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By email to consultation.lowcarbonproducts@energysecurity.gov.uk

Technical consultation: A policy framework to grow the market for low carbon industrial products

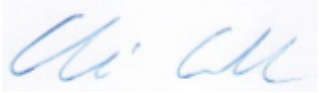
Dear Sir or Madam

Fuels Industry UK represents the seven main oil refining and marketing companies operating in the UK. The Fuels Industry UK member companies – bp, Essar, Esso Petroleum, Phillips 66, Prax Refining, Shell, and Valero – are together responsible for the sourcing and supply of product meeting over 87% of UK inland demand, accounting for over a third of total primary UK energy[1].

The refining and downstream oil sector is vital in supporting UK economic activity. It provides a secure supply of affordable energy for road and rail transport, aviation, and marine applications, as well as for commercial and domestic heating. It also supplies base fluids for use in lubricants, bitumen for use in road surfacing, and graphite for use in electric vehicle batteries and as electrodes in steel and aluminium manufacture.

Our response to the questions posed in the consultation is attached in Appendix A:

Yours sincerely



Chris Gould

[1] Based on the Department of Energy Security and Net Zero Digest of UK Energy Statistics 2024

Appendix A: Fuels Industry UK response

1.1 Please indicate how relevant you think each primary assessment criterion is and explain your reasoning as well as any additional views, including whether there are other criteria not listed that should be included when considering policy options.

Fuels Industry UK's view is that all the primary assessment criterion are relevant at this stage in the development of the policy framework.

The assessment criteria conflates two separate topics (1) embodied carbon accounting methodology and (2) decarbonisation policy. For example, "Criterion 1: incentives decarbonisation" relates mostly to criteria under consideration for decarbonisation policies whilst "Criterion 3: ensures measurement is robust and comprehensive" is predominantly focused on enabling accounting methodologies.

Criterion 1: "promoting decarbonisation action in line with resource efficiency and circularity" introduces unnecessary complication and prescription that could compromise the principle of technology neutrality.

Criterion 3: We do not support the proposed inclusion of environmental impacts as a criteria, this would distract from the primary objective and act as a barrier to establishing clear accounting principles and focused decarbonisation policies.

Criterion 4: Two members consider a mandated approach as key to driving material change. Under a mandated approach, an expectation of uptake is not relevant. Policy design assessment criteria should not be based on aligning with existing policy approaches. Many policies and approaches have proved ineffective in driving change, so assessing policies based on alignment with those approaches risks proliferating earlier failures. One member has a view that there should not be a mandated approach as this will impose significant additional costs on UK projects, harming investment and international competitiveness.

Criterion 5: The introduction of the term "proportionality" risks introducing subjectivity into the assessment. Costs will predominantly be determined by societal goals, for example deploying the solutions needed to meet net zero 2050. Those costs should then be minimised through competitive market forces to maximise value to consumers rather than taxpayers specifically. It is not clear how benefits could be determined in this approach and therefore how the proportionality of costs could be determined.

Effective, robust and comprehensive measurement is vital to ensure that the system meets the first two criterion and provides appropriate confidence in the policy. Costs are also vitally important to allow the UK to remain competitive in a global market where

carbon costs vary substantially between jurisdictions, supporting the UK government's growth agenda.

While important, the criterion of operational readiness may be more challenging for some sectors to meet. For example, for refined products, in addition to the measurement of embedded emissions, there are challenges due to long supply chains and co-mingled storage.

1.2 Which environmental impacts should the government consider at this stage in its policies? Please explain your reasoning.

Fuels Industry UK's view is that Option 1 should be explored in the first instance.

The challenges of introducing any scheme of this type are significant. The implementation of all the requirements will be challenging and will need to be developed in consultation with stakeholders.

By keeping the impacts simple at this point, it allows the systems to be developed and show they meet the relevant assessment criterion.

We recognise that the other impacts are important; however, these can be added later once the systems are in place.

Making the requirements overly complex at this time may lead to delays in implementation and additional burden on companies.

1.3 Considering the objectives of this policy framework, to grow the market for low carbon products, which of the following do you think will be impacted? Please explain your reasoning with reference to specific policies.

Decarbonisation accounting methodologies and decarbonisation policies should apply equally to all market participants. Costs associated with meeting decarbonisation targets are likely to be passed on in full through the value chain to consumers, therefore UK end consumers will also be impacted. The scale of impact will depend on the ultimate policy selection and rate of implementation.

However as with any adjustment to markets, there are likely to be some entities that benefit, and some that lose out. The impact of this will become established over time.

However, it needs to be borne in mind that the UK is already a high-cost environment for companies to operate and international competition for investment is significant. UK companies may not have sufficient incentives to fully consider the emissions when purchasing, focusing on costs in order to attract investment. The UK may already be too expensive to consider may investments and further increasing investment costs through

making construction elements such as steel, concrete and cement more expensive may discourage investment and does not align with encouraging UK growth.

1.4 Are you taking embodied emissions into account when making purchasing decisions?

This is a commercial matter for member companies.

However, it needs to be borne in mind that the UK is already a high-cost environment for companies to operate and international competition for investment is significant. UK companies may not have sufficient incentives to fully consider the emissions when purchasing, focusing on costs in order to attract investment. The UK may already be too expensive to consider may investments and further increasing investment costs through making construction elements such as steel, concrete and cement more expensive may discourage investment and does not align with encouraging UK growth.

There is often a hierarchy of decision making when it comes to projects; typically, technical acceptability, timeliness of delivery, commercial terms (including a wide variety of elements) all need to be met before a discission of “green product standards” is considered.

1.5 If response to Question 1.4 was not ‘Never’ or ‘Don’t know’ and you have accounted for embodied emissions at least sometimes, which of the products or product groups you buy does this apply to?

N/A

1.6 If response to Question 1.4 was not ‘Always’ or ‘Don’t know’ which factors prevent you from taking embodied emissions into account when making purchasing decisions?

N/A

1.7 Do you agree or disagree that you have sufficient access to embodied emissions data to support your decision-making? Please explain your reasoning, including examples of existing sources for this data and additional data which you would find valuable.

Disagree

At present the carbon accounting methodologies currently available are currently not fit for purpose nor do they provide sufficient confidence on embodied emissions to inform robust decision making.

It also needs to be borne in mind that the UK is already a high-cost environment for companies to operate and international competition for investment is significant. UK companies may not have sufficient incentives to fully consider the emissions when purchasing, focusing on costs in order to attract this investment.

1.8 Would you consider paying more for products with a lower embodied carbon content? Please explain your reasoning.

Probably not

However, it needs to be borne in mind that the UK is already a high-cost environment for companies to operate and international competition for investment is significant. UK companies may not have sufficient incentives to fully consider the emissions when purchasing, focusing on costs in order to attract investment. The UK may already be too expensive to consider may investments and further increasing investment costs through making construction elements such as steel, concrete and cement more expensive may discourage investment and does not align with encouraging UK growth.

Lower embodied emissions on any product are unlikely to have an impact on the overall scope 3 or lifestyle emissions due to the size and complexity of supply chains (relative to any individual product carbon intensities) and therefore there may not be a noticeable benefit from an emissions, or public relations, or economic perspective.

After meeting the technical, timeline, commercial requirements for a product, spending more than is required in order to potentially meet further “green claims” may not be possible or attractive for many commercial entities.

1.9 If you answered yes to question 1.8, on average, how much extra would you be willing to spend?

N/A

1.10 How likely are you to increase the proportion of low carbon products in your purchases in the future? Please explain your reasoning including what factors would support the increased proportion of low carbon products you purchase.

Unsure

This is a commercial matter for member companies.

However, it needs to be borne in mind that the UK is already a high-cost environment for companies to operate and international competition for investment is significant. UK companies may not have sufficient incentives to fully consider the emissions when purchasing, focusing on costs in order to attract investment. The UK may already be too expensive to consider may investments and further increasing investment costs through making construction elements such as steel, concrete and cement more expensive may discourage investment and does not align with encouraging UK growth.

1.11 To what extent would a future of increased consumer demand for low carbon products would have the below impacts? Please explain your reasoning.

As with any appropriately functioning market, increased demand is likely to provoke a response which increases supply of those products.

In line with this, we would expect a likely response to all three impacts presented.

1.12 To what extent would improved information on the embodied emissions throughout the value chain help you achieve your decarbonisation goals, and implement any of the below measures and/or technologies? Please explain your reasoning.

Option 4, carbon capture (usage) and storage would be a key enabler for our industry to achieve its decarbonisation goals if refined products are included in the scope of the policy. This enables refiners in the UK to potentially offer a product into the market with lower embedded emissions by using CCUS to reduce their Scope 1 emissions.

However, the use of this option should be carefully considered to avoid potentially penalising refiners who do not have access to government funded pipeline CCUS networks.

One member has a view that it is inevitable that those first in line for access will have some benefits through being able to sell lower carbon products, but that this is justified by the considerable cost, risk and effort going with early deployment. They also have a view that the establishment of lower carbon refined products will create greater demand for those products and therefore help to incentivise CCS investments. The same member suggests that CO_2 emissions reductions achieved from CCS or other

projects can be apportioned in total to an individual project, within a manufacturing boundary (i.e. a form of CO_2 reduction mass balancing). This would enable a greater reduction the be taken credit for on one product, whereas no reduction would be taken credit for on other products, as opposed to a small ~10% reduction on all products. The advantage of this would be the generation of value for the specific lower carbon product, which would incentivise CCS investment, rather than no value being generated through ~10% reduced CI and no inventive to invest.

The most significant challenge for the refined products sector that CCS will only make a small reduction (~10%) in the overall embodied emissions of products, assuming that end use i.e. combustion, is included. This is an issue as there isn't currently and there is unlikely to be, a market for fossil products with a 10% lower carbon intensity.

Finally, the financial implications of government requirements for green procurement discussed later in the consultation need to be considered. For example, the CCUS projects supported by government under the CCUS Business Models may fall under the green procurement requirements, which is likely to increase the project costs involved.

1.13 Do you have existing relationships with lower carbon steel/cement/concrete producers? If so, please provide details.

No

2.1 Do you agree or disagree that producers and buyers of in-scope products are the main intended end users of the EERF? Are there any additional end users that should be considered? Please explain your reasoning.

Yes, Agree

The embodied emissions reporting framework (EERF) is likely to be of interest to those involved in the sale and purchase of in-scope products.

However, any information provided for public consumption needs to be appropriate and in an understandable format. Overly complex information is likely to be misunderstood and could lead to adverse outcomes (for example a lack of acceptance of the scheme)

2.2 What do you consider are the benefits of measuring and reporting embodied emissions?

Uniform, verifiable and consistent accounting of embodied emission would enable product differentiation and the ability to assign value to the embodied carbon of products. Introducing complete, accurate, comparable and verifiable accounting of embodied emissions is the foundation to effective decarbonisation policy implementation. A failure to do this undermines the whole intent of the policy, including the primary acceptance criterion listed in Section 1 of the consultation.

However, the accurate measurement and reporting of embodied emissions is likely to increase supply chain costs; potentially reducing UK competitiveness; any reporting costs should therefore be kept as low as possible.

2.3 Do you believe that there are barriers to measuring and reporting embodied emissions?

Yes

As the consultation indicates, methodologies used to calculate the embodied emissions are complex and may vary from supplier to supplier, making it hard to compare emissions across competitors.

Clear guidance is vital to ensure a harmonised approach for each sector covered by the EERF, allowing effective comparisons and a level playing field for participants.

2.4 If you are a producer or practitioner, do you currently measure embodied emissions? If so, please provide details of the processes, methodologies and standards that you follow, as well as any secondary data that you may use.

Lower carbon fuel suppliers including some UK refiners currently carry out life cycle emissions for their fuels, certified under ISCC and required by the Department for Transport (DfT) Renewable Transport Fuel Obligation (RTFO) [2].

One further possibility is the inclusion of following existing standards, like the ISO, which may need to be updated if required.

[2] https://www.gov.uk/government/collections/renewable-transport-fuels-obligation-rtfo-orders

2.5 If you currently measure embodied emissions, what are the costs of this activity? Please provide context.

As the oil products sector does not currently measure embodied emissions, the costs of this activity are currently minimal to our sector. However, we would expect these costs to increase significantly if the sector is included in the future.

The main cost would be in personnel used in the emission evaluation. It is currently difficult to say what the cost of this would be as it may be spread across a few roles. It is currently around 1-2 full-time equivalents (FTEs) for the RTFO analysis described in our response to Q2.4. If required for all oil refinery products, then this is likely to need 3-4 FTEs spread across a number of roles and disciplines.

There may be additional costs for consultants to set up a methodology and approach or carry out the analysis. One member estimates the cost of this to be around £50-£100k per annum.

2.6 Do you agree or disagree with the government's proposal to initially introduce the EERF on a voluntary basis? Please explain your reasoning.

No firm view

The refined products sector is outside the scope of the scheme at present so we cannot comment in detail.

One member has the view that it makes sense to start it on a voluntary basis, with a view that this will become permanent at a specified point in the future. The advantage of voluntary would be effectively a soft implementation phase, allowing the systems and methods to develop, issues to be resolved and information to come up to scratch before it becomes mandatory.

Other members have a view that a voluntary scheme would very quickly become mandatory, with those not in the scheme being potentially disadvantaged. A voluntary approach would not provide a level playing field to allow effective comparison between competitors. To date voluntary schemes have not been effective in driving material decarbonisation.

2.7 Do you agree or disagree that a potential transition to a mandatory approach to reporting embodied emissions of products in the longer-term could be beneficial? Please explain your reasoning and whether you see any risks or opportunities.

Agree

A voluntary approach would not provide a level playing field to allow effective comparison between competitors. To date voluntary schemes have not been effective in driving material decarbonisation.

However, one member has noted the additional cost burdens associated with the scheme, even if it is introduced on a mandatory basis and is concerned about the adverse impact these have on UK competitiveness noted in our response to Q1.3.

2.8 Should there be a common methodology and standard for EERF guidance and should this represent best practice or minimum requirement? Please explain your reasoning.

There should be a common methodology and standard for EERF guidance.

This should represent a minimum requirement applicable to all participants in order to ensure a level playing field and effective competition.

The minimum requirements can be updated as appropriate and may align with best practice over time as the scheme develops, and the industries covered by the scheme gain experience.

2.9 Do you agree or disagree that the initial EERF guidance should focus on life cycle assessment (LCA) based approaches to reporting? Please explain your reasoning.

No firm view.

Although some data is already gathered for UK ETS reporting, the apportionment of CO2 emissions to products with a complex installation such as a refinery is much more complex, although this data is used for the carbon intensity of products along with other info. As such the framework may focus on LCA approaches, recognising that these need to consider the complexities of the facilities involved.

2.10 Is there anything else that the government should consider regarding maximising use of existing data?

Interaction with the UK ETS and CBAM scheme should be considered as the starting point for any data gathered under this policy. However, we recognise that by necessity these are greatly simplified and may not be aligned with usual approaches for quantifying product carbon intensity.

Additional data should only be sought when fully justified in order to manage the administrative burden on companies.

3.1 Which option for the reporting metric do you think the guidance should recommend? Please explain your reasoning, and details of any alternative options.

Option 4:

The reporting unit should be the most appropriate one for the sector concerned based on sectoral discussions. This may differ from sector to sector.

Potential purchasers should also be involved in the discussion to establish the reporting metrics to ensure the metrics are meaningful.

3.2 Which part of the product's life cycle should the EERF guidance recommend reporting on? Please explain your reasoning.

Option 1:

We agree that a common standard is the best approach to use. This mirrors other systems, for example ISO 9001 for quality management systems.

However, for many products, given the scale involved it is highly unlikely that the producer will know every end use. Therefore, we would suggest that in practice, most suppliers will use A1-A3 as a minimum, unless they can guarantee the end use.

3.3 For steel producers, which of the options for reporting standards should the EERF guidance endorse? Please explain your reasoning.

Fuels Industry UK cannot comment on this question.

3.4 For cement and concrete producers which of the options for reporting standards should the EERF guidance endorse? Please explain your reasoning.

Fuels Industry UK cannot comment on this question.

3.5 Do you think the EPD verification system is sufficiently robust?

We cannot comment on this question in detail as we do not have sufficient experience of the EPD verification system.

However, we fully support independent verification of the data. This provides independent corroboration of the data, giving appropriate assurance and mitigating potential fraud risks.

Independent assurance is used in other schemes, for example the UK RTFO and Sustainable Aviation Fuel (SAF) mandate [3].

3.6 If you believe that there are issues with the EPD verification process, which of the below possible issues apply? Please explain your reasoning.

We cannot comment on this question in detail as we do not have sufficient experience of the EPD verification system.

However independent verification of similar data is successfully used in other sectors including the fuel supply sector, as outlined in our response to Question 3.5

3.7 Do you believe that any of the following possible government interventions could help improve the robustness and quality of the current EPD verification process and capacity in the market? Please explain your reasoning.

Options 1, 2 and 3 would all appear to be useful interventions to support the EPD process.

Option 4 suggests more government intervention than may be necessary and should be avoided if possible.

3.8 Which options should the EERF guidance recommend regarding secondary data? Please explain your reasoning.

Option 1

This option ensures a consistent approach across sectors, ensuring a level playing field and effective competition. It also reduces risks of inaccurate data providing assurance on the accuracy of the scheme.

[3] https://www.gov.uk/government/collections/renewable-transport-fuels-obligation-rtfo-orders#rtfo-guidance

3.9 If you answered Option 1 to Question 3.8, which secondary database do you think reporting should be in accordance with for cement and concrete? Please explain your reasoning.

Fuels Industry UK cannot comment on this question.

3.10 If you answered Option 1 to Question 3.8, which secondary database do you think reporting should be in accordance with for steel? Please explain your reasoning.

Fuels Industry UK cannot comment on this question.

3.11 Separate to the specific rules of product classifications, do you consider that the EERF guidance should specify a particular allocation of co-products method and if so what method? Please explain your reasoning.

Fuels Industry UK does not have a firm view on this question.

However, we would suggest that a "one size fits all" approach may not be suitable for all sectors.

The most appropriate allocation methods may vary from one sector to another. These should be agreed on a case-by-case basis through discussions with specific sectors.

3.12 Do you agree or disagree with the proposal that both net and gross emissions figures from production should be reported in the EERF guidance? Please explain your reasoning.

No, Disagree

There is a potential for double counting carbon emissions with this proposal. The reduction in carbon emissions associated with low carbon fuels such as petrol, diesel or low sulphur gas oil is already captured under the RTFO. This should be avoided if possible.

Similarly, the reporting of two sets of figures under the scheme creates potential for confusion amongst consumers. A single figure should be used as far as possible.

3.13 Do you agree or disagree with this proposal to use gross emissions (which include emissions from non-biogenic waste) when a single emissions figure is required? Please explain your reasoning.

Agree

This approach is consistent with the greenhouse gas protocol and the science-based targets initiative.

3.14 Do you agree or disagree with the proposed guidance recommending reporting the embodied emissions of products in accordance with BS EN 15941? Please explain your reasoning.

Yes, agree

This approach uses an appropriate independent standard and should be encouraged as far as possible.

3.15 Considering the objectives of this section and the proposed emissions reporting guidance, are there any other methodological areas where respondents think there needs to be a consistent or coordinated approach, or other considerations that the government should be aware of?

There should be ongoing reviews of the policy to ensure that it is operating as intended as experience develops.

We would also caution against the inclusion of named standards (such as BS EN 15941) in legislation, as this effectively hands legislative changes into the hands of unelected bodies such as the British Standards Institute (BSI). This includes adding dated versions of the standards in legislation, as the standards will be updated to a new version from time to time as they evolve. Any references to standards should be in guidance rather than legislation.

4.1 Where do you currently get data for product level embodied emissions reporting from?

Fuels Industry UK does not supply steel or concrete.

We do supply lower carbon fuel products; however, the carbon emissions from these are calculated using the RTFO guidance provided by the DfT as mentioned in our response to Q 3.5.

4.2 What limitations, if any, do you or your business currently face when accessing or publishing product level embodied emissions data?

Fuels Industry UK does not supply steel or concrete.

We do supply lower carbon fuel products; however, the carbon emissions from these are calculated using the RTFO guidance provided by the DfT as mentioned in our response to Q 3.5.

4.3 Do you agree or disagree that a UK repository for embodied emissions data could help your business report emissions data? Please explain your reasoning.

No firm view

A common repository would be the best approach, provided that there is a clear explanation of who the data is being supplied to, and for what purpose. As we discuss in our previous responses, the additional cost impacts of additional reporting requirements need to be carefully considered and justified.

This ensures a consistent approach across sectors, ensuring a level playing field and effective competition. It also reduces risks of inaccurate data providing assurance on the accuracy of the scheme.

However, any data for other sectors such as refined products should be consistent across schemes such as the RTFO to prevent market distortions, inaccuracy and confusion.

4.4 Should the UK produce its own life cycle inventory with regularly updated, regionally specific data? Note that this could be built from scratch or upon existing inventories. Please provide details of any potential benefits or concerns, as well as how these may impact the completion of a life cycle analysis.

No firm view

A common repository would be the best approach, provided that there is a clear explanation of who the data is being supplied to, and for what purpose. As we discuss in our previous responses, the additional cost impacts of additional reporting requirements need to be carefully considered and justified.

This ensures a consistent approach across sectors, ensuring a level playing field and effective competition. It also reduces risks of inaccurate data providing assurance on the accuracy of the scheme.

However, any data for other sectors such as refined products should be consistent across schemes such as the RTFO to prevent market distortions, inaccuracy and confusion. The update of data should not impose an undue burden on suppliers.

4.5 Would a product benchmarking tool that interacts with the proposed product level embodied emissions reporting database be helpful in making meaningful product comparisons and informing buying decisions? Please explain your reasoning.

Maybe / Undecided

Fuels Industry UK has no firm view on this at this time.

It would be better to develop the product level embodied emissions reporting database first.

Once it has been established and is well used, then the additional functionality can be developed.

4.6 What tools, such as an EPD generator or a product carbon tool, if any, do you currently use when producing embodied emissions data? Please provide details of the features and benefits.

Fuels Industry UK uses the tools and methodologies identified in the RTFO and SAF mandate guidance for calculating the embedded emissions of lower caron fuel products in the UK.

4.7 What tools, such as an EPD generator or a product carbon tool, if any, should government explore producing to reduce the administrative burden of producing EPDs? Please provide details of the features and benefits.

Fuels Industry UK supports the creation of tools such as the EPD generator or product carbon tool to reduce the administrative burden on suppliers.

These should be compatible with methodologies already used, for example those used in the RTFO or SAF mandate.

5.1 Do you currently use any form of product classifications, whether as a manufacturer, supplier, or buyer? If yes, please specify which one(s)?

Fuels Industry UK is not aware of its members using any form of product classifications at this time.

It could be argued that EPD's are similar to EPC's for houses or similar green ratings for electrical appliances and there is limited evidence that they inform consumer choices. Rather, their development has generally spurred new reporting industries that add minimal to zero value. With the exception of the house EPC, most of this evaluation work is low value, sub-contracted out and not done in the UK. This adds costs to the UK industry where those spends are transferred outside of the UK.

5.2 If you answered no to Question 5.1, are you interested in starting to use product classifications? Please explain your reasoning, and details of any potential benefits, barriers, or challenges (such as financial implications) you foresee.

Unsure

The scope of the policy at this time is mainly focused on steel and concrete. These would be used particularly in construction products for major projects which are executed at the lowest cost possible, recognising the international competition for investment. It would be a decision for member companies on whether they would use a product classification for these.

5.3 Is there anything that the government should consider regarding its intention to use existing, sector-specific product classifications, rather than develop its own (including any single, cross-sector model)?

We understand that there are no classifications currently available for refined products. These should not be developed until there is adequate data available on these refined products.

Members have provided the following additional comments:

- Sector or product specific product standards, not just classifications, are needed. Setting product standards at the product level can activate investment in decarbonisation solutions for particular value-chains. However, one member has a view that standards should not be mandatory as they offer limited value for narrow markets, the requirement should be "demand led" rather than "government pushed"
- Product standards can be targeted and evolve based on level of ambition, technology deployment rates and affordability factors. The government should

consider the following design features for product standards in addition to being sector specific.

- The standards can be gradually tightened to reduce product carbon intensity levels through time. There should be technology neutrality for compliance with product standards.
- There needs to a recognition of overperformance through allowing the transfer of compliance obligations (e.g. credits) between producers within a sector and ensuring the lowest overall decarbonisation costs for the sector
- Implementation should balance a manageable number of value chain participants while maximising emissions coverage
- Minimisation of carbon leakage through the application of standards in consuming regions
- Clear verification. Policy must be based on uniform and verifiable carbon accounting methodologies that are transparent and scientifically grounded

General and consistent guidance on, for example a recommended calculation approach or verification requirements would be beneficial in attempting to harmonise the data as far as possible. It would also ensure that the policy remains credible and useful.

5.4 Which option for the approach to product classifications would be most appropriate as a basis of green procurement policies? Please explain your reasoning.

Option 1: A prescriptive approach

There should only be one approach for each sector developed in consultation with that sector.

This significantly reduces confusion within the sector, ensures a level playing field and fair competition, and prevents unintended consequences such as the use of a more lenient approach in order to make emissions seem better than they actually are.

A prescriptive approach that sets a mandated product standard for the market is the most appropriate way forward. The standard would have to be met to sell into the market, and the carbon intensity of the standard would reduce through time to drive decarbonisation. Single-sector mandated product standards have been effective in other applications e.g. British Columbia LCFS, limit on Sulphur in diesel for road fuels, phase-out of CFCs and HCFCs, IMO 2020 Sulphur specification in marine fuel. Multiple different standards per sector would fragment the market leading to disjointed activation undermining investment confidence and therefore limiting the deployment of

decarbonisation solutions. However, one member has a view that standards should not be mandatory as they offer limited value for narrow markets, the requirement should be "demand led" rather than "government pushed"

5.5 Are there any other steel product classification options that the government has not identified and should consider as potentially suitable, in particular for use in green procurement policies? If so, please provide details.

Fuels Industry UK has no response to this question.

5.6 Do you agree or disagree that the above is an accurate understanding of the key differences between steel product classifications? Please explain your reasoning, and if any other differences should be considered.

Fuels Industry UK has no response to this question.

5.7 Do you agree or disagree that the government should use a steel product classification that uses a scrap sliding scale? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.8 Is there anything else the government should consider regarding the ResponsibleSteel Decarbonisation Progress Levels (DPLs), or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.9 Do you believe that the emissions reporting and verification requirements to use the ResponsibleSteel Decarbonisation Progress Levels (DPLs) are robust and appropriate for use in green procurement policies, or not? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.10 Is there anything else the government should consider regarding the Low Emission Steel Standard (LESS), or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.11 Do you believe that the emissions reporting and verification

requirements to use the Low Emission Steel Standard (LESS) are robust and appropriate for use in green procurement policies, or not? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.12 Is there anything else the government should consider regarding the Global Steel Climate Council's (GSCC) product standard, or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.13 Do you believe that the emissions reporting and verification requirements to use the Global Steel Climate Council's (GSCC) product standard are robust and appropriate for use in green procurement policies, or not? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.14 Is there anything else the government should consider regarding the green steel scale in the Construction Leadership Council's (CLC) Five Client Carbon Commitments (5CCCs), or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.15 Is there anything else the government should consider regarding the U.S. Environmental Protection Agency's (EPA) approach to setting limits for low embodied carbon steel, or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.16 Which of the following steel product classification option(s) is best suited to provide an accurate basis for classifying steel products as low carbon? Please explain your reasoning, especially if you are selecting multiple options or if you have a preference.

Fuels Industry UK has no response to this question.

5.17 Which steel product classification option is best suited to encourage and support improved resource efficiency and a circular economy? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.18 Are there any other considerations that the government should consider regarding the reporting and verification of product level embodied emissions data with respect to the use of steel product classifications? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.19 Are there any other concrete product classification options that the government has not identified and should consider as potentially suitable, in particular for use in green procurement policies? If so, please provide details.

Fuels Industry UK has no response to this question.

5.20 Do you agree or disagree that the above is an accurate understanding of the key differences between concrete product classifications? Please explain your reasoning, and if any other differences should be considered.

Fuels Industry UK has no response to this question.

5.21 Is there anything else the government should consider regarding the Lower Carbon Concrete Group's (LCCG) Market Benchmark, or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.22 Is there anything else the government should consider regarding Arup-UKRI's Universal Classification for embodied carbon of concrete, or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.23 Is there anything else the government should consider regarding the GCCA's Global Ratings adapted for the UK by the MPA, or any points of the description, potential advantages, or disadvantages that you disagree with?

Fuels Industry UK has no response to this question.

5.24 Which of the following concrete product classification option(s) is best suited to provide an accurate basis for classifying concrete products as low carbon? Please explain your reasoning, especially if you are selecting multiple options or if you have a preference.

Fuels Industry UK has no response to this question.

5.25 Which concrete product classification option is best suited to encourage and support improved resource efficiency and a circular economy? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.26 Do you think that a 'combined approach', such as the Universal Classification and Market Benchmark, could be utilised for procurement guidance? If so, how useful do you think it would be in practice? Please explain your reasoning.

Fuels Industry UK has no response to this question.

5.27 Are there any other examples of cement product classifications that the government should consider? If so, please provide details.

Fuels Industry UK has no response to this question.

5.28 Do you agree or disagree with the government's proposed approach to not initially pursue a cement product classification? Please explain your reasoning, including examples of when it could be helpful to use a cement classification in addition to concrete.

Fuels Industry UK has no response to this question.

5.29 In addition to product classifications, are there any policy approaches should government take to support the scale up of supplementary cementitious materials (SCMs)? What changes may be required to ensure that some potentially promising SCMs are not disadvantaged?

Fuels Industry UK has no response to this question.

6.1 If you are a procurer, does your organisation already practice any product level green procurement policies? If so, please provide details.

Fuels Industry UK cannot comment on this question

The decision on whether to practice any green procurement policies is a commercial matter for our individual members. As private commercial entities any potential cost impacts of such decisions would need to be fully justified in order to ensure value for money for shareholders.

6.2 If you are a procurer, do you already require embodied emissions data to be provided by potential suppliers? If so, please provide details.

Fuels Industry UK cannot comment on this question

The decision on whether to require any embodied emissions data is a commercial matter for our individual members. As private commercial entities any potential cost impacts of such decisions would need to be fully justified in order to ensure value for money for shareholders.

6.3 If you are a procurer, do you already use any examples of product classifications in your policies? If so, please provide details.

Fuels Industry UK cannot comment on this question

The decision on whether to use product classifications is a commercial matter for our individual members. As private commercial entities any potential cost impacts of such decisions would need to be fully justified in order to ensure value for money for shareholders.

6.4 Do you agree or disagree with our overview of the barriers and possible limitations of the current green procurement landscape? Please explain your reasoning, including any others that the government should consider.

Disagree

Low-carbon product frameworks should address the entire market, rather than driving procurement through sub-groups. Depending on deployment approach, green procurement could risk becoming a policy distraction, slowing overall progress, or creating separate parallel markets of different carbon intensity goods causing unintended market consequences and distortions.

6.5 Do you agree or disagree with our proposal to develop green procurement guidance for buying low carbon products? Please explain your reasoning, and if you disagree, please provide any suggestions for alternatives.

Yes, Agree

An independent document published by government would be the best approach. This ensures that a consistent approach is undertaken, ensuring a level playing field and allowing fair competition.
However, green procurement properties are going to be minor relative to the key technical properties, timeliness and commercial terms of any procurement process, which may restrict the impact of the guidance once it is developed.

6.6 Do you agree or disagree with the proposal to introduce best practice, voluntary green procurement standards into the Government Buying Standards? Please explain your reasoning, including whether there are any other procurement guidance documents that should be considered.

This is a decision for government to take.

However, the cost implications of this need to be carefully considered, and value for money demonstrated to ensure that it does not unduly burden the UK economy at a time when public finances are under pressure.

Low-carbon product frameworks should address the entire market, rather than driving procurement through sub-groups. Depending on deployment approach, green procurement could risk becoming a policy distraction, slowing overall progress, or creating separate parallel markets of different carbon intensity goods causing unintended market consequences and distortions.

6.7 Would you agree or disagree with the prospect of the best practice guidance being made mandatory for government departments through the Government Buying Standards in future? Please explain your reasoning.

Disagree

This is a decision for government to take.

However, the cost implications of this need to be carefully considered, and value for money demonstrated to ensure that it does not unduly burden the UK economy at a time when public finances are under pressure.

Low-carbon product frameworks should address the entire market, rather than driving procurement through sub-groups. Depending on deployment approach, green procurement could risk becoming a policy distraction, slowing overall progress, or creating separate parallel markets of different carbon intensity goods causing unintended market consequences and distortions.

6.8 Do you agree or disagree with the above proposal to develop stage 1: core guidance as set out above? Please explain your reasoning.

Maybe / Undecided

This seems to be a pragmatic approach to take in the early stages of the policy development. It minimises the burden on industry while allowing suitable reporting and verification systems to develop.

6.9 Do you agree or disagree with the above proposal to develop stage 2: expanded guidance as set out above? Please explain your reasoning.

Maybe / Undecided

While we agree that additional guidance may be useful, we would question the timing of this given the nascent nature of the policy. The timing should be carefully considered to ensure that it does not unduly burden industry or prevent effective development of the policy. We would suggest that it is too early for the publication of additional guidance where it is not fully justified.

6.10 Do you agree or disagree with our proposal to develop stage 3 'high ambition guidance' as described above? Please explain your reasoning.

No, disagree

We would suggest that it is too early for such detailed guidance to be developed given the nascent nature of the industry. The timing should be carefully considered to ensure that it does not unduly burden industry or prevent effective development of the policy

6.11 Do you agree or disagree with the proposed types of evidence outlined, or are there other sources of evidence that should be considered? Please provide details and explain your reasoning.

Yes, agree

This list would appear to capture the key elements known about at this stage.

We have nothing further to add other than we agree with the consultation that regular stakeholder engagement is essential to ensure that the guidance remains fit for purpose and meets the policy objectives.

6.12 What would be the cost implications of procuring low carbon products? Please provide details, including how this might change over time.

Fuels Industry UK cannot provide a detailed answer to this question

Given the nascent nature of the policy, it is simply too early to say with any clarity on what the cost implications will be. We would suggest that there will inevitably be cost implications in some form, and these need to be identified and contained. A failure to do this will impose an undue burden on the UK, which faces significant international competition.

However, at present one view is that if green projects were the most cost effective, then they would (subject to capacity limits) set the price; since the central premise is that green products do not set the price, then the implication is that the cost of components such as steel and concrete will increase.

6.13 Do you agree or disagree with including circular economy principles alongside advice in the GBS on procuring low carbon products? Please explain your reasoning.

Maybe / Undecided

There needs to be clear evidence provided that the circular economy principles will not impose significant financial burden on the UK economy at a time where global competition has never been higher. Once the evidence of this has been provided then a clearer view on whether the circular economy principles can be included can be made.

6.14 Are there other public procurement guidance documents where circular economy principles should be included? Please explain your reasoning.

Fuels Industry UK cannot answer this question.

7.1 Is there anything else that the government should consider in terms of its objectives, audiences, and possible use cases for any future work on product ecolabelling? If so, please provide details.

Fuels Industry UK cannot answer this question

7.2 Do you agree or disagree that either approaches A or B, to (A) utilise existing ecolabels, or (B) develop new forms of ecolabel could be beneficial? Please explain your reasoning and specify if there are any options within these approaches that the government should consider.

Ecolabels will not be a sufficient driver to consumer behaviour to materially impact sector emissions. Policies should focus on long term, durable, reliable policy frameworks that drive material investment in deployment of low-carbon solutions. There is a risk that introduction of ecolabels is a distraction to the overall primary objective.

7.3 Do you believe that the EU's development of Digital Product Passports (DPPs) for steel and cement will create opportunities or challenges for UK businesses and the government's objectives for ecolabelling? Please explain your reasoning and provide details of any specific opportunities or challenges that the government should consider.

Fuels Industry UK cannot answer this question

7.4 Should the government consider any additional information or developments since the previous consultation as the government continues to explore whether there is a role for mandatory product standards (MPS) from the late 2020s?

We are not aware of any additional information or developments since the previous consultation on the role of mandatory product standards.

However, the role of MPS needs to be considered to ensure that they meet the desired policy outcomes.

7.5 Which of the proposed strategic approaches to expansion do you prefer? Please explain your reasoning.

There should be alignment between sectors covered by the CBAM policy, and this policy. There are many common themes, such as measurement, verification and reporting of embedded emissions which means that the data is available. This could potentially include the refined products sector, should that sector be included in a future CBAM scheme. The refined products sector should be included in the CBAM sector as early as possible [4].

7.6 Regardless of overall strategic approach, please note any specific sectors you think should be a priority in any future expansion of low carbon product market policies. Please explain your reasoning.

There should be alignment between sectors covered by the CBAM policy, and this policy. There are many common themes, such as measurement, verification and reporting of embedded emissions which means that the data is available. This could potentially include the refined products sector, should that sector be included in a future CBAM scheme.

7.7 Should the government explore any of the long-term policies suggested in this section? Please explain your reasoning.

We do not have a firm view on this question.

However, the question of UK competitiveness needs to be addressed in these discussions including the role of MPS. The UK is already an expensive place to invest relative to other jurisdictions and significant additional cost burdens will do little if anything to improve this situation. A failure to address the wider competitiveness issue will lead to a reduction in UK investment in the long term.

[4] https://www.fuelsindustryuk.org/media/1qmjv32z/commission-on-carbon-competitiveness-call-for-evidence-march-2025.pdf