



Department
of Energy &
Climate Change

Biomass Policy Update

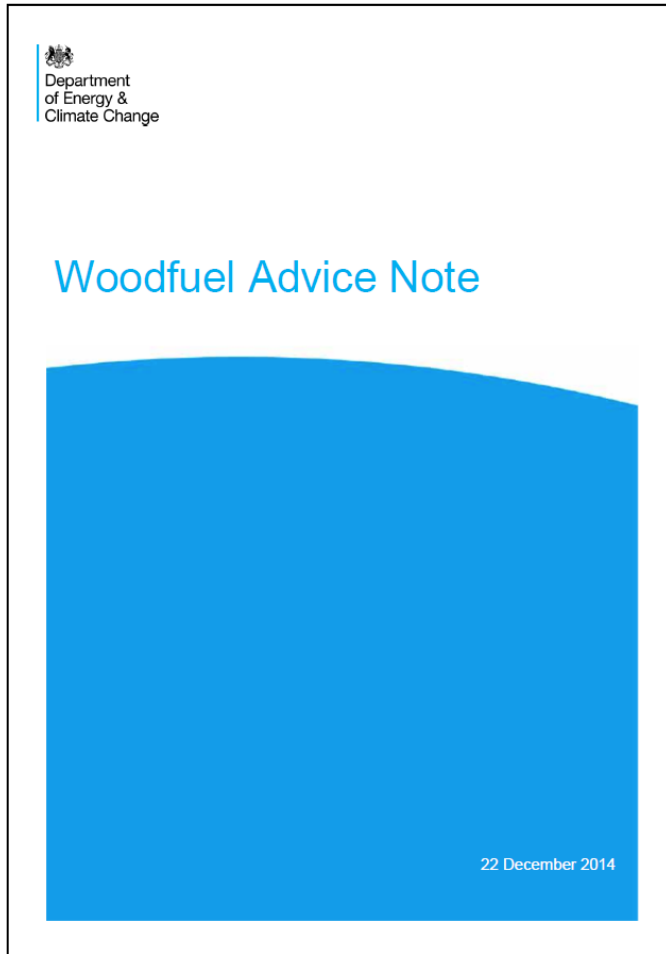
Brian Denvir: E4Tech
Friday 6th March 2015, Brussels

Policy Update – including:

- Published Woodfuel Guidance – Dec 2014
- Consultations: RO biomass conversion cost control
- Update on support for dedicated biomass
- Implementing Sustainability Criteria
- Woodfuel disclosure survey
- Biomass scenario project

Woodfuel Guidance

– Published December 2014



This guidance sets out **how to comply with the land criteria** for those producing heat and electricity from woodfuel. It is split into three documents:

- The [Woodfuel Advice Note](#) (WAN) provides a helpful summary of all the requirements for complying with the timber standard, what other requirements to be aware of, and where to find further information (including CPET, BSL, Ofgem).
- The [Consignments and Mass Balance Approach](#) document sets out how suppliers should operate a 'mass balance' system and how sustainability data reported to Ofgem should be disaggregated into 'consignments'.
- The [Risk Based Regional Assessment: a Checklist Approach](#) document describes how to use a checklist approach to operate a risk based regional assessment, and the kinds of bespoke evidence that would be acceptable in meeting sustainability requirements.

Biomass Conversion Cost Control Consultation – December 2014

- We have evidence that deployment of biomass conversions is likely to be higher than our estimates. Important to stay within budget of 'Levy Control Framework'.
- To discourage *future* biomass conversions from taking place under the RO and *future* movements up the RO biomass bands we are proposing that the support rate would no longer be covered by our grandfathering policy and could be changed in future.
- We expect this will reduce likelihood of existing combustion units moving up RO bands, or of new combustion units accrediting under the RO or moving up the RO bands
- 12 month grace period for those with FIDeR Investment Contracts (FIDeR) or those already in medium/high range co firing bands – grace period allowing completion of conversion

Ongoing UK support for biomass

- The UK continues to support dedicated new build bio (without CHP) up to a cap of 400MW – see next slide. We support energy from waste, advanced conversion technologies, sewage gas and landfill gas under RO. We support bio CHP under RO until it closes (2017/18), and is supported under the CfD (pot 2). There is no money in pot 3 for conversions (2015/16 auctions).

Dedicated Biomass Cap

- RO Cap of 400MW on total new-build electricity-only dedicated biomass capacity
- Less than 110MW of support remaining:

	No. of projects	Total capacity (MW)
Projects with a confirmed place within the cap	3	118.5
Projects with a provisional place within the cap	3	128.0
New Stage 1 applications	1	44.0
Total	7	290.5

Implementing Mandatory Sustainability Criteria – 2015

- **RHI amendment order 2015**
 - Order laid, debated in Parliament
 - Mandatory sustainability criteria come into effect October 2015
- **CfD**
 - Mandatory sustainability criteria come into effect from the commencement of contract (earliest September)
- **RO amendment order 2015 (consolidated) *has been delayed***
 - Delay to mandatory sustainability criteria – reporting requirement remains until mandatory comes into effect
 - Delay due to Parliamentary pressures before the UK general election
 - Criteria expected to become mandatory in 2015.

Woodfuel Disclosure Survey 2014

We are repeating a survey of large biomass stations (>50MW)

This will ask:

- Intended virgin and reclaimed wood use, domestic and imported, over the next five years
 - We are seeking to develop, and publish, a reliable evidence base on supply intentions for electricity generation over a 5 year period
 - To help non-energy sectors and investors understand likely impact of biomass electricity development on wood sources.
- More detail requested in this year's questionnaire (beyond Ofgem data):
 - To understand weight, type and provenance of woodfuel use in the 2013/14 year, and its expected legal and sustainability status.
 - This additional data set will help us put BEAC in context.
 - We intend on publishing a summary



Department
of Energy &
Climate Change

DECC commissioned research project on biomass fuel sourcing scenarios

Objectives and scope of the research

AIM OF PROJECT

- To assess the **likely occurrence** of selected biomass sourcing scenarios from North America identified in the recent DECC report “Lifecycle Impacts of Biomass Electricity in 2020”, which accompanied publication of the BEAC tool.

WHAT WILL THE RESEARCH COVER?

- Focus on the 13 scenarios associated with the **highest potential net GHG emissions** occurring as a result of increased demand from the UK biomass electricity sector.
- Looking to assess:
 - whether the **pellet types** assumed to be used by UK generators in the selected scenarios would be **affordable to UK generators now and out to 2030**, including how supply and demand for the raw material used to produce the pellets and supply and demand of actual pellets will change out to 2030;
 - **factors other than price**, such as forestry management practices, or forestry regulations that will influence the likelihood of the selected
 - **interactions between scenarios** e.g. whether increased or reduced likelihood of one scenario will reduce or increase the likelihood of others. It should also identify any other likely or high impact (i.e. associated GHG emissions higher than for fossil fuels) identified
 - It will not develop a BEAC v2.0 or additional model components.

Outputs and timing

- **Tender awarded** – mid-February 2015 – to Ricardo-AEA
- **Final Phase 1 report** – expected in **May 2015**. Considers:
 - Scenarios 10-13: Increased harvest of naturally-regenerated forest
 - Scenarios 19-21: Displacement of non-bioenergy wood uses
 - Scenario 14: Change in the use of wood grown in intensively-managed pine plantations from non-bioenergy to bioenergy uses
- **Draft Final Phase 2 report** – expected in **July 2015**. Considers:
 - Scenarios 4-7: Forest residues that would otherwise have been left in the forest being used in pellet production
 - Scenario 26: Short Rotation Coppice grown on abandoned arable land
- Both Phase 1 and Phase 2 reports will be subject to external peer review process. Inputs from economic analysis, survey and interviews with UK, US supply chain. Calling on UK and US forestry expertise.
- Policy response in autumn – dependent on conclusions of the project.



Department
of Energy &
Climate Change

Thank you

For further policy queries contact: matthew.ford@decc.gsi.gov.uk