BP Oil UK Limited

Annual Report to the Department for Transport

Biofuel supplied under the Renewable Transport Fuel Obligation

Year 3
15 April 2010 – 14 April 2011

BP Oil UK Limited

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1. Registered Directors and Advisors

Registered Directors

The following Directors of BP Oil UK Limited are the Registered Directors with the Renewable Fuels Agency[1] for the purposes of the Renewable Transport Fuels Obligation (RTFO):

- Peter Mather
- Neale Smither
  (Registered as a BP Oil UK Director under the RTFO during the reporting year)
- Janet Ashdown
  (retired from BP Oil UK and de-Registered as a BP Oil UK Director under the RTFO during the reporting year)

BP Oil UK Limited Registered Address

Chertsey Road,
Sunbury upon Thames,
Middlesex,
TW16 7BP

Appointed Verifier

The firm appointed to verify this RTFO Annual Report (year 3) prepared by BP Oil UK Limited:

PricewaterhouseCoopers LLP
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London
WC2N 6RH

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[1] From 1 April 2011, the Renewable Fuels Agency ceased to exist and the RTFO responsibilities transferred to the RTFO Unit, Department for Transport.

2. Report Introduction

The BP Group is committed to the development of bio fuels that will be both sustainable and will deliver a material reduction in the carbon intensity of transport fuels consumed by its customers.

In the UK, BP Oil UK Limited (BPOUK) supplies and markets transport fuels through its network of terminals and service stations.

Where BPOUK is defined as an obligated supplier - under the Renewable Transport Fuels Obligation - it is committed to supporting the objective of the Department for Transport's RTFO Unit to improve the Carbon & Sustainability (C&S) reporting of obligated suppliers.

The following table summarises BPOUK's reported performance against the three UK Government voluntary carbon and sustainability targets over the first three years of the RTFO. Whilst BPOUK's performance has not met the UK Government's targets, it has shown continuous improvement over the last three years with respect to two of the targets (i.e. feedstock meeting a qualifying environmental standard and data reporting of renewable fuel characteristics).

With respect to the UK Government's annual greenhouse gas saving target, BPOUK performance has not improved over the three years due to an increased use of bioethanol feedstocks with lower associated GHG saving defaults. Year 3 has also seen an increased proportion of bioethanol feedstock deemed "unknown" due to insufficient evidence to support third party supplier declarations in the bioethanol chain of custody.

RFTO Period	**2008 ~ 09**		**2009 ~ 10**		**2010 ~ 11**	
Target Description	UK Govt target	BPOUK reported	UK Govt target	BPOUK reported	UK Govt target	BPOUK reported
Annual Greenhouse Gas Saving of fuel supplied	40%	**58.2%**	45%	**42.4%**	50%	**30.6%**
Data reporting of renewable fuel characteristics	50%	**53.9%**	70%	**61.1%**	90%	**69.2%**
Percentage of feedstock meeting a qualifying environmental standard	30%	**6.1%**	50%	**19.5%**	80%	**46.3%**

3. Carbon and Sustainability Data Tables

Table 3.1 – Summary of carbon and sustainability data by feedstock

Feedstock	General		Environmental	Social	Carbon	
	% Fuel supplied by feedstock type (by volume)	% Data reported on biofuel characteristics	% Meeting Qualifying and/or RTFO standard	% Meeting Qualifying and/or RTFO standard	Average carbon intensity g CO2e / MJ	Average % GHG saving
Biodiesel UCO						
Used cooking oil	100	100	100	100	14	83.3
Bioethanol						
Corn (Community produced)	15.9	75	0	0	31	63
Wheat (Nat gas as fuel in CHP)	10.2	75	0	0	44	47.5
Unknown	21.1	0	0	0	115	-37.2
Molasses	39.4	100	100	100	61	27.2
Wheat (Fuel not specified)	7.7	50	0	0	70	16.5
Sugar beet	5.8	75	0	0	40	52.3
BioETBE						
Unknown	100	0	0	0	115	-37.2
Biodiesel ME						
Tallow	41.3	100	100	100	17	79.7
Oilseed rape	13.1	50	0	0	52	37.9
Soya beans	15.9	50	0	0	58	30.8
Unknown	29.7	0	0	0	93	-11
Weighted average (all fuels)		**69.1**	**46.3**	**46.3**	**58.2**	**30.6**
Target (2010/2011)		**90.0**	**80.0**			**50.0**

Table 3.2 - Carbon and sustainability characteristics of each feedstock - biodiesel

General information		Sustainability information				Average carbon information	
% of total feedstock type	Feedstock origin	Standard	Env Level	Social Level	Land use on 01 Jan 2008	Carbon intensity incl LUC (g CO2e / MJ)	GHG saving (%)
Used cooking oil							
1.5	Belgium	By-product	QS	QS	By-product	14	83.3
58.8	Germany	By-product	QS	QS	By-product	14	83.3
12.5	France	By-product	QS	QS	By-product	14	83.3
0.2	United Kingdom	By-product	QS	QS	By-product	14	83.3
17.2	United States	By-product	QS	QS	By-product	14	83.3
9.4	Netherlands	By-product	QS	QS	By-product	14	83.3
0.4	Luxembourg	By-product	QS	QS	By-product	14	83.3
Tallow							
61.3	Germany	By-product	QS	QS	By-product	17	79.7
3.9	United Kingdom	By-product	QS	QS	By-product	17	79.7
8.6	Denmark	By-product	QS	QS	By-product	17	79.7
23.3	United States	By-product	QS	QS	By-product	17	79.7
2.8	Netherlands	By-product	QS	QS	By-product	17	79.7
Oilseed rape							
100	United States	Unknown			Unknown	52	37.9
Soya beans							
100	United States	Unknown			Unknown	58	30.8

Table 3.3 - Carbon and sustainability characteristics of each feedstock – bioethanol

General information		Sustainability information				Average carbon information	
% of total feedstock type	Feedstock origin	Standard	Env Level	Social Level	Land use on 01 Jan 2008	Carbon intensity incl LUC (g CO2e / MJ)	GHG saving (%)
Corn (Community produced)							
100	France	Unknown			Cropland - protection status unknown	31	63
Wheat (Nat gas as fuel in CHP)							
100	France	Unknown			Cropland - protection status unknown	44	47.5
Molasses							
5.9	Nicaragua	By-product	QS	QS	By-product	61	27.2
73.6	Costa Rica	By-product	QS	QS	By-product	61	27.2
20.5	Guatemala	By-product	QS	QS	By-product	61	27.2
Wheat (Fuel not specified)							
50	Belgium	Unknown			Unknown	70	16.5
50	France	Unknown			Unknown	70	16.5
Sugar beet							
100	France	Unknown			Cropland - protection status unknown	40	52.3

Table 3.4 - Carbon and sustainability characteristics of biodiesel and bioethanol fuel types with unknown feedstock

General information		Sustainability information				Average carbon information	
% of total feedstock type	Feedstock origin	Standard	Env Level	Social Level	Land use on 01 Jan 2008	Carbon intensity incl LUC (g CO2e / MJ)	GHG saving (%)
Unknown							
100	Unknown	Unknown			Unknown	111.4	-32.9

4. Additional Information

4.1 BP Group Biofuel activities

BP's dedicated Biofuels business has investments in biofuels research, development and operations, including operational facilities in Brazil and facilities under construction in Europe and the US. It also has a global biofuels technology centre, located in San Diego in the US and is investing $500 million over 10 years in the Energy Biosciences Institute (EBI), at which biotechnologists are investigating applications of biotechnology to energy.

Ethanol from sugarcane in Brazil

BP was the first international oil company to invest in the Brazilian sugar-cane ethanol industry and today has two operational mills, and one joint venture, all producing ethanol from sugarcane.

Cellulosic biofuels in the US

In order to accelerate the development of low cost, low carbon, sustainable advanced cellulosic biofuels, at scale, BP has a significant US cellulosic biofuel business, which includes:

- A purpose-built bioscience R&D capability in San Diego, California
- Intellectual property related to proprietary cellulosic-biofuels R&D and conversion technology
- An operational 1.4 million-gallon-per-year demonstration facility in Jennings, Louisiana
- A project in Florida to commercialize cellulosic biofuels from dedicated energy crops, at a 36 million gallon plant. Construction will begin in 2012.

Biobutanol

BP has a joint venture with DuPont – called Butamax Advanced Biofuels - which is developing biobutanol technology and will bring the product to market. Biobutanol is an advanced molecule with higher energy content than ethanol and can be used at higher blend concentrations. A biobutanol technology demonstration plant for biobutanol is located in Hull, UK.

Vivergo Fuels

BP is a shareholder in Vivergo Fuels - a joint venture between BP, ABSugar and DuPont. This exciting new business will help to deliver the UK's forecast biofuel demand once fully operational in 2012.

The Vivergo biorefinery will take in over one million tonnes of animal feed-grade wheat each year and with this create two main products; bioethanol and animal feed.

Energy Biosciences Institute

BP is investing $500 million over ten years in the Energy Biosciences Institute (EBI), where expert biotechnologists are investigating many possible applications of biotechnology to energy, including advanced fuels.

BP Biofuels

More information about BP's commitment to biofuel and sustainability can be found at our web address. www.bp.com/biofuels

4.2 Support for standard development of sustainable biofuel feedstock:

BP is a member in the Roundtable for Sustainable Palm Oil (RSPO) and the Roundtable on Responsible Soy (RTRS).

BP has been instrumental in the development of the Bonsucro (formerly the Better Sugarcane Initiative) certification standard, participating in its Supervisory Board and in the Roundtable on Sustainable Biofuel (RSB) standard, where we sit on Chamber 2 as Biofuel Producers.

BP fully supports the work of European Committee for Standardisation CEN TC 383 to develop common EU sustainability standards.

4.3 BP Sustainability Review 2010

BP's 2010 report on the top non-financial issues relevant to our operations worldwide, supported by our health, safety and environmental performance data can be found at our web address:

www.bp.com/sustainability

Independent Assurance Report to the Directors of BP Oil UK Limited on selected information in the Annual Report to the Department for Transport[1]

We have been engaged by the Directors of BP Oil UK Limited (the "Company") to perform an independent limited assurance engagement in respect of selected information (the "Identified RTFO Data") contained in the Company's Annual Report to the Department for Transport - Biofuel Supplied under the Renewable Transport Fuel Obligation (the "RTFO") for the year ended 14 April 2011 (the "RTFO Annual Report").

Scope and subject matter

The Identified RTFO Data subject to limited assurance consists of the following tables in the RTFO Annual Report:

- Table 3.1 – Summary of carbon and sustainability data by feedstock (page 3)
- Table 3.2 – Carbon and sustainability characteristics of each feedstock – biodiesel (page 4)
- Table 3.3 - Carbon and sustainability characteristics of each feedstock – bioethanol (page 5)
- Table 3.4 - Carbon and sustainability characteristics of biodiesel and bioethanol fuel types with unknown feedstock (page 5).

We read the other information included in the RTFO Annual Report and consider whether it is consistent with the Identified RTFO Data and our understanding of the business from undertaking this engagement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Identified RTFO Data. Our responsibilities do not extend to any other information, including information contained in documents referenced in the RTFO Annual Report.

Respective responsibilities of the Directors and PricewaterhouseCoopers LLP

The Directors of the Company are responsible for:

1. ensuring that the measurement, compilation, evaluation and reporting of the Identified RTFO Data is in accordance with the sections of the RTFO Technical Guidance published by the Renewable Fuels Agency (the "RFA") Part 1, v3.4 (May 2011)and Part 2, v3.1 (April 2010), and other reporting guidance, as set out in the Basis of Preparation (the "Criteria") section of the RTFO Annual Report on page 11;

[1] From 1 April 2011, the Renewable Fuels Agency ceased to exist and the RTFO responsibilities transferred to the RTFO Unit, Department for Transport.

2. ensuring the Criteria are relevant and appropriate to the Company and the users of the RTFO Annual Report;
3. the content of the RTFO Annual Report; and
4. maintaining underlying records sufficient to support the Identified RTFO Data.

Our responsibility is to form an independent conclusion based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Identified RTFO Data is not fairly stated in all material respects in accordance with the Criteria.

This report, including the conclusion, has been prepared for the Directors of the Company as a body, to assist the Directors in reporting the Company's RTFO information. We permit the disclosure of this report, together with the Identified RTFO Data to which it relates, within the RTFO Annual Report for the year ended 14 April 2011, to enable the Department for Transport to verify that the Directors have discharged their responsibilities by commissioning an independent assurance report in connection with the Identified RTFO Data.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ("ISAE 3000"). In designing our test procedures we also had regard to the RFA Guidance for Verifiers, Version 3, March 2011.

Our limited assurance procedures primarily comprised:

- conducting interviews with management at the Company, including those operational managers charged with related responsibilities;
- considering the competency of third parties who have assessed Carbon and Sustainability Characteristics in the supply chain where their work is being used and reviewing their reports, where appropriate;
- checking collation and aggregation of Identified RTFO Data presented in the RTFO Annual Report;
- substantive testing back to relevant supporting documentation of the Carbon and Sustainability Characteristics for a selected sample of fuel; and
- re-performing the calculation of averages and weighted averages within the Identified RTFO Data.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time (in particular, information and conversion factors derived from third parties as set out in the RFA's technical guidance for the reporting period ended 14 April 2011).

Our assurance work has not included examination of the derivation of conversion factors and other third party information. Additionally, the Carbon and Sustainability Characteristics rely on information assessed by third parties. Our assurance work has not included an examination of the underlying information assessed by those third parties.

Furthermore, our conclusion is based on historical information and the projection of any information or conclusions in our report to any future periods would be inappropriate.

Conclusion

Based on the results of our procedures described in this report, nothing has come to our attention that causes us to believe that:

- The Identified RTFO Data for the year ended 14 April 2011 is not fairly stated, in all material respects, in accordance with the Criteria.
- The other information included in the RTFO Annual Report is inconsistent with the Identified RTFO Data and our understanding of the business from undertaking this engagement.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP,

Chartered Accountants, London

26 September 2011

Note: The maintenance and integrity of the BP plc website is the responsibility of the Directors of the Company; the work carried out by the independent accountants does not involve consideration of these matters and, accordingly, the independent accountants accept no responsibility for any changes that may have occurred to the RTFO Annual Report since it was initially presented on the website.

Appendix 1

BPOUK Annual RTFO Report Year 3 - Basis of Preparation

The compilation and reporting of the data tables contained in this Annual RTFO Report for Year 3 has been prepared in accordance with the sections of the RTFO Technical Guidance and other reporting guidance as set out in the following table.

The Directors of the Company deem this basis of preparation to be sufficient and appropriate for the purpose of this report.

Section /Annex	Title
Part A) Carbon and Sustainability reporting within the Renewable Transport Fuel Obligation. Technical Guidance Part One. Version 3.4 May 2011. Year 3 of the RTFO (15th April 2010 - 14th April 2011)	
2.0	Scope and principles for RTFO C&S reporting
3.0	Monthly reporting
3.2	What to report
3.3	Reporting on the sustainability of renewable fuels
3.4	Filling in the monthly report
3.5	Further Guidance
3.6	Changing C&S data after the monthly reporting deadline
4.0	Annual reporting
4.2	What to report, except for: • Table 3.1 – "Summary of carbon and sustainability data by feedstock" has been presented with the following four fuel types: biodiesel UCO, biodiesel ME, bioETBE and bioethanol as opposed to the two (biodiesel and bioethanol) prescribed in section 4.2; and • Table 3.3 "Carbon and sustainability characteristics of each feedstock - bioethanol" has been presented with corn split by European Community produced and non-European Community produced; and wheat split by fuel used in the wheat to bioethanol conversion process.
4.3	When to report
5.0	Expected reporting levels and targets
6.0	The chain of custody
7.0	Verification of company reporting
Annex A	Guidance on sustainability standards
Annex B	Eligible by-products
Annex G	Assessing carbon intensity and calculating direct GHG saving
Annex H	Assessing the impact of land-use change
Annex I	Accuracy level
Annex J	Standard terms

Section /Annex	Title
Part B) Carbon and Sustainability reporting within the Renewable Transport Fuel Obligation. Technical Guidance Part Two: Carbon reporting - default values and fuel chains. Version 3.1 April 2010. Year 3 of the RTFO (15th April 2010 - 14th April 2011)	
2.0	Using qualitative information to calculate a known carbon intensity
3.0	Editing pre-defined fuel chains with actual data
4.0	Building a new fuel chain
Part C) Other reporting guidance	
1.	For concentrations of up to 1.3%, where gasoline is used as a denaturant in bioethanol, it is treated as if it exhibits the same carbon and sustainability characteristics as the host fuel.
2.	Where the protection status of cropland is not known and it is therefore inappropriate to report either “cropland – protected” or “cropland – non protected”, an alternate description of “cropland - protection status unknown” is reported.
3.	Where evidence is held to support a land-use claim of “cropland” as at 30 November 2005 and where it is also evident this same land is cropland during 15 April 2010 to 14 April 2011, in the absence of any information to the contrary, the land is deemed to have been “cropland – protection status unknown” at 1 January 2008.
4.	Default fuel chains for reporting under the RTFO together with data and information that can be used to modify these chains with actual qualitative information or quantitative data are sourced from the DfT’s website at the following address: http://assets.dft.gov.uk/publications/carbon-and-sustainability-technical-guidance/RFA_C_and_S_TG_Part_two_Detailed_carbon_intensity_data_2010-11_v3.3.xls.