

TITLE: HYDROTREATED VEGETABLE OIL OPTIONS

Committee: Operation Services Committee

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Report No: Y83

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1.0 ISSUE

- 1.1. To provide members with costed options, short and long term for the introduction of the use of Hydrotreated Vegetable Oil in the RCV waste fleet

2.0 RECOMMENDATION(S)

- 2.1. To note the report.

3.0 BACKGROUND/OPTIONS

- 3.1. At the September Operational Services Committee members were provided a report advising that due to the differential cost between diesel and HVO it was not financially beneficial to move to HVO for the RCV waste fleet.
- 3.2. Despite favourable cost per litre for diesel over the first 6 months of this financial year, the savings made and predicted for the remainder of the year have been accounted for to cover an overspend in other areas of the service, therefore not available for a trial of HVO in one of the RCV's
- 3.3. A procurement exercise has been undertaken to seek a source of HVO at the best market price. This has provided a figure £1.71 per litre, 43p per litre above diesel (as of 25.10.23). This price will fluctuate depending on the price of fuel when purchased.
- 3.4. To run 1 RCV on HVO will cost £449 per month more than running on diesel. Our current provider for diesel has an HVO tank at Waterbeach which has sufficient capacity to allow one of our fleet to fuel with HVO on site.
- 3.5. ECSS do not have sufficient budget to cover any additional cost for fuel in this financial year. As a short-term option, funding has been requested and agreed to be allocated to the trial from the council's environment fund to run 1 of the new RCV expected October/ November on HVO. This will reduce carbon emissions by at least 90% for that vehicle. The additional cost to the end of March 2024 would be approximately £2245.

- 3.6. It is anticipated that with the arrival of the ten new RCV's there will be reduced demand on the fleet maintenance budget. The introduction of in cab technology (Bartec and DE Connect) enables efficiencies of rounds and better monitoring of driver behaviour, reducing fuel usage and demand on the fuel budget.
- 3.7. To maintain the reduction in carbon emissions the trial will continue and HVO purchased when possible within the budget allocated for 24/25. If the cost of HVO is favourable the use will be extended to additional vehicles.
- 3.8. The current tank provider has indicated that if commitment could be given to additional vehicles using HVO, the provider will be able to convert an additional diesel tank to HVO. We will explore funding/subsidy opportunities for the use of HVO with Cambridgeshire and Peterborough Combined Authority, who have made a commitment to support Cambridgeshire Authorities to move to HVO.

4.0 ARGUMENTS/CONCLUSION(S)

- 4.1. The council recognise the need to act fast to reduce our net emissions, of the Council's fleet vehicles, the waste collection vehicles used 270,000 litres of diesel in 2020/21 and emitted 860 tCO₂e (when well to tank is factored in), and therefore responsible for over two-thirds of the council's entire emissions.
- 4.2. The Council remains committed to reducing its net emissions as quickly as possible, however the rising cost of HVO does not make this a financially viable option within the present budget. Despite favourable cost per litre for diesel over the first 6 months of this financial year, the savings made and predicted for the remainder of the year are being used to offset overspend in other areas of the service.
- 4.3. To move the whole waste collection fleet, 16 RCV to run off HVO for the remainder of this financial year would require an estimated increase of £7185 per month costing an additional £35,925.
- 4.4. This clearly demonstrates that there is an additional financial cost to the council to reach its goal of net zero by 2030.
- 4.5. The cost of trialling one of the new RCV's due in November for the last 5 months of this financial year will cost an additional £2245 (if HVO prices remain at £1.71 per litre) and result in 15tCO₂e savings. This will demonstrate the Council's commitment to moving to a cleaner fuel, at the same time keeping additional cost to a minimum during this financial year.
- 4.6. The trial will enable us to see what if any impact the use of HVO has on fuel economy and maintenance of the vehicle it is used in.
- 4.7. If members were to support the move for all 16 RCV'S onto HVO in 24/25 at this time there would be an additional cost of £86,221 (if cost per litre remained at £1.71). ECSS would continue to work with our neighbouring authorities to procure the most favourable options available to drive the price per litre as low as possible. This cost would need to be covered by an uplift in the management fee.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. The table below provides cost for 1 and 16 RCV's looking at the additional budget required for both covering for 23/24 from November and for the next financial year 24/25. Cost to cover the HVO trial for one vehicle will be covered by funding provided from the Environment Plan Budget. If the cost of diesel in 24/25 stabilises and HVO is affordable ECSS will continue with the trial and when possible increase the number of RCV's within the trial.

Number RCV's	Additional cost for HVO (approx.) per month	Additional cost (approx.) to end of March 2024	Additional cost (approx.) 24/25
1	£449	£2245	£5388
16	£7185	£35925	£86,221

5.2. Should the Council wish to pursue the use of HVO beyond the current arrangements agreed at Committee in March 2023, the long term financial cost will have to be considered as part of the budget setting process relating to the Management Fee paid to ECSS in 24/25.

5.3. Equality Impact Assessment (EIA) not required.

5.4. Carbon Impact Assessment (CIA) not required already provided for report presented to Operations Committee 27th March 2023.

6.0 APPENDICES

None