



# NICHOLL OILS

## RED DIESEL USE ENTITLEMENT IS CHANGING – 1<sup>ST</sup> APRIL 2022

- **What's changing?**

As of the 1<sup>st</sup> of April 2022, many businesses that currently use rebated (red) diesel and biofuels will no longer be permitted to do so. This means red diesel users may need to switch to white diesel or biofuels, which carry the full rate of duty.

- **What is red diesel?**

Otherwise known as gas oil or tractor diesel, red diesel is intended to be used in non-road mobile machinery and is taxed at a lower rate to road diesel. There are very strict restrictions on when red diesel can be used, and these limits will increase significantly as of the 1<sup>st</sup> April 2022 and unfortunately most businesses will be impacted.

- **Why are the rules changing?**

The rules are changing as the upcoming duty changes are part of the government's aim to bring the UK's greenhouse gas emissions to net zero by 2050. This target is now set in law. The changes are also intended to support another of the government's objectives to cut air pollution in order to save lives.

*FACT: Red diesel makes up around 15% of all diesel use in the UK and is responsible for producing 14 million tonnes of CO<sup>2</sup> a year.*

Reducing the entitlement to use red diesel is a way to incentivise businesses to scale down their diesel usage altogether.

If your business has its own net zero targets, we can help you reach them. Nicholl Oils can help you create a strategy to reduce your carbon footprint, achieve carbon compliance, reduce your energy use, source renewable energy and offset remaining carbon emissions.

- **How will the red diesel changes affect businesses?**

If your business is losing its entitlement, you will face significant cost increases. White diesel duty currently attracts a fuel duty rate of 57.95 pence per litre which is 46.81 pence per litre higher than the duty rate of red diesel. You should take steps now to mitigate the impacts of the duty increases.

It's important that you make arrangements to wind down your use of red diesel before April 2022. From then, it becomes illegal to put rebated fuel into your vehicles, vessels, machines or appliances that are not allowed to use it again, our team at Nicholl Oils can help you with your fuel needs going forward.

Getting ready for the changes takes time. We are encouraging our customers to speak to us now so we can help you prepare your equipment for the switch and find ways to reduce the impact of additional costs.

### **Which businesses do the changes affect?**

Every business in every sector should look into how their operations will be impacted because the new rules are wide reaching.

The rebated fuels affected by the changes include:

- Red diesel
- Marked Hydrotreated vegetable oil (HVO)
- Biodiesel and bio blend

Some businesses will be able to continue using rebated fuel, but for very specific purposes. These businesses include those in:

- Commercial boating, including fishing and inland water freight industries and passenger ferries
- Non-commercial power generation, such as hospitals and off-the-grid households
- Agriculture, forestry, horticulture and fish farming
- Rail transport
- Non-commercial heating, such as places of worship and town halls
- Travelling funfairs and circuses
- Amateur sports clubs, including golf courses

If your business falls within one of these categories, you should visit the government website to make sure you're familiar with the specific requirements for using rebated fuel.

- **Preparing for the change**

By 1<sup>st</sup> April 2022, you must not have rebated fuel in your vehicles and machinery if they're not allowed to use it. That's why it's important that you create a plan to run down this fuel to avoid having to sell or dispose of it, which might not be cost-effective for your business.

We're here to help prepare your business for the new duty rules. Whether you want to manage the impact of price increases, adapt your storage or explore solutions for a more sustainable future – our experts can help.

Solutions to help you switch in the most efficient way

- **Consider your transition**

The demand for organisations to become carbon neutral is increasing, and these new changes will put more pressure on businesses to change the way they operate to reach net zero.

Our Commercial Sales team and your local Nicholl Sales Representative can help you navigate your way through these changes. Through choosing the right lubricants for your vehicles and ensure proper fleet care, you can improve your fuel efficiency when the changes come into force.

When you switch fuels, it would be the ideal time to consider lower-carbon alternatives, such as our new Clean Air HVO Renewable Diesel.

Although subject to the duty changes, alternative fuels can deliver the efficiency benefits of improved performance, better cold weather properties and low sulphur combustion.

We're here to support you and your business, through the red diesel duty changes and look forward to creating a sustainable future ahead. Get in touch with our Commercial Sales team or your local Nicholl Oils Representative to find out more.

## **HOW TO GET IN CONTACT WITH US**

Telephone: 08000 22 44 22 (Option 2)

Email: [commercialsales@nicholloils.com](mailto:commercialsales@nicholloils.com)

Email: [info@nicholloils.com](mailto:info@nicholloils.com)

Sales Representatives:

Rod Hawkins – 07760 616329

Trevor McCaw – 07766 692763

Eamon Toner – 07771 92856

