
STATUTORY INSTRUMENTS

2007 No. 314

EXCISE

**The Fuel-testing Pilot Projects
(Biomix Project) Regulations 2007**

<i>Made</i>	- - - -	<i>7th February 2007</i>
<i>Laid before Parliament</i>		<i>8th February 2007</i>
<i>Coming into force</i>	- -	<i>1st March 2007</i>

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by section 20AB(1) to (3), (5)(a) and (12) of the Hydrocarbon Oil Duties Act 1979(1):

Citation and commencement

1. These Regulations may be cited as the Fuel-testing Pilot Projects (Biomix Project) Regulations 2007 and come into force on 1st March 2007.

Interpretation

2. In these Regulations—

“the Act” means the Hydrocarbon Oil Duties Act 1979;

“biomix” means a mixture that is produced by mixing—

- (a) biodiesel with sulphur-free diesel, or
- (b) biodiesel with ultra low sulphur diesel;

“the project” means the project described in the Schedule.

Experimental fuel

3. Biomix is an experimental fuel.

(1) 1979 c.5; section 20AB was inserted by section 3 of the Finance Act 2001 (c.9). Section 27(3) applies the definition of “the Commissioners” in section 1(1) of the Customs and Excise Management 1979 (c.2), namely “the Commissioners” means “the Commissioners for Her Majesty’s Revenue and Customs”. The definition in section 1(1) was amended by the Commissioners for Revenue and Customs Act 2005 (c.11), Schedule 4, paragraph 22(b).

Experimental period

4. The experimental period for biomix is 1st March 2007 to 31st August 2008.

Relief

5.—(1) On biomix used or to be used for the purposes of the project there shall be allowed relief from excise duty in the form specified in paragraph (2) or, as the case may be, paragraph (3) (subject to any conditions imposed and directions given by the Commissioners).

(2) Where biomix consists of a mixture of biodiesel and sulphur-free diesel, relief shall be in the form of a rebate of excise duty less the amount per litre for the time being specified in section 11(1)(b)(2) of the Act (rebate for gas oil which is not ultra low sulphur diesel).

(3) Where biomix consists of a mixture of biodiesel and ultra low sulphur diesel, relief shall be in the form of a rebate of excise duty less the amount per litre for the time being specified in section 11(1)(ba)(3) of the Act (rebate for ultra low sulphur diesel oil).

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Two of the Commissioners for Her Majesty's
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7th February 2007

(2) Section 11(1)(b) was amended by the Finance Act 1986 (c.41), section 2(2) and the Finance Act 1997 (c.16), section 7(5)(a). The current amount was inserted by the Finance Act 2006 (c.25), section 7(6)(b).

(3) Section 11(1)(ba) was inserted by section 7(5)(b) of the Finance Act 1997 (c.16). The current amount was inserted by the Finance Act 2006 (c.25), section 7(6)(c).

SCHEDULE

Regulation 2

The project to which these Regulations apply is that approved by the Commissioners for Her Majesty's Revenue and Customs on 8th February 2007. The project seeks to establish the extent to which biodiesel in differing proportions can be used as a substitute for corresponding proportions of ultra low sulphur diesel or sulphur-free diesel when used as fuel in sectors that currently use large amounts of rebated gas oil. Mixtures of biodiesel and ultra low sulphur diesel or biodiesel and sulphur-free diesel used in the project will benefit from a rebate of excise duty equivalent to reducing the effective rate of duty to that for rebated gas oil. The duty relief conferred by these Regulations will enable participating companies to carry out extensive tests to provide an indication of the potential environmental impacts and benefits of these mixtures in particular sorts of engines that normally would operate using only gas oil; to provide information on the issues and problems that arise from this use; and to provide information on the relative benefits of using such mixtures.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 1st March 2007, are made under the powers conferred on the Commissioners for Her Majesty's Revenue and Customs by section 20AB of the Hydrocarbon Oil Duties Act 1979. Section 20AB provides that the Commissioners may make regulations allowing relief from excise duty on experimental fuel within fuel testing projects approved by them. These projects must be connected with the technological development of more environmentally friendly fuels. Section 20AB provides that the Commissioners may impose conditions and give directions in connection with such relief, which they are doing separately.

Regulation 3 describes the fuel (biomix) that will be subject to the relief and regulation 4 sets out the period for which the relief will apply. Regulation 5 describes the form of the duty relief. The Schedule contains details of the project.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.