

A policy-promise lock-in of UK biofuels policy



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Outline

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2. Empirical Findings
3. Temporal Dilemma
4. Conclusions: Policy-Promise Lock-In

Introduction

- In the UK Biofuels Policy, the UK Government adopted a future narrative (i.e. set of expectations) similar to the one shared by the biofuels industry
→ this can be explained by a policy-promise lock-in
- Documentary Analysis: Official Correspondences (on websites) between UK Government and
 - Environment, Food and Rural Affairs Committee (EFRAC)
 - Environmental Audit Committee (EAC)
- Comparative Study: UK Government *versus* other UK PAs
Focus on:
 - expectations and visions on biofuels technologies
 - weight given to technology stakeholders (e.g. the industry)

Introduction: Brief Historical Account

- 2003: European Directive on Biofuels
→ the UK GOV forced to develop a UK biofuels policy
- 2005: Announcement of the Renewable Transport Fuel Obligation
→ UK biofuels industry starts investing
- 2006: International Controversy on sustainability of biofuels
→ UK GOV contested for its biofuels policy

1st Gen Biofuels:

- currently used
- but, problematic



2nd Gen Biofuels:

- expected to be less problematic
- but, still in labs



Empirical Findings: Biofuels Controversy 2006 -2008

- 2006: Environment, Food and Rural Affairs Committee (EFRAC):
Redirecting Support to 2nd Gen Biofuels
- 2008: Environmental Audit Committee (EAC):
Moratorium on Support to 1st Gen Biofuels
- UK Government : Continued Support to 1st Gen Biofuels
 - 2nd Gen Biofuels will overcome problems of 1st Gen Biofuels
 - Sustainability Standards will soon be enforced and effective
 - Preserving market of 1st Gen Biofuels is requirement to realise the former two expectations

Empirical findings: 2008 EAC vs UK GOV

Government's response to the EAC's report:
"Are biofuels sustainable?" of 2008

"...the Government does not believe it is feasible to wait for technological improvements before utilising biofuels. It is through stimulating a market for biofuels that we will encourage investment and the development of advanced technology"

[EAC, 2008-05-02. Are Biofuels Sustainable? The Government Response - 4th Report Session 2007-2008 -Government Response to Report 1st Report Session 2007-2008 - Environmental Audit Committee – PAG. 11]

- Expectations to legitimise 1st Gen Biofuels
 - similar to those shared by biofuels technology stakeholders

Empirical findings: 2008 EAC vs UK GOV

Industry Example: response from **British Petroleum (BP)**

EAC's call for evidence: Is there enough support for the development of biofuels technology?

“...In order for biofuels to deliver a material contribution in terms of tackling road transport GHG emissions and indeed to play a significant role in contributing to energy security [...] and rural development, the longer term goal must be towards a [biofuels] target of around 30% in the 2030 timeframe [...]

This will require the development of advanced biofuel technologies, and a move away from the current technologies. [...] In particular BP sees the need for transitional regulatory support for biofuels [...] to stimulate the development and deployment of such advanced biofuel technologies...”

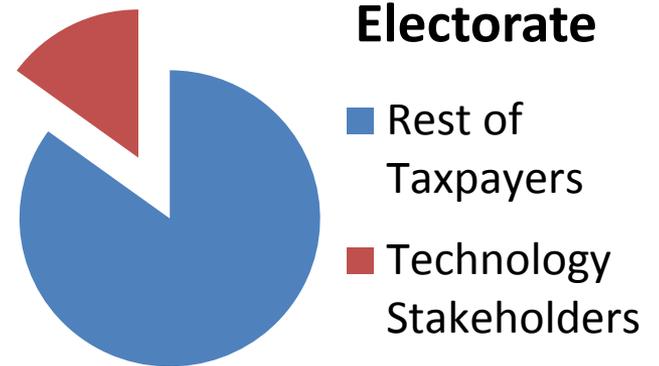
[Evidence 195 - EAC, 2008-01-21. Are biofuels sustainable? - volume II - 1st Report Session 2007-2008 - Environmental Audit Committee]

Empirical findings: Analysis

- Within these official documents, the UK GOV implicitly identified itself and was identified by the other public authorities as a sort of:

- Selector of Expectations
on behalf of all Taxpayers

- Endorsement of Expectations
translating into
Promises of Support
addressed to specific Technology Stakeholders



Empirical findings: 2003 EFRAC vs UK GOV

Government's Response to EFRAC's report :
"Biofuels" of 2003

"...It is not the Government's intention to establish industries based on excessive Government subsidy not justified by clear and well-established evidence of environmental, social and economic benefits. Where fuels fulfil the criteria set, the Government is determined to achieve the best outcome for both the tax-payer and the economy as a whole. Support will therefore be given where it is both cost-effective and affordable."

[EFRAC, 2004-01-27. Government Response to the Biofuels Report - Third Special Report - 17th Report of Session 2002–03 - Environment, Food and Rural Affairs Committee.

House of Commons – PAG. 6]

Empirical findings: 2008 EAC vs UK GOV

Government's response to the EAC's report :

"Are biofuels sustainable?" of 2008

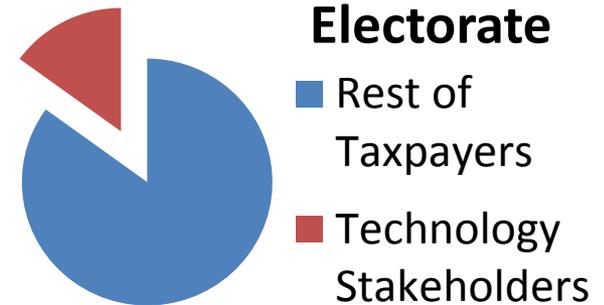
"...A moratorium on policies such as the RTFO would mean missing an opportunity to make carbon savings that we believe biofuels can deliver now. It would also mean renegeing on earlier commitments. Investment decisions by biofuel producers and fuel suppliers have been made on the back of those commitments..."

[EAC, 2008-05-02. Are Biofuels Sustainable? The Government Response - 4th Report Session 2007-2008 -Government Response to Report 1st Report Session 2007-2008 – Environmental Audit Committee – PAG. 7-8]

Empirical findings: Analysis

- when it promised support, the UK GOV developed a Double Responsibility and Double Reputation as:

- Selector of Expectations → All Taxpayers
- Stakeholder → Technology Stakeholders



- when new expectations discredited previous policies, the UK GOV faced: reputational conflict + temporal dilemma
- Rationale: maintaining previous promises of support
 - = maintaining trust of technology stakeholders
 - = maintaining credibility in technology policy
 - = maintaining technology policy effective

Conclusion: Government's Temporal Dilemma

new expectations discrediting previous policies		Government's Double Responsibility	
		Government as Selector	Government as Stakeholder
courses of action	accepting changes?	maintain reputation vis-à-vis taxpayers	risk to lose credibility vis-à-vis technology stakeholders ↓ technology policy ineffective
	delaying or denying changes?	risk to lose legitimacy vis-à-vis taxpayers ↓ electoral implications	maintain reputation vis-à-vis technology stakeholders

Conclusion: Policy-Promise Lock-In

- when a GOV faces the reputational conflict and temporal dilemma caused by new expectations discrediting previous policies
- a GOV can be said to be affected by, what I call, a:
 “Policy-Promise Lock-in”:
if it believes or wants its audience to believe that maintaining previous policy promises is a requirement in order to maintain the trust of technology stakeholders, to preserve credibility in the sector, and thus to maintain technology policy effective.
- Locked into its previous promises, a GOV can choose to delay or denying policy-changes
- to conclude, thinking of the GOV as managing a reputation toward all taxpayers and a reputation toward the industry helps understanding its strategic selection and use of expectations, at least when writing official documents

Thank you

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Biofuels Clearances:

I constructed the table below using data taken from the Hydrocarbon Oils Bulletin of August 2009 provided by HM Revenues & Customs. Biodiesel supply has dominated bioethanol supply both because biodiesel was granted a fuels discount since July 2002, while bioethanol only from January 2005 and because in general biodiesel supply can be more easily integrated into existing infrastructure (RFA, 2010-01-04; p.16). The table below shows biofuels clearances since they began in 2002.

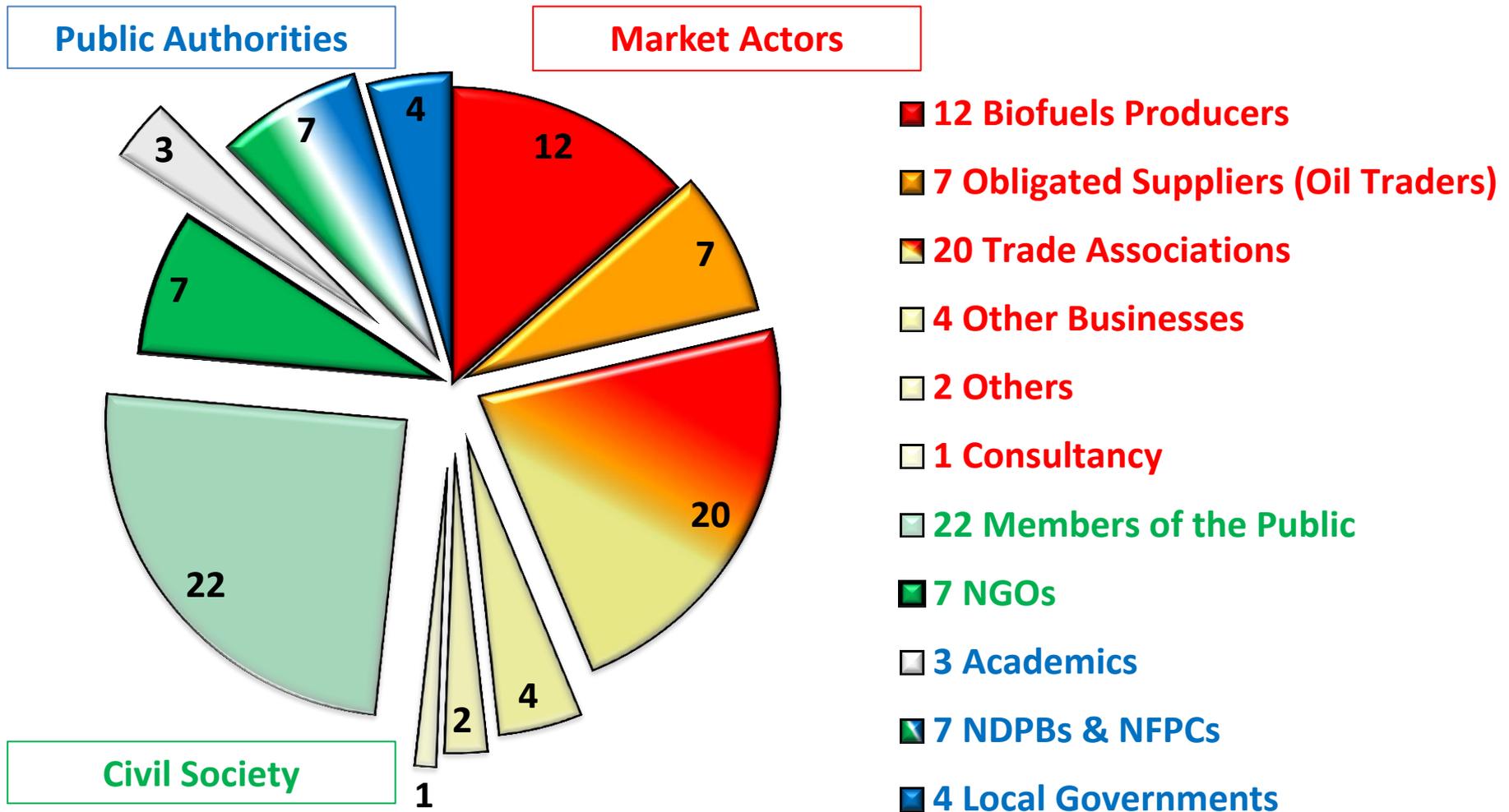
	Petrol			Diesel			Total
Unit: million litres	Bioethanol	Total Petrol	Bioethanol as % Petrol Share	Biodiesel and Bioblended (i)	Total Diesel	Biodiesel as % Diesel Share	Biofuels as % Total Petrol and Diesel (ii)
Financial Year							
1999/00	0	28,640	0.00%	0	18,295	0.00%	0.00%
2000/01	0	27,532	0.00%	0	18,493	0.00%	0.00%
2001/02	0	28,229	0.00%	0	19,113	0.00%	0.00%
2002/03	0	27,837	0.00%	5	20,102	0.02%	0.01%
2003/04	0	27,407	0.00%	22	21,230	0.10%	0.04%
2004/05	14	26,555	0.05%	21	22,395	0.10%	0.07%
2005/06	90	25,541	0.35%	49	23,499	0.21%	0.28%
2006/07	107	24,530	0.44%	220	24,545	0.90%	0.67%
2007/08	170	23,897	0.71%	365	25,844	1.41%	1.08%
2008/09	208	22,312	0.93%	1,026	25,335	4.05%	2.59%
notes:	(i):	Data shows only that proportion of the fuel liable at the biodiesel duty rate					
	(ii):	Not including Road Fuel Gases (Natural Gas/LPG)					
Source: HM Revenue & Customs – Hydrocarbon Oils Bulletin – August 2009							

Second Part of the Project: the analysis of a consultation

- **Consultation on the Renewable Transport Fuels Obligation (RTFO) (Amendment), Order 2009**

- Launched the 15th October, 2008 – Closed the 17th December, 2008

- 89 responses received (67 from organisations)



Second Part of the Project: the analysis of a consultation

- *what is this DfT consultation?*
 - ***opinion survey***: sampling techniques:
heterogeneity/diversity, expert, self selecting samplings
- *what was the goal of this DfT consultation?*
 - ***to collect views, not to represent stakeholders***
- *in other words, this DfT consultation is a:*
 - snapshot of opinions
 - from self-selected participants
 - in a specific time and space

→ It identifies:

 - the range of opinions of the actors who chose to directly interact with the UK Government in biofuels policymaking

Second Part of the Project: the analysis of a consultation

- *Spatial Approach: analysis of*
 - *statements of expectations*
 - *additional information on actors*
- *Consultation: only self-selected interested parties*



Investigation of the official vision chosen by the UK Government
→ (approximate) answers to questions as:

- *Who were the actors behind it?*
- *Which were the interests enclosed into it?*
- *Which visions have been marginalised?*

Ultimately, this approach should help investigating :

- *How competing statements of expectations and stakeholders' interests combined to form the official vision of the UK Government*