



THE FUTURE OF LIQUID HEATING FUELS

Putting the Pieces Together

MAY 20 & 27, 2021

VIRTUAL CONFERENCE

Presented by
euroluel
The European Heating Oil Association

NORA
NATIONAL OILHEAT RESEARCH ALLIANCE

UK is hosting Climate Change Conference COP26

*What's on the table and how does it
affect the national politics?*

*Paul Rose,
CEO, OFTEC*



About OFTEC



- Trade association for manufacturers of oil fired heating equipment across UK and Republic of Ireland
- Close links with training providers
- Operator of a competent technician scheme for all non-gas heating technologies

Oil boiler population

- England 848,000
 - Wales 114,000
 - Scotland 129,000
 - Northern Ireland 506,000
 - Republic of Ireland 686,000
- 2.28m boilers**
- Kerosene volume **3.1m tonnes**

UK and Ireland oil heating markets



Two very different markets!

Great Britain	Ireland
Mains gas dominance	Underdeveloped gas grid
Mostly rural properties on oil	Many urban homes as well as rural on oil

Agenda



- **National heat strategy**
- **Climate Change Conference COP26**
- **15 minutes**

The UK left the EU on 31st January 2020. Where is it on climate policy?

- Remains committed to domestic and international efforts to tackle climate change. Neither of which has been impacted by leaving the EU.
- Legally bound to achieve net zero emissions by 2050.

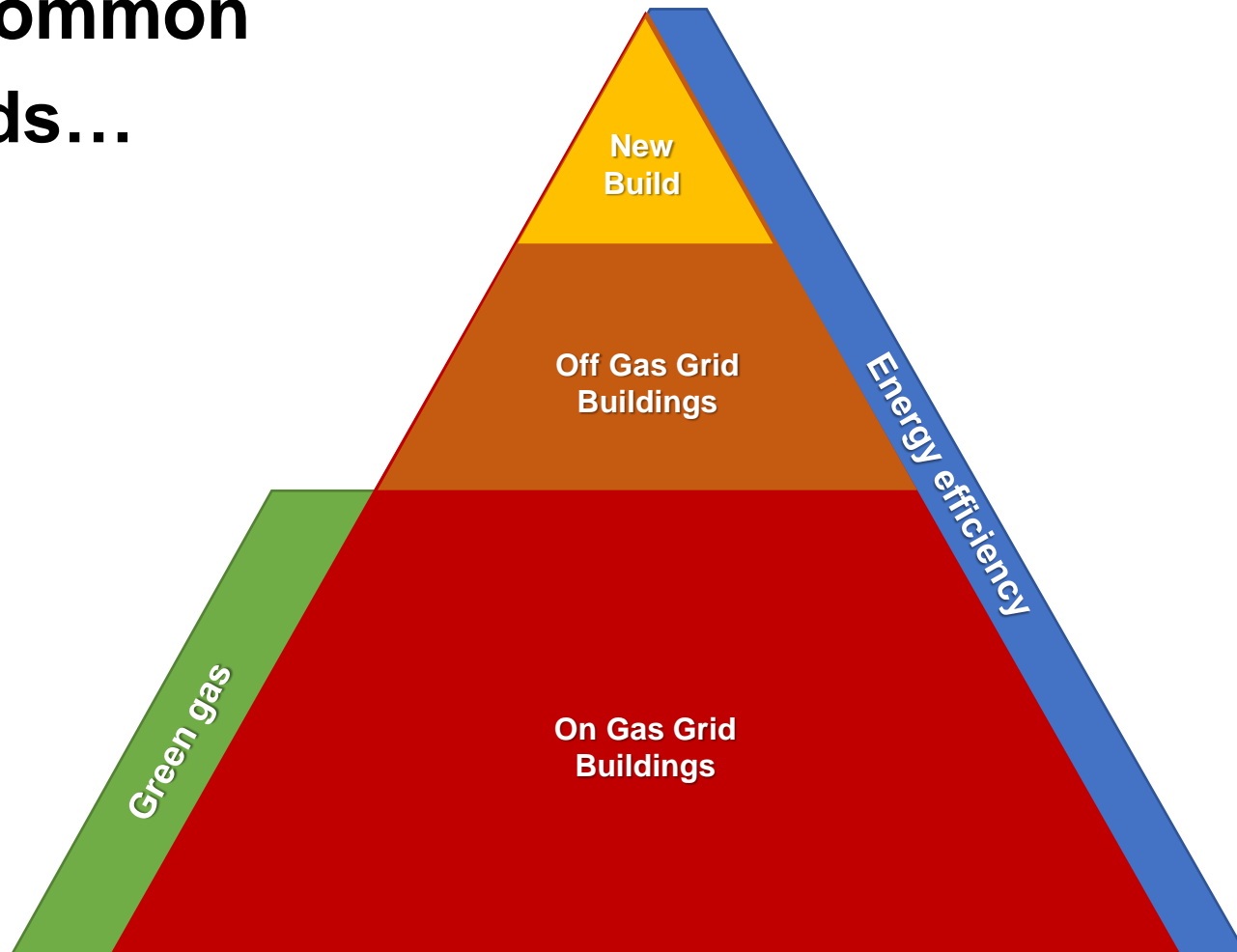
Heat is devolved -

- England target Net zero by 2050
- Wales target Net zero by 2050 (Sooner?)
- Scotland target Net zero by 2045

National heat strategy



The common threads...



Prime Minister's 10 point plan

- advancing offshore wind
- driving the growth of low carbon hydrogen
- delivering new and advanced nuclear power
- accelerating the shift to zero emission vehicles
- green public transport, cycling and walking
- 'jet zero' and green ships
- greener buildings
- investing in carbon capture, usage and storage
- protecting our natural environment
- green finance and innovation

Remaining real world challenges

- Consumer acceptance
- Technical and current infrastructure limitation
- Who pays for it all?
- Fairness

OFTECs proposals for off grid homes are:

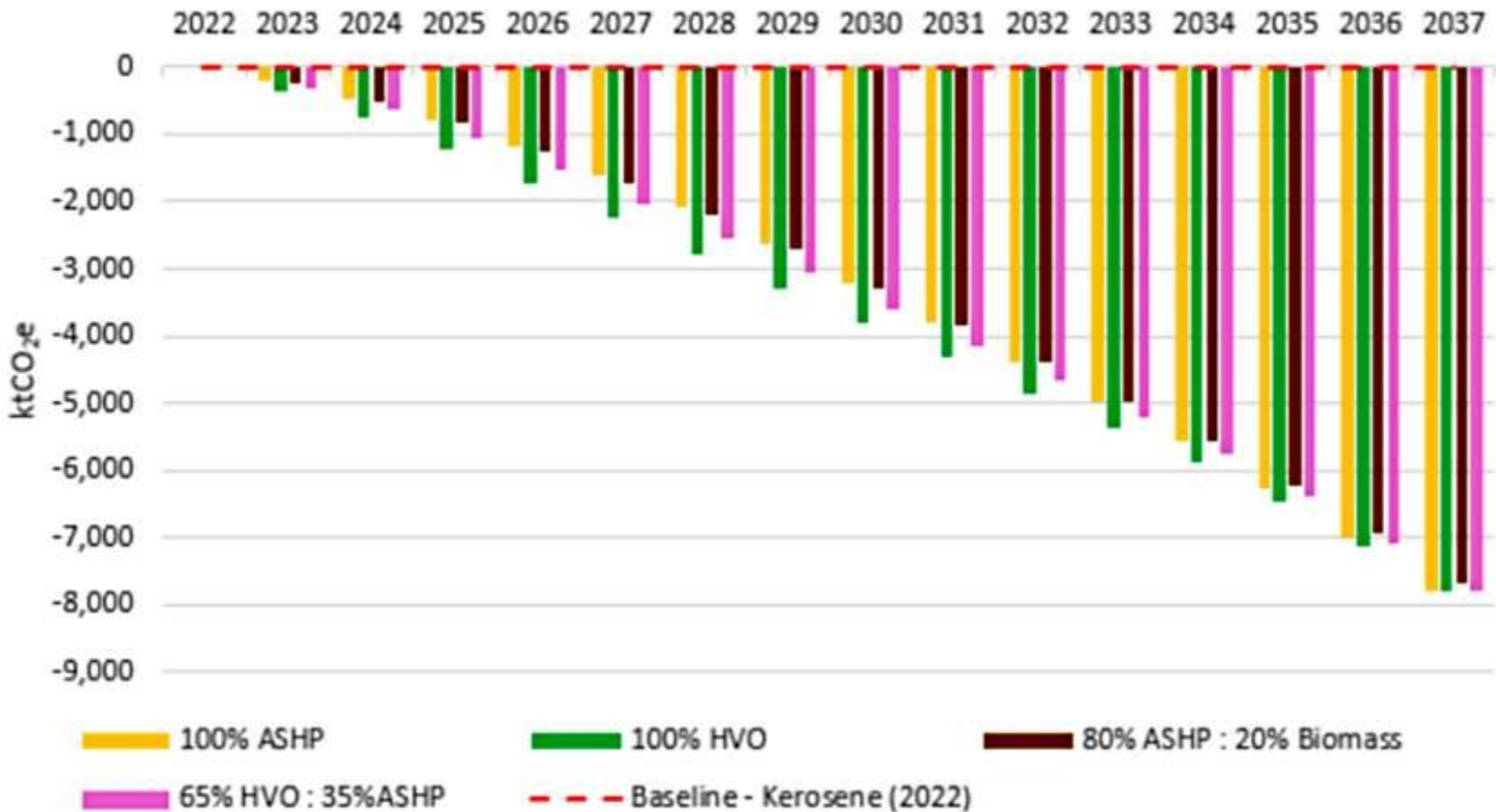
- Stop talking and get on with decarbonisation
- Technology neutral approach and provide choice
- 100% HVO fuel in up to 1 million oil homes
- Mandate from 2022 and replace all oil boilers over 15 years
- Government financial support required to accelerate and mature the market

National heat strategy



OFTECs proposals for off grid

Comparative annual emissions reduction (ktCO₂e)



Agenda



- National heat strategy
- **Climate Change Conference COP26**
- 15 minutes

1st to 12th November 2021, Glasgow, UK

Important for five reasons:

1. Updates on climate matters
2. Science
3. Pledges
4. Finance
5. New global carbon market

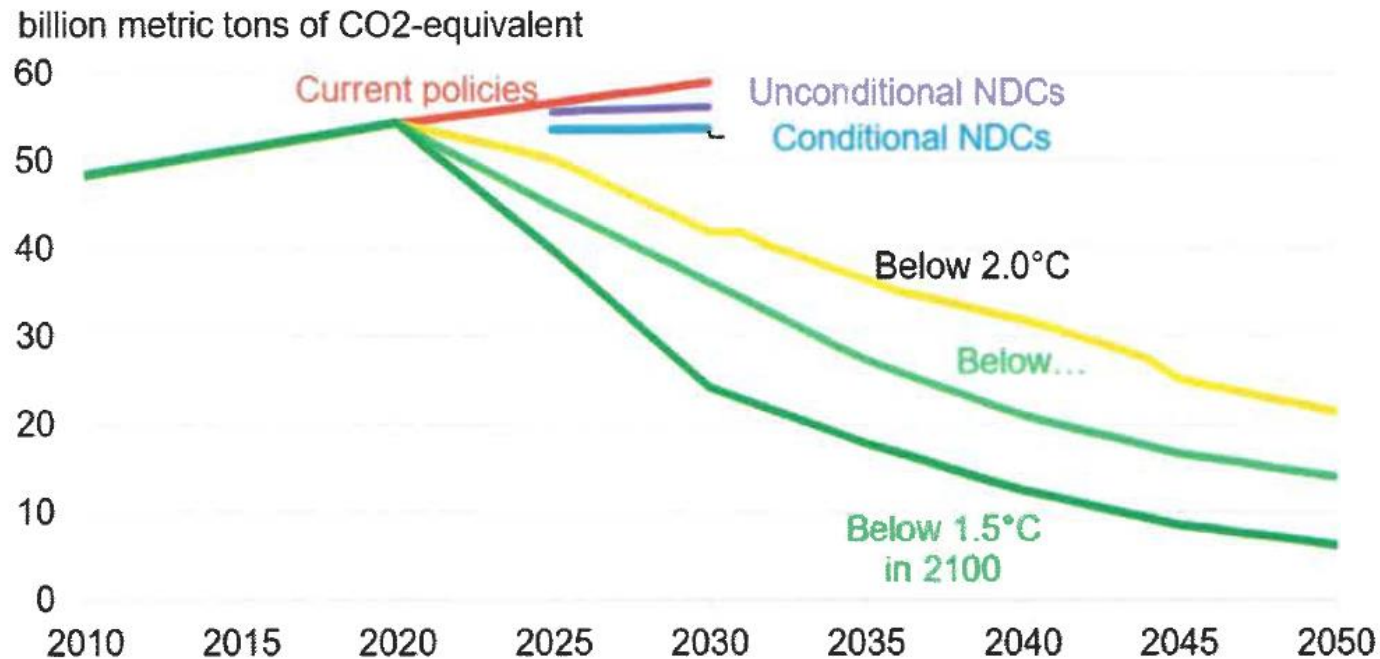
1. Update on climate matters

- Nearly 200 parties invited
- Decision (or indecision) directly impact governments and companies
- Six years since Paris was adopted
- Promotes peer pressure on Governments to be “climate leaders”
- First opportunity to see how effective the Paris structure is
- Parties ambition will top the agenda
- Interest in the U.S.

2. Science

- 2020 note to be the warmest year on record

Global greenhouse-gas emissions under various scenarios



Source: UNEP, *Emissions Gap Report 2020*; BloombergNEF. Note: Includes NDCs submitted by November 2020.

3. Pledges

- Only 46% of parties have submitted NDC measures with 28% signalling intent
- Delivery reduces emissions in 2030 by 2.8% compared to previous pledges
- This represents an emission reduction of 0.5% by 2030 – 25 - 45% is required to limit warming to 2 or 1.5 degrees C.

4. Finance

- This will be a key topic
- How will developed nations raise \$100 billion p.a.?
- How will funds be distributed amongst the poorest and most vulnerable nations?
- Will the U.S. make good on the \$2 billion unpaid pledge from the Obama administration?
- Finance for loss and damage

5. New global carbon market

- Rules for new cooperation mechanisms must be agreed – Two COPs have failed to agree terms and the pressure is on.
- The issues -
 - a) Reductions from a global offset market must be in addition to reductions that would naturally occur
 - b) A share of the proceeds from trading will go to supporting resilience and adaptation in developing countries
 - c) Avoidance of double counting
 - d) Parties cooperating to meet their domestic pledges will get caught up in a) and b) above
 - e) To what extent, if any, Kyoto carbon units are valid.
 - f) Avoidance of re-opening previously agreed matters.

Conclusions



- Heat policy is a very complicated area with direct impacts on climate, politicians, consumers and the economy
- There is no silver bullet to achieve change at the speed necessary to combat global warming, and every fuel/technology option that makes a positive contribution must be supported by governments
- COP26 will showcase the ambition of the world leaders. Will there be real progress made or just a continued abundance of hot air?



Thank you for listening

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