

# The relationship between Biofuels and consumer fuel prices - A Greenergy perspective



This Perspective responds to suggestions that increased usage of biofuel in the world could lead to higher fuel prices for consumers. It sets out Greenergy's views that increased production and consumption of biofuels is in fact leading to lower worldwide petrol and diesel prices by taking the pressure off oil refinery capacity utilisation.

## Summary

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Greenergy is a significant producer and supplier of petroleum and biofuels into the UK transport fuels market, supplying over 15% of the UK's overall petrol and diesel market and approximately one third of the biofuels market. Greenergy has extensive worldwide sourcing experience, with manufacturing operations in the UK and a blending facility in Rotterdam from which we supply customers across Europe. Greenergy is also a supplier of high percentage biofuel blends the fastest growth area within the biofuels market, in particular B50 for commercial usage and E95 for buses.

In this Perspective, Greenergy reviews the world fuel market and explains how increased production and consumption of biofuels impacts on diesel demand and price worldwide.

Demand for fuel has increased worldwide over the last 12 months, but there has been no increase in oil refinery capacity. Biodiesel production offers a solution to meet this increased demand without putting further pressure on refining resources. The diesel market is continually affected by the utilisation of refining capacity, so as demand has increased, refining capacity has reached breaking point, which has driven up diesel prices.

Biodiesel does not create a greater demand for diesel, so it must lead to lower use of refinery capacity and therefore lower overall diesel prices - not higher as is sometimes presumed. Petroleum prices are currently much lower than they would be without the existence of biofuels.