

## Response to TRA investigation, AS0067

- **2024 - the period of investigation - saw a unique market dynamic.** The price of HVO was such that it became viable for blenders to use HVO to meet the RTFO mandate, as opposed to domestically produced biodiesel such as FAME and UCOME. Throughout 2025, the cost of HVO increased and is expected to remain at these levels in 2026 and beyond, due in part to the increased demand from the EU's RED III implementation (i.e. the removal of double counting, increasing physical demand.) Therefore, HVO is not a viable blending option today as the premium to biodiesel is significant. As such, the investigation covers a period that is no longer reflective of current and future market conditions.
- **The majority of the growth in HVO volumes in the last few years in the UK has come through the voluntary growth of the HVO100 market,** as can be seen from the graph in page 26 of the TRA's own SEF report. The fall in FAME volumes was already occurring, and not entirely due to substitution by HVO in blending. Suppliers of FAME in the UK had already made decisions to close plants, with declining demand for their product.
- **Applying additional duties to US HVO would likely close the market in the UK for US product and create a UK and EU HVO product shortage.** For blending, this may be filled by product from China/Asia. As a result, this supply shortage would likely be accompanied by increased prices for end customers, with the effect that the voluntary market in the UK for HVO100 would face a significant decline, potentially coming to a complete halt. Customers who purchase voluntarily, are not buying HVO to fulfil a mandate, but rather making their own conscious steps to decarbonise; as such, this decision does not come at any price.
- EU anti-subsidy/dumping duties were put in place to protect the numerous FAME and HVO producers in Europe. The duties have therefore had the impact that minimal FAME and no HVO is imported into the EU. When the UK left the EU and reviewed these penalties, **it was recognised that HVO and FAME were not like products** in the sense of the markets they were selling into. Like Norway, the UK started to allow HVO imports without penalties, as **the UK had no major HVO production to protect.** This has enabled the UK's voluntary HVO100 market to grow and support customers to reduce their carbon. **This market is not in competition with FAME, which is predominantly used for blending B7.**
- As the RTFO mandate level exceeds the physical biodiesel blend wall of 7%, HVO must be used to meet the additional obligation. **Imposing countervailing duties on US product, will have a knock-on effect on standard fossil diesel 'ULSD**



**B7'**. As a result of duties applied to US HVO, ULSD B7 would likely increase in price, at a time of continued cost-of-living pressures.

- As a member of UKIFDA, Certas Energy supports the response submitted to the TRA on behalf of industry which makes further detailed points on the above.