bring the ethanol in in separate containers to blend into the fossil fuel. For users of La Collette that would have to happen anyway because you cannot put ethanol in the fuel for bulk shipment. The bulk cargo would have to come across as it normally does from the U.K. and discharge its load into La Collette, and

separately from that the ethanol would have to come across on the ferry container services into storage and then the blending would need to take place.

[14:45]

**The Connétable of St. Brelade:**

In effect, the ethanol production in the U.K., I suppose, is satisfying the argument for reducing hydrocarbon fuels truthfully. I cannot remember from my chemistry days how ethanol is produced; can you just remind me?

**Director, ATF Fuels:**

I can tell you the feed stocks, I do not know the actual refining process. But the feed stocks mainly for ethanol in the U.K. are wheat and sugar beet.

**The Connétable of St. Brelade:**

Yes. Really it is quite clear the introduction of fuel alternatives can contribute to the timely delivery of the carbon reduction targets engulfed with the carbon neutral roadmap.

**Director, ATF Fuels:**

Yes.

**The Connétable of St. Brelade:**

Do you think the policies proposed within the draft are the right ones?

**Director, ATF Fuels:**

No. Biofuels, with the exception of second-generation biodiesel, any other biofuels are excluded from the carbon neutral roadmap, which is ...

**The Connétable of St. Brelade:**

Yes, right, a good point. In your view, what other policy interventions or actions could be done that promotes Jersey's journey in the short, medium, long term to achieving this net zero by 2050?

**Director, ATF Fuels:**

Can I just wind that back a little bit? Because what I should say is since our submissions made to the Scrutiny Panel and the representation made to Ministers, we have had further conversations with officials, Dr. Louise Magris being one of them. I believe through the conversations we have had that there is an intention to include another policy TR3B within the carbon neutral roadmap, which I think you may see sight of tomorrow, which states that there will be an investigation

undertaken to identify whether the rollout or the mandatory requirement of these biofuels that we have been talking about today can be facilitated in Jersey.

**Deputy I. Gardiner:**

I think my question was: what was the engagement with the Government? It is interesting that you now mention this TR3B. In this case I would ask, what are your views on this TR3B?

**Director, ATF Fuels:**

Honestly, I do not understand why it would take the best part of 9 months to investigate. What we cannot understand, as a business, is the focus from TR3 on the implementation immediately of second-generation diesel, yet biofuels are being ignored; the alternative biofuels are being ignored. There is a commitment in TR3B to undergo an investigation period. But what we cannot understand is why that would take 9 months when TR3 and second-generation diesel can be done, effectively, tomorrow. It does not make sense to us.

**Supply and Logistics Manager, ATF Fuels:**

Those products are being currently used on Island as well, are they not, Jon?

**Director, ATF Fuels:**

Yes.

**Deputy I. Gardiner:**

You said that you are supplying 30 per cent of the Island fuel.

**Director, ATF Fuels:**

Yes.

**Deputy I. Gardiner:**

Obviously it is a competitive market, you have the competition, at the same time what is happening within the industry? Did you discuss with the companies within the industry your views?

**Director, ATF Fuels:**

No, we did not have the opportunity. I think in my preamble I said we are not a member of the energy forum. The energy forum, from myself having a look at some of the previous minutes at the energy forum, energy forum members were able to look at the draft policies that were contained within the carbon neutral roadmap for comment. The only member of the energy forum from the fuel industry was Bertrand Dellinger of Rubis. Rubis had the opportunity or ability to comment on policies from the Draft carbon neutral roadmap and ourselves, P.D.J. (Petroleum Distributors



(Jersey) Limited), Roberts, Channel Island Fuels, to the best of my knowledge, did not have that same opportunity.

**The Connétable of St. Brelade:**

I am just interested just to clear my mind, in terms of transport do you bring the articulated lorries over on the ship, is that the way it works at the moment?

**Director, ATF Fuels:**

We do a bit of both. We bring articulated lorries on the Ro-Ro service. But with regard to the ISO tank containers, there are articulated lorries in the U.K. that bring the container to the port, lift it off, put on the Lo-Lo ferry service and then we pick them up with articulated lorries at this end. We do use both types of ferry service.

**The Connétable of St. Brelade:**

In terms of benchmarking, what we are doing here with the U.K., have you got experience of other areas in the U.K. that are perhaps ahead of us or should we be looking at how other areas are dealing with the fuel situation?

**Director, ATF Fuels:**

I think the U.K. have been ahead us since 2008 in the use of these biofuels. Other E.U. countries and the likes of the U.S. and Australia were ahead of the U.K.; they were early 2000s in the adoption of these types of biofuels. I suppose what I am saying is if we do not act now, and bearing in mind the comments that I have made earlier, that these countries are looking at higher ethanol content, higher biodiesel content. Looking forward to this transition phase, if we do not act now, as an Island we are going to get further and further behind.

**The Connétable of Grouville:**

Your method of bringing the fuels in in containers, that must, I would have thought, put you at a disadvantage commercially than people bringing over shipping tankers. I would have thought it was more expensive but ...

**Director, ATF Fuels:**

How do I put this? I have been on record before for saying it, our supply chain is more expensive, so is the use of La Collette Terminal; overly expensive, in our opinion. The throughput that is levied for the use of that facility offsets our increased cost of supply chain.

**The Connétable of St. Brelade:**

When is the lease at La Collette up for renewal, do you know? I am sure you do not.

**Director, ATF Fuels:**

Yes, 2026.

**The Connétable of St. Brelade:**

Yes, not far away, right. I do not know if there is anything my colleagues wish to bring up or whether in summary either of you would like to put anything else forward, please do.

**Director, ATF Fuels:**

I think I would just like to close by saying that it feels like in relation to the road transport fuels and the policies that are currently contained within the carbon neutral roadmap, it feels like they need further refinement. Not only that a consistent approach taken in relation to first generation biofuels and second-generation biofuels because to do otherwise it is treating the fuels differently, not only treating the fuels differently but it is treating operators within the same industry not on an equal basis. I think what we would say is we would sort of implore the Government to take a breath, take stock of what it is that is being proposed. Talk to the industry, talk to us. Without wanting to blow our own ... we are the experts within our industry, we can help inform a more well-rounded policy than exists today and, hopefully, help mitigate any unintended consequences of the policies that exist in the carbon neutral roadmap right now.

**The Connétable of St. Brelade:**

I am going to just ask you the question: Guernsey, are you involved with Guernsey at all?

**Director, ATF Fuels:**

We are.

**The Connétable of St. Brelade:**

A similar situation would you say or is it different?

**Director, ATF Fuels:**

Slightly different, similar situation in terms of the supply fuels, we are the only ones supplying biofuels over there. They do subsidise second-generation biofuel duty by 10p a litre, so not the same level that Jersey is proposing by any stretch of the imagination. But in terms of the competitive landscape, including ourselves, Guernsey has 3 independent storage facilities; one, ourselves, uses the same supply chain obviously but over in Guernsey they have Rubis, who operate a bulk fuel terminal facility and they also have Channel Island Fuels who operate a bulk terminal facility. If one of those particular companies take a decision and, therefore, have a choice to supply biofuels to the market that could happen. Going back to my earlier point with La Collette, having one facility that is wholly

owned and operated by one commercial entity, any changes are theirs to make and that could act as a barrier to other distributors who use that facility for the introduction of these type of fuels.

**The Connétable of St. Brelade:**

Yes, indeed. That is all very helpful, Jon and James. Thank you very much for presenting to us today, it has been useful and we will be conveying the message we received from you towards the Government in our report; that is great. Thank you very much.

**Director, ATF Fuels:**

Thank you. Thank you for your time.

**Supply and Logistics Manager, ATF Fuels:**

Thank you.

[14:56]