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Mr. Geoff Riley
Oils Policy
HM Revenue & Customs
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Tel. 01622 858325

24th February 2006

Re: Your letter of 16th February

Dear Mr Riley,

Thank you for your letter of 16th February 2006. I am extremely happy that we have managed to find a way forward on the taxation issue as you described, allowing the 20p/l duty reduction on the vegetable oil we set-aside as road fuel based on regular testing by an independent, expert testing organisation to the E-DIN 51 605 quality standard and to the requirements of the fiscal definition of Biodiesel.

As you correctly point out in your letter, we have already submitted the vegetable oil we supply as road fuel for testing to the DIN standard for quality assurance purposes, as we believe that is the only way we will encourage drivers to adopt this fuel in preference to fossil-fuels and palm-oil based fuels from cleared rain-forest areas, and thus help reduce global climate change.

For that reason, we will continue to have samples of our fuel tested, or require our suppliers to do so, whenever we believe significant changes in quality might be introduced. Factors causing this in SVO might include changes in the extraction process and the quality and age of the oilseed, as well as our assessment of our suppliers' own quality-control procedures. For reclaimed WVO, factors might include changes in provenance and changes in the purification process, and we expect the testing requirement for WVO to be significantly higher than for SVO.

We will keep all testing certificates with our biodiesel record and make them available to you for your inspection on request.

Please confirm that this will be sufficient.

Yours sincerely,
Dominic Goodwin