



Trade Remedies
Authority

**UK Industry – Verification Report
Cases TD0004 and TS0005: Biodiesel originating in the
United States of America and consigned from Canada**

Date:	14 September 2021
Company verified:	Greenergy Fuels Limited
Verification meeting dates:	7 th – 11 th May 2021

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SECTION A: Background

A1. Background

On 12 August 2020, the TRA initiated a transition review of measures in relation to biodiesel originating in the United States of America and consigned from Canada ('goods subject to review').

The TRA is carrying out a transition review of each trade remedy measure active under the European Union (EU) system that the UK transitioned following the exit from the EU.

The UK's trade remedies function – TRID and the TRA

Please note that until 1 June 2021, the UK's trade remedies investigations functions were carried out under the name of the Trade Remedies Investigation Directorate (TRID) of the UK's Department for International Trade. On 1 June 2021, TRID was formally and legally established as the Trade Remedies Authority (TRA), an independent arm's-length body of the Department for International Trade. For clarity, within this document, we will use the name Trade Remedies Authority (TRA) to cover all our activities associated with this transition review, both before and after our establishment as the TRA.

More information about the case can be found on the public files for these investigations:

[Case TD0004 Public File](#)

[Case TS0005 Public File](#)

The Period of Investigation (POI) lasted from 1 July 2019 to 30 Jun 2020.

Greenery Fuels Ltd (Greenery), a domestic producer of the like goods, was sent out a questionnaire by the TRA. They responded with a completed domestic producer questionnaire ("questionnaire"). The TRA has sought to verify the data submitted.

The Covid-19 pandemic affected the TRA's ability to conduct site visits and verify the data in person. All verification activity with Greenery took place remotely, via emails and video conferencing using MS Teams.

Following the completion of verification it became apparent that the specific wording for the transition of the case was not complete. Detailed below is the amended wording for clarity:

Category 1 Goods

Fatty-acid mono-alkyl esters or paraffinic gasoil obtained from synthesis or hydro-treatment, of non-fossil origin, commonly known as 'biodiesel', in a blend containing by weight more than 20% of fatty-acid mono-alkyl esters or paraffinic gasoil obtained

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from synthesis or hydro-treatment, of non-fossil origin, originating in the United States of America and consigned from Canada.

AND

Category 2 goods

Fatty-acid mono-alkyl esters or paraffinic gasoil obtained from synthesis or hydro-treatment, of non-fossil origin, commonly known as ‘biodiesel’, in a blend containing by weight 20% or less of fatty-acid mono-alkyl esters or paraffinic gasoil obtained from synthesis or hydro-treatment, of non-fossil origin, originating in the United States of America.

A2. Meeting details

The case team held three meetings with Greenergy and their representatives – all meetings were held via MS Teams.

Company name:	Greenergy Fuels Ltd
Venue:	Virtual meeting via Microsoft Teams
Meeting dates:	7 th , 10 th and 11 th May 2021

The following attended at least one of the three meetings:

Organisation	Name – Title
Greenergy Fuels Ltd	Five company representatives
TRA	Thomas Westlake- Lead Investigator
	Oliver Curl- Lead Investigator
	Simon Macleay- Head of Investigations
	Alexandra Donaldson- Verification Specialist
	Margaret Shittu- Verification Advisor
	David Sibley- Investigator
	Megan Turner - Investigator

7 May 2021 – TRA and Greenergy initial verification discussion, accounting system and initial questions around sales verification.

- The agenda was shared with Greenergy in advance.
- The minutes (Annex A1 and A2) were shared with Greenergy for comments and accepted as accurate.

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10 May 2021 – Meeting to discuss Greenergy Fuels Ltd’s update of accounting ledgers and sales data for disclosure to TRA.

- The minutes (Annex A3) were shared with Greenergy for comments and accepted as accurate.

11 May 2021 – Injury factors discussion.

- The minutes (Annex A4) were shared with Greenergy Fuels Ltd for comments and accepted as accurate.

A3. Company background

The TRA reviewed the company structure, comparing the public data from Companies House, Greenergy website data and company accounts with the questionnaire response of Greenergy Fuels Limited (Greenergy).

The TRA has established that Greenergy is part of a larger group of companies. The companies have been split down for specific purposes.

The TRA has verified the ownership and structure of Greenergy using Companies House and is assured that this is accurate and complete.

SECTION B: UK industry

B1. Like goods

Greenenergy have informed the TRA that the goods they produce have characteristics similar to those of the goods subject to review. The TRA has considered this and has reviewed the domestically produced goods to determine if they are 'like goods' according to the criteria detailed in the subsequent sub-sections.

In the questionnaires, the TRA set out a Product Control Number (PCN) structure that enables Greenenergy to specify details of the products in terms of Cold Filter Plugging Point (CFPP), type and form. Greenenergy submitted their domestic sales listing for the Period of Investigation (POI) and provided the PCNs for each sale as requested. Greenenergy did not include the CFPP temperature in their response. Using the public facing website data, internal sales ledgers and accounts ledgers, together with internal production data and HMRC data obtained during the verification meetings, the TRA has checked that the goods described were consistent with the like goods. Greenenergy confirmed that the CFPP temperature should have been listed as 0 Celsius.

Greenenergy stated that: *"The end use of the products is exactly the same, and the end user would not be aware of which product was in their vehicle."* when asked if there were differences in the product they sold and the goods subject to review.

From the public facing website, Greenenergy advertised sales of biodiesel in three grades, B100, B30 and B20. During verification Greenenergy confirmed that it sold biodiesel blends.

Table 1: Greenenergy PCN structure

PCN	Positive or negative Cold filter plugging point	Temperature of cold filter plugging point	Single or double counted	Blended or pure biodiesel
P0 2P	P- Positive	0 - 0c	2- Double count	P- Pure

B1.1 - Product properties

Biodiesel is a liquid combustible fuel, translucent in appearance, and holds a yellow hue. The fuel can be used as a drop in fuel or blended with mineral diesel.

For use in the UK, biodiesel needs to meet the European standard EN14214. Greenenergy biodiesel fuel meets the European standard EN14214 as well as the British Standard BS16709.

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The chemical properties of Biodiesel are dependent upon the feedstock used and the process used to produce the fuel. Greenergy use [feedstock name] to produce their biodiesel. In using a waste product there are greater greenhouse gas savings than using a virgin product. Greenergy then use a process of [process name] to process the feedstock into biodiesel.

B1.2 - Commercial properties

Greenergy produce a pure FAME biodiesel. All biodiesel imported or produced in the UK is either sold in [forms biodiesel is sold]. Within the UK regulated market there is incentive to produce biodiesel from waste products as it becomes eligible for a double counting certificate from the RTFO (Renewable Transport Fuel Obligation). Greenergy's products are produced from waste feedstocks, so they are all eligible for the double counting certificates. The double counted products hold a premium over single counted products.

While the UK production is based largely on the transesterification of a used product for better greenhouse gas savings, it competes against all types of biodiesels in the UK and the world market.

The value/pricing of the biodiesel produced is affected by the double counting certificate the fuel is awarded or, in European jurisdictions, the greenhouse gas savings the fuel makes over mineral diesel. The price is also affected by the CFPP (cold filter plugging point).

B1.3 - Functionality

Biodiesel is a product that replaces fossil diesel/mineral diesel with the overall aim of lowering greenhouse gas emissions. The way biodiesel is made differs, but the end aim of the good is the same: to replace either 100% or a percentage (in the case of B20 -20%, B7 7% etc) of mineral diesel burned in a variety of platforms (vehicles, combustion engines, boilers) with biodiesel, reducing greenhouse gas emissions. Greenergy produce B100 (P0 2P) that meets the European quality standard for biodiesel namely EN14214 and that is considered a double counted biofuel for the Department of Transport's RFTC scheme. The B100 produced is then, in the instance of blended fuel, mixed with mineral diesel at a given percentage (7% for pumped fuel, 20% in the high blend product B20). Both UK produced biodiesel and imported biodiesel have the same end aim: to comply with regulations to reduce greenhouse gas emissions in road fuel and other uses.

B1.4 - Production similarities

Greenergy produce their Biodiesel using a process called "Transesterification".

The fuel produced using the transesterification process is a fatty acid methyl ester, known as FAME. Greenergy have stated FAME is frequently, but not always, sub-categorised according to the type of feedstock used. FAME made from tallow may be called Tallow Methyl Ester (TME), FAME made from rapeseed oil may be called

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RME, FAME made from palm oil may be called PME, and FAME made from used cooking oil may be called UCOME. They are all fundamentally EN14214 biodiesel but with some differing characteristics of the specification. The Greenergy production is from UCO and therefore called UCOME.

We have not had details from the US exporters or trade associations on the production process in the USA. The TRA is aware that the US produce diesel fuels of a non-mineral origin using transesterification and via hydro treating, gasification, pyrolysis and other chemical processes. The US department of Energy detail the [methods](#) used within the USA of making the different fuels.

The TRA accepts that the production of biodiesel will change depending upon the feedstock, and whether a virgin or a used feedstock is being used. The production methods vary greatly. However, it is acknowledged that while feedstocks vary, and so do production methods, that biodiesel as a good is similar in its end aim, creating greenhouse gas savings by replacing mineral diesel.

B2. Conclusion on the UK industry

The TRA is satisfied that the biodiesel produced and sold by Greenergy as B100(P0 2P) is the like goods, subject to review. The TRA is also satisfied that the goods considered are wholly produced in the UK and that there is an existing UK industry. Greenergy identified sales of £2.7-3.4m for the POI which were made up of external customer sales. During verification it has become clear that the sales of B100 as captive sales detailed in Table 2 should also be included in the sales of Greenergy for the purpose of this review. Further detail to be found at D2.

Table 2: Additional to the UK sales - like good B100 captive sales data

[Table of UK Sales]

The total data needs reducing from [redacted amount to redacted amount] to account for the production from an overseas biodiesel terminal that was shipped to the UK in [redacted month within period of investigation].

SECTION C: UK market

C1. Substitutable products

Greenergy stated in their questionnaire response that “There are no other commercially significant goods which could be substituted for biodiesel.”

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Secondary research confirmed this to be the case. The main good is mineral diesel. Due to regulation in the UK market, a need to meet legislative mandates, and a desire to reduce greenhouse gas emissions, it is required that road transport fuel has a minimum content of 7% biodiesel. Biodiesel is therefore the substitute for mineral diesel. For B7, pump fuel biodiesel replaces 7% of mineral diesel. In higher blends this is naturally higher, i.e 20% biodiesel by volume in B20 and 100% by volume in B100.

SECTION D: Verification of sales data

D1. Sales policies

Greenenergy provided the TRA with a detailed sales listing (Annex D1) of their domestic sales of the like goods for the POI (B100 – P0 2P).

The TRA discussed sales processes with Greenenergy to get a better understanding for verification. Major policy points which were considered during the verification process include:

- Ordering process / negotiation
- Order creation and fulfilment
- Delivery terms
- Payment policy
- Trade to customers
- Internal use
- Sales records
- Revenue recognition

D2. Level of trade and related customers

The production data provided by Greenenergy showed that they produced 300,000-400,000 m/tonnes of B100, sales data showed they sold £2.7-3.4m to external customers in its pure form, B100 or P02P. The remainder of the goods were used for blending with mineral diesel. A review of the customers list showed no related customers for the external sales.

The value of the internal (remaining) sales was £225,000,000 -250,000,000 (following a reduction of £150,000-175,000 from Amsterdam sourced production being used in UK blending). The captive sales were used by Greenenergy for blending into road fuels.

Table 3: Captive sales of B100 split between B7 fuel and B20 fuel

[redacted table showing mass of biodiesel used for different blends]

The internal captive sales of the like good, B100 (P0 2P) were significant. Greenergy stated in the verification meetings that the internal sales were completed at market price and based on Argus price data for the date of sale. The TRA did not have direct access to “confidential” Argus price data but has had sight of Platts data for the period. Greenergy provided sight of the Argus data for comparison. To verify the data the TRA compared the Platts price data for FAME Seasonal (averaged to each month). The comparison indicated that the captive sales of Greenergy were sold at a rate in excess of the Platts price data, suggesting the sales were at market value. Greenergy advised in verification that the captive sales were made for the production of blended fuel. The TRA considered this. Greenergy had provided data for the blended fuel that was within the scope of the investigation.

Table 4: Comparison of Greenergy Captive sales against Platts and Argus sales data

[Redacted table comparing internal price of biodiesel vs quoted prices]

The tables above demonstrate the average price Greenergy transferred the B100 (P02P) under their captive sales from their Biodiesel production ledgers to their fuel ledgers. Greenergy paid in excess of the Platts value every month, and in fact paid about the mid-point between Argus values and Platts values. The TRA accept that this demonstrates that Greenergy captive sales are made at a market price level, noting that the Argus values are for a product with a CFPP of -10 rather than 0 which Greenergy produce.

The TRA reviewed the transaction-by-transaction listings for the external customers of product B100 (P0 2P) which was sold to three different customers.

Through Companies House, the TRA reviewed the companies which the current Greenergy directors also have an interest in and found no associations which were related to the sales transactions. We also did not identify any potential associations when we reviewed the customer list and compared the average price by customer.

The TRA identified the issues above regarding the level of trade, and has subsequently addressed these in verification. Therefore, the TRA is satisfied not to exclude any sales transactions listed in the data provided by Greenergy.

D3. Verification of sales data to financial documents

Before selecting transactions to fully verify, the TRA performed a basic upwards verification to confirm the completeness of the total data set. This included:

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- calculating sales for the POI as per the trial balances compared to the same figure reported by Greenergy within the questionnaire annex;
- confirming that the transaction by transaction figures for domestic sales matched the equivalent figures reported in the Greenergy questionnaire annex and matching this to Greenergy's financial data/ledger;
- comparing the financial statement figures provided in the upwards sales reconciliation to the audited accounts for 2019;
- comparing the management accounts for the POI, managements accounts for the financial period and the audited accounts for 2019 (income statement).

D3.1 Findings

Accounting data was found to be of an acceptable accuracy.

Therefore, TRA is satisfied that the data set reflects the POI management account figures and can be used for verification.

There were discrepancies in volumes of sales detailed in the trial balance data, the management accounts data and in the questionnaire response. Greenergy explained this was due to the lost product from tanks referred to as the "Heel residue", where not all of the product could be discharged from a tank, and often contained debris, sludge that was not saleable. The accounting method of dealing with it was explained.

The transaction by transaction sales amounts were also found to match the totals provided in the relevant sections in the upwards sales reconciliation for product B100 (P0 2P)

Based on the findings above, the TRA is assured that it is reasonable to treat the data provided as complete, relevant and accurate.

D4. Verification of sales data to source documents

In order to check that the data submitted by Greenergy could be accepted as a true reflection of sales for the POI, all the transactions were selected, representing the entire external sales for the POI for B100 (P0 2P). The TRA asked Greenergy to provide the following documents for each selected transaction:

- contracts or general customer agreements (that include general T&Cs, rebate conditions, payment/credit terms etc);
- purchase orders;
- proof of receipt of payment;
- rebate calculations (if applicable);
- sales invoices;

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- weighbridge ticket (bills of lading for vessel moved product) (for proof of shipping);

The accuracy of the sales data was assessed by verifying the information submitted against the source documents while taking into account the process information mentioned above.

In order to verify the volumes of products sold the following conversion has been used:

B100 (P0 2P)

$$\frac{\text{Volume from bill of Lading (cubic metres)} \times 1000}{\text{Mass from invoice or bill of lading (metric tonnes)}} = \text{Mass conversion (Litres per metric tonne)}$$

For B100 this meant:

$$\frac{(3000 \text{ to } 4000 \times 1000)}{3000 \text{ to } 3250} = 1000 \text{ to } 1200 \text{ (litres per metric tonne)}$$

The TRA has used Greenergy's data based on the density of their specific product for the conversions rather than the BEIS (Department for Business Energy and Industrial Strategy) averages of B100 - 1123.60 litres per metric tonne (mt).

D4.1 Findings

The TRA sought to check that sales information in Greenergy's questionnaire (and corresponding annex) submissions corresponded with the source documentation.

TRA received:

- order acknowledgements;
- sales invoices;
- remittance advice (proof of payment);
- weighbridge tickets for truck transported goods and bills of lading for ship transported goods
- customer purchase orders (for certain transactions);
- internal account ledger to show transactions filtering into the accounts system
- HMRC data showing volumes of road fuel produced and subject to duty.

Using this source documentation, we carried out checks to verify the information provided in the questionnaire response which included:

- comparing sales invoices with corresponding order acknowledgements;

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- checking the source documents matched the details given in the questionnaire transaction by transaction sales listing in terms of:
 - price;
 - date;
 - customer name and number;
 - product specification – matching to PCN;
 - quantities (weights in metric tonnes (mt) / volume in litres).

For each transaction, the TRA was able to:

- Verify that the invoice price and date matched the figures provided in the questionnaire sales listing.
- Reconcile the figures quoted in the questionnaire sales listing with the necessary proof of payment. Greenergy provided ledger print outs showing customer payments matching the invoice and within the right date period. Bank statements were not provided as the bank facility did not allow for printing statements after 12 months, and only senior management had access to historic bank data. The TRA was happy with this explanation. We were able to see the invoice going on to the customers account and the payment being made and being debited against the account. The TRA is satisfied that this is a sufficient level of detail.
- Check customer information was correctly recorded.
- Check weighbridge ticket/bills of lading were consistent with invoices and other.

No information on delivery charges was provided within the verification documentation for the selected transactions. Greenergy confirmed that customers usually arranged their own transport, although they are able to arrange transport but they charge for it. The transactions checked did not include a charge for transportation.

D5. Conclusion on verification of sales data

The TRA reviewed the sales documents submitted by Greenergy both from the questionnaire as well as additional documents and data provided during verification. This process has given the TRA assurance that it is reasonable to treat the data provided as complete, relevant and accurate.

SECTION E: Injury and market trends

E1. The current state of the UK industry

The data used in this section of the report comes from the questionnaire response and corresponding injury annex submitted by Greenergy. In order to understand the state of the UK industry and likelihood of injury occurring if the measures were no longer applied, we sought to verify the data submitted and met with Greenergy to discuss the injury factors.

E1.1 - Sales

Please refer to 'Section D: Verification of sales data' for the verification of the sales data submitted by Greenergy.

E1.2 - Profits

E1.2.1 Profit of the whole company

The TRA have verified Greenergy's profit for the whole company. The TRA have done this by comparing the profits reported in the injury annex against Greenergy's 2016 to 2019 statutory accounts and the 2020 management accounts. The TRA have found that the profits listed for the whole company in the injury annex align with the Greenergy's 2016 to 2019 statutory accounts and the 2020 management accounts.

Using the injury Annex, the TRA identified that Greenergy made a loss of -£12-14 m, from 1 January 2020 to 30 June 2020. The TRA therefore asked Greenergy if, in terms of future investment, their parent company would continue to support them, and if the loss was sustainable. Greenergy informed the TRA that the loss was a result of COVID-19 and the subsequent drop in demand for road transport fuels. The TRA have referred to Greenergy's 2020 Management Accounts to confirm this.

The TRA have calculated the total profit after tax (NOPAT) for the whole company for the POI (table 5) and the operating profit before exceptional items for the whole company for the POI (table 6). The TRA have done this by requesting and receiving Greenergy's 2019 management accounts and combining the 2019 monthly breakdown of profit with the 2020 monthly breakdown of profit.

Table 5: Greenergy total profit after tax (NOPAT) for the whole company, July 2019 to June 2020

POI £17-23m

Table 6: Greenergy total operating profit before exceptional items for the whole company, July 2019 to June 2020

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*POI £40-50m***E1.2.2 Profit of the like goods**

The TRA identified that Greenergy had not provided information on the profits of the like goods. The TRA therefore requested and received data on the profit of B100 (P0 2P).

Using the information provided by Greenergy, the TRA have calculated the operating profit margin for B100 (P0 2P) (see below).

Operating profit margin = = 2.90-3.40%

Note: £641,245,000 is the total sales revenue of P0 2P (including produced and purchased biodiesel) during the POI from the sales reconciliation tab of the annex.

E1.3 - Production***Table 7: Biodiesel plant production, 1 July 2017 to 30 June 2020***

POI plant production 320-370 k mt

The TRA were unable to confirm production using standard documentation due to the inter relations between Greenergy and the manufacturing sites. Therefore, the TRA has ensured that the production outputs are reasonable by comparing them to the forecast [feedstock] purchases in the 2020. The TRA assumed a 95% yield. The yield is the amount of product produced from the raw material, with the balance being by-products. The 2020 tolling fee baselines were provided to the TRA by Greenergy during verification. The TRA has ensured the 2020 baselines are reasonable by comparing them to the 2019 statutory accounts for [redacted internal company names].

The TRA asked Greenergy if they planned to increase the production volumes at [redacted site names] in the future.

The TRA requested and received a production volume forecast for the next two years for Greenergy's two UK plants. Greenergy's production volume is a combined [400-450 k mt]. These production volume forecasts have not been verified by the TRA although they are in line with the design capacity figures verified in the following section.

E1.4 - Utilisation of capacity***Table 8: Greenergy utilisation of capacity in the POI***

[redacted table of utilisation]

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According to the injury annex, the two sites combined have a production capacity of 400-450 k mt. In order to verify the production capacity of the two plants, the TRA requested and received design capacity documents.

[redacted plant capacities]

The TRA is assured that it is reasonable to treat the provided capacity data as complete, relevant and accurate.

E1.5 - Employment

Table 9: Number of Greenergy plant employees, 1 July 2016 to 30 June 2020

Number of plant employees POI 115-140

The TRA asked Greenergy if the total number of employees in the injury annex includes employees not based at the production plants. Greenergy informed the TRA that the total number of employees only includes production plant employees. They do not include Greenergy and Greenergy International employees involved in the operational running of the organisation.

The TRA were unable to adjust the employee numbers to include Greenergy International staff involved in the operational running of the plants. However, the TRA have verified the employee numbers for the two plants against the statutory accounts for Greenergy Biofuels Teesside Limited and Greenergy Biofuels Limited. The employee numbers for the plants are in line with the statutory accounts.

The TRA is assured that it is reasonable to treat the provided production plant employee numbers as relevant and accurate.

E1.6 - Wages

Table 10: Greenergy wages, POI

Median employee wage £28-33k

Greenergy provided the TRA with the monthly payroll figures for January 2020 as well as the head count for the two plants. However, the payroll figures were only at the total level and not broken down by employee. The TRA were able to verify this data against the statutory accounts.

The TRA has not been able to verify the median wage since a detailed salary breakdown was not provided. However, the TRA have verified that the differential between the median wage and the mean wage is reasonable.

E1.7 - Productivity

Table 11: Greenergy productivity (mt/employee), 1 July 2016 to 30 June 2020

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POI 2500-3000

The TRA asked Greenergy how they calculated the average output per employee. Greenergy explained that this is the plant production volumes divided by the number of plant employees. The TRA has adjusted the combined plant productivity data to be the weighted average in line with this statement (see table 11 above).

E1.8 Inventories

The injury annex listed the total company closing stock figures. The TRA were able to verify this figure back to the statutory accounts.

The TRA requested and received data on the B100 stocks by value and mass on 31 December 2019 and 30 June 2020, including the European held stock. The TRA has confirmed this data as reasonable and calculated the UK stock levels for B100 as shown below.

Table 12: Greenergy inventory, value (£) and volume (mt)

[Redacted table showing commercially sensitive UK stocks and value]. Greenergy has made significant investments in our UK stocks.

E1.8 - Growth

Table 13: Greenergy sales forecast, 2020 to 2025

[Redacted sales forecast]

Greenergy have provided the TRA with a 5-year sales forecast. The TRA could not verify the sales forecast. The TRA accept Greenergy's explanation as reasonable.

E1.9 - Investments

[Redacted information about capital investment].

The TRA also asked Greenergy to explain their current and planned investments into producing tyre derived fuels. Redacted information about investments.

E2. Other causes of injury

In their questionnaire response, Greenergy did not highlight any other factors that might have caused injury.

When asked about the effects of EU exit on profitability, Greenergy explained that it has had no material impact on profitability.

E3. Domestic and International Market conditions

Greenergy have informed the TRA that UK produced biodiesel secures domestic supply. In the instance the measures were revoked, the EU exit means there would be less appetite for UK produced biodiesel on the export market. European sourced biodiesel can be imported tariff free into the UK, but UK sourced biodiesel is charged a 6.5% tariff when reimported back to the UK.

E4. Undercutting/Underselling

The tables below outline the TRA's calculations of unit prices for Greenergy's UK sales of B100 and Greenergy's captive sales of B100.

Table 14: B100 external sales unit price calculation

[Redacted table]

Table 15: Greenergy captive sales for POI, destination: UK road fuel

*Conversion rate used: 1133.79litres = 1mt based on Greenergy annex data

[Redacted table]

The method of verifying the captive sales is detailed in the sales section at D2.

E4.1 Cost of Production

During the POI Greenergy produced 352,440 m/tonnes of B100. The cost of the production of the biodiesel is detailed below:

$$\begin{aligned} & \text{Average cost of production of the like goods} \\ & = \frac{\text{Tolling fee * + value of purchased feedstock *}}{\text{Production output}} \end{aligned}$$

$$\begin{aligned} & \text{Average cost of production of the like goods} \\ & = \frac{50,000,000 \text{ to } 60,000,000 + 200,000,000 \text{ to } 300,000,000}{300,000 \text{ to } 400,000} \\ & = \text{£750 – £950/tonne} \end{aligned}$$

The cost of production includes the 3-6% profit built into the tolling fee. It does not however include the additional costs of activities such as trading. While this is a cost of Greenergy, should production stop and Greenergy focus the operation on buying biodiesel the traders would still be required to make such purchases, so it has been deemed by the TRA not necessary to factor this in.

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*The tolling fee was verified by checking the payments from the Greenergy ledger and comparing this with the audited accounts. The TRA is assured that it is reasonable to treat the data provided as complete, relevant and accurate.

*The value of purchased UCO was verified by checking the ledger data for UCO, and checking the data filtering into the trial balance data. We are not able to confirm the starting stock levels of UCO and ending stocks for the POI however the TRA has a reasonable level of assurance that this will not change significantly due to the continual production process and the limited level of storage for such product.

Over the POI the cost of producing B100 (P02P) was £750-1,000 m/tonne, compared to £750-1,000 m/tonne for the purchased B100(P02P). The TRA is assured that it is reasonable to treat the data provided as complete, relevant and accurate.

E5: Purchases of the like goods

The TRA reviewed the purchase of the like goods by Greenergy. The rationale for this is that injury occurs for Greenergy when the price of the imported like goods is less than the cost of producing the like goods, as detailed above.

Greenergy identified in the questionnaire that they purchased 650,000 to 800,000 metric tonnes of the like good.

The ledger data Greenergy provided for purchase of the like goods identified purchases of 650,000-800,000m/tonnes, within an acceptable level of tolerance of the questionnaire data.

Table 16: Greenergy purchases of like goods comparison between ledger and questionnaire

Redacted table showing that the data provided within the questionnaire was within an acceptable level of tolerance with the data collected during the audit.

Table 17: Purchase of like goods breakdown per RTFC certificates

Eligibility for RTFC certificate	Volume (CBM)	Metric Tonnes
Double Counted	<i>Redacted</i>	<i>Redacted</i>
Single Counted	<i>Redacted</i>	<i>Redacted</i>
Grand total	800,000-950,000	700,000-800,000

The ledger data provided by Greenergy identified a value of £750-900m for the purchase of like goods, against the questionnaire data of £600-750m. A variation of 25.19%. The TRA believe that as the quantity/mass of purchased like goods matches an element of duty, taxation or transport costs may be affecting the data.

The TRA requested 6 transactions from the ledger of the like goods purchased for UK with a mixture of double counted biodiesel and single counted biodiesel in order to verify the data. The following was requested for each transaction:

- Contract
- Bill of Lading / Weigh bridge ticket
- Invoice
- Proof of payment / bank statement

The TRA agreed that it would accept customer ledgers to prove payment had been made as access to bank statements past two months old was director level only access. Greenergy provided some of the data requested, however not all data was provided and as such the TRA has been unable to verify the information.

For the goods delivered by vessels the TRA received the contract, bill of lading and was able to verify the data in the contract and bill of lading to the ledger. However, no invoices or proof of payment were provided so we were not able to verify the value of the purchase, or identify if tax, duty, transport costs were included in the invoice.

From the information reviewed in the documents the TRA was satisfied that the volume of the purchased like good matched the ledger, contract and bill of lading. We were unable to verify the cost of the goods.

For the goods delivered via truck, the TRA received the ledger data, and customer ledger demonstrating the payment being made. No contract, weighbridge certificate or invoice was provided. From the information received the TRA was able to see that the payments matched the ledger, however we were unable to verify the volumes of the goods purchases.

Table 18: Breakdown of purchases of the like goods

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	Purchases delivered to ARA range	Purchases delivered to UK	TOTAL
Total Value (£)	<i>Redacted</i>	<i>Redacted</i>	750,000,000-900,000,000
Volume (mt)	<i>Redacted</i>	<i>Redacted</i>	650,000,000-800,000,000
Average price (£/mt)	<i>Redacted</i>	<i>Redacted</i>	£750-1,000

The TRA has not been able to verify the value of purchased like goods. The data details at table 18 shows what Greenergy has provided in their ledger, however value may be subject to tax/duty/transport costs.

E6. Conclusion on injury

In summary:

- The TRA has verified Greenergy's profit for the whole company as listed in the annex.
- The TRA has calculated the total profit after tax (NOPAT) for the whole company for the POI (£17,000,000-21,000,000), and the operating profit (before exceptional items) for the whole company for the POI (£40,000,000-46,000,000).
- The TRA has ensured the production outputs listed in the annex are reasonable (310,000-380,000mt during the POI)
- The TRA is assured that it is reasonable to treat Greenergy's utilisation of capacity, as listed in the annex, as complete, relevant and accurate (75-90% during the POI).
- The TRA have verified the employee numbers for the Immingham and Teesside plants against the statutory accounts for Greenergy Biofuels Teesside Limited and Greenergy Biofuels Limited (110-140 during the POI).
- The TRA has confirmed the method of calculating plant productivity and has adjusted the combined plant productivity data to a weighted average (2,500-2,700mt/employee).
- The TRA has verified Greenergy's total closing stock, as listed in the annex.

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- The TRA have calculated an external unit price for B100 (£850-950/mt). The TRA have also calculated a unit price for the captive sales of B100 (£750-950/mt)
- The TRA has verified the costs of production and calculated an average cost of production of £750-900m/t,
- The volume/mass of purchased like goods was verified at 700-800,000 m/t.

After completing this process, the TRA is assured that it is reasonable to treat the data provided as complete, relevant and accurate for the areas listed above.

The data that was not verified was:

- Greenergy's profits of the like goods. During the verification the TRA calculated a 3-3.6% operating profit for B100 (P0 2P).
- Greenergy's production forecast, however it is in line with design capacity documentation.
- The median wage for plant employees. However, the TRA have been able to establish it appears reasonable.
- B100 stocks by value and mass on 31 December 2019 and 30 June 2020. The TRA were unable to verify the B100 stocks, however the values appear reasonable.
- Greenergy's sales forecast. However, the TRA accept Greenergy's explanation of that the sales forecast is conservative.
- Greenergy's investment figures. However, Greenergy did provide an explanation on the nature of the expansion/ capacity related investment.
- Value of purchased like goods. They varied +25% from questionnaire data. This may be due to taxation, however this has not been confirmed. While the value was not able to be verified, the volume/mass was.

Overall, the TRA has been able to verify the majority of the data presented by Greenergy giving surety for the completeness, relevance and accuracy of the data. Where data has not been verified the TRA has been able to highlight the areas (as above) and draw conclusions where possible.

Annexes

Annex A1	7 May 2021 AM Minutes
Annex A2	7 May 2021 PM Minutes
Annex A3	10 May 2021 Minutes
Annex A4	11 May 2021 Minutes
Annex D1	Updated questionnaire annex (confidential version)