



Driving Oil Distribution Forward



JOINT STATEMENT FROM THE FEDERATION OF PETROLEUM SUPPLIERS (FPS) AND OFTEC ON THE GOVERNMENT'S RESPONSE TO THE CALL FOR EVIDENCE ON THE FUTURE FRAMEWORK FOR HEAT IN BUILDINGS

Liquid fuels trade association The Federation of Petroleum Suppliers (FPS) Chief Executive, Guy Pulham and OFTEC CEO Paul Rose comment:

“A wide range of responses to Government’s call for evidence were received but the conclusions drawn in the document highlighted BEIS’ continued focus on the electrification of heat using heat pumps.

“We believe this approach will not provide a complete solution and does not consider several recent developments in Europe which highlight how liquid fuels, whether that is a bio fuel or an efuel, can be part of the solution. There is a need for a mix of low-emission energy sources and technologies to be deployed to meet the requirements of different buildings, dependent on their potential thermal efficiency.

“The Call for Evidence ended in June this year and since then the FPS has, in partnership with OFTEC and other trade associations in the UK and Europe, been working together to promote the introduction of a renewable, low carbon liquid fuel for off grid households, which would not require a complete change of infrastructure.

“We believe this should play a major role in meeting the future heating needs of off grid homes and it is a mistake to focus so much on electric solutions which offer high cost/low efficiency solutions for the 1.5m households off grid households currently using oil in the UK. Several demonstration projects with heating systems running on partly renewable liquid fuels are already in place across Europe, achieving substantial levels of emissions reduction. So, it is disappointing that this potential is not more positively promoted in the Government’s response.

“The social implications for an over dependence on one technology are also important and should not be understated. Government’s response was published just after the publication of the Committee on Fuel Poverty’s (CFP) Third Annual Report which showed the number of fuel poor households in England alone has risen by 210,000 to 2.55 million.

“The report highlighted how financial assistance would be needed by the 116,000 fuel poor households who use heating oil in England, if Government focuses on heat pumps or electricity as the preferred solutions to meeting future heating needs.

“Importantly, the CFP said in its report that on a pence-per-kilowatt-hour basis, it needs to be recognised that oil heating is significantly lower cost than heating by electricity. This is supported by recent figures released by Sutherland Tables, a recognised independent source of comparative domestic heating prices, which show the average annual cost of heating a three-bedroom home in Great Britain with heating oil is £1178



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per year - nearly half the cost of electric storage heaters at £2069 per annum. Oil is also far cheaper than any renewable heating options; including air source heat pumps (with radiators) at £1,805 per year or with underfloor heating at £1380, and biomass (wood pellets) at £1,548 per annum.

“We were particularly concerned by the statement made in the response by Government which said most off-grid homes are suitable for heat pump deployment, quoting their own study undertaken by Delta Energy and Environment (Delta EE) which estimates “that around 15% of off gas grid dwellings are currently not suitable for electric heating”.

“Unfortunately, the study is based on a tiny number of homes and appears at odds with a statement made by BEIS minister Claire Perry in the House of Commons in October 2018, in which she stated only 3% of oil-heated homes in Great Britain were in EPC band A-C which in previous studies has shown is the rating compatible with heat pumps.

“Furthermore, Delta EE also says “Heating for rural off-gas grid dwellings tends to rely on higher carbon and higher cost fossil fuel sources such as oil” Both the CFP and Sutherland Tables clearly show that oil heating is cheaper than electric and renewable forms such as heat pumps and has been for more than five years. Again, it is concerning that misleading statements and studies such as Delta EE’s are being used by BEIS to formulate future policy and strategy around decarbonisation of rural off-gas grid dwellings.

“In its response, BEIS stated they are implementing various studies into viable solutions and we urge BEIS to work closely with the liquid fuels industry to develop a roadmap to carbon reduction with a bio/efuel transition as part of the overall picture for off grid households.

“FPS actively supports the Industry Contact Group set up by OFTEC and BEIS and will continue to contribute to this discussion group. We believe the group can play an important part in helping BEIS shape strategy by bringing together the whole of the supply chain including the UK petroleum industry association (UKPIA) and the Tank Storage Association (TSA), whilst achieving the carbon reduction goals of 2050 and protect the cost (and choice) of heating systems available to the consumer.

“We will be looking to Government for policies that unlock further development into a liquid bio or efuel. It is at least reassuring that, so far, nothing has been ruled out and that BEIS is seeking more evidence before making any decisions. It is also pleasing that BEIS has agreed with three key principles that were identified by respondents in respect to any future regulation:

- Long-term certainty should be provided to support investment
- Change must happen at a pace that works for industry and consumers



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- Consumer welfare is paramount.

“As we have consistently stated, we believe Government should look to set a pathway to achieve the 2050 carbon reduction target with set goals/milestones allied to future regulation on the phasing out of fossil-based fuel. A set date for future regulation would enable the introduction of new products in a controlled manner and in line with other products and industries, especially aviation. Without that control, the supply chain could be disrupted, and consumers negatively impacted.

Such a pathway would give consumers the opportunity to make short term efficiencies including upgrading old boilers to modern high efficiency condensing boilers and installing smart metering systems and controls (on tank and boiler) so that consumers can monitor and tweak their energy use.”

For further information please contact:

FOR THE FPS

Stephanie Freeman, FPS Press Officer

Tel: 07961 149399

Email sf@fpsonline.co.uk

FOR OFTEC

Rachel Cass

or Tim Miller

Tel: 01473 326406

Tel: 01473 326405

Email: rachel.cass@genesispr.co.uk

Email: tim.miller@genesispr.co.uk

Notes to editors:

1. OFTEC (the Oil Firing Technical Association) is the trade and marketing body for the oil fired heating and cooking industry in the UK and the Republic of Ireland. Visit www.oftec.co.uk
2. As a trade association, the Federation of Petroleum Suppliers (FPS) membership base range from the small family business, which forms the greater part, to companies with national coverage. Deliveries go to domestic customers, agricultural, marine, industrial and commercial sites for power, heating and transport fuel and some members also operate retail forecourts. Visit www.fpsonline.co.uk
3. Approximately 1.5 million households in the UK use oil for heating. It is estimated that a further 250,000 commercial oil boilers are installed in premises such as schools, warehouses and hospitals in off mains gas areas.
4. As a trade association, OFTEC represents manufacturers of oil fired equipment such as boilers, cookers and oil storage tanks. OFTEC also offers technical advice to professionals and consumers and through OFTEC Direct, a product catalogue and online shop, it sells ancillary equipment to heating technicians.
5. OFTEC Registration Services manages OFTEC’s Government licenced Competent Person’s Scheme which registers competent heating technicians. The role also



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- includes setting assessments for technicians, derived from OFTEC technical books, which are conducted at OFTEC member training centres.
6. With over 125 distributor members and 55 Associate members owning some 3000 tankers, the FPS represents 90% of the volume distributed in the UK and Republic of Ireland.
 7. OFTEC and the FPS represent the industry to Governments in the UK and Ireland and to the European Commission. It is lobbying for the retention of oil heating including hybrid systems and those that use bio-liquids which are the 'green' alternative fuels for the future.