

## Talk to Climate Camp London teach-in on Subsidies to the Bioenergy Industry. Venue – School of Oriental & African Studies, University of London

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23<sup>rd</sup> January, 2011

I work for Biofuelwatch and will talk about how the UK taxpayer and government is subsidising and promoting the biofuel and biomass industry. Without this subsidy bioenergy would not be viable. I am also part of an anti-cuts coalition in Cheltenham who are campaigning against the accepted mythology that cuts are required. The list of subsidies is confined to the UK, so that it can be compared to the pernicious savage cuts to our welfare state. The money provided in the first instance from the national coffers to bail out capitalism and economic growth, will come disproportionately from the poor and will hurt the most disadvantaged in our society the most. The 'deficit' could be found from the £123bn tax avoidance & evasion. The deficit reduction is about neo-liberal ideology and free-market capitalism to downsize the size of the state and increase privatization. There need be no cuts. Tax payers money could be used to kick-start the Green New Deal, for example. The subsidies discussed are for biofuels and biomass.

### (1) Food v Fuel

EU, UK & USA subsidies directly increase the use of biofuels. Without public money, it is unlikely that the biofuels industry would have started and grown. In 2008, there were food riots and protests in over forty countries as global food prices increased by 75% within the year. This led to an additional 100 million people being permanently mal-nourished. A leaked report from the World Bank said that biofuels were responsible for 70% of those price increases.

In March 2008, John Beddington, Chief Scientific Officer, UK, said: "It is very hard to imagine how we can see a world growing enough crops to produce renewable energy and at the same time meet the enormous increase in the demand for food which is quite properly going to happen as we alleviate poverty..." and the Joseph Fargione study was very specific about the biofuels. Land grab rush: "All the biofuels we use now cause clearing of natural ecosystems for agriculture. Adding energy production to our current and growing demand for food production inevitably requires more land to be converted to agriculture, whether or not the biofuel is grown directly on that land. So biofuels either directly or indirectly cause land clearing, which releases carbon to the atmosphere and contributes to global warming. This is the biofuel carbon debt...From a climate change perspective, current biofuels are worse than fossil fuels."

### (2) Transport

We all know the issues regarding climate change and habitat/biodiversity loss and human rights abuses and food security/sovereignty soil/water degradation. Biofuels for transport was the first use of bioenergy. The subsidy was **£275 million a year**. Ironically this is being cut and ended in April 2010. The only remaining subsidy is on used cooking oil (UCO) and is worth about **£43m pa**. This will cease in April 2012. It is worth noting that 70% of our UCO is imported.

### (3) Biofuel Power Stations

There are plans to build 15 plants almost exclusively in England. In Germany there are up to 1800 plants of various sizes, including CHP, that largely burn palm oil. Palm oil is also the main fuel of choice in Italy and Netherlands who also use biofuel electricity markets are mature than ours. This market was largely halted in Holland after palm oil was banned. Tax payers fund the industry directly with additional charges with their bills. This is supposed to fund true renewables in the form of Renewable Obligation Certificates (ROCs). Crops grown specifically as energy crops ie Land Use Change (LUC)

get 2 ROCs; crops not grown specifically for energy (ie food) get 1.5 ROCs and on-shore wind-farms get 1 ROC. ROCs are part of the carbon trading markets. If all the plants were built, the cost would be **£120m pa**.

#### **(4) Biomass**

There are 35 biomass power stations currently in our planning system. These are power stations that use wood directly to generate electricity. I am not for one moment endorsing CCS, but in theory, without CCS there will be no 'new coal' and yet there is no requirement on biomass power stations to have CCS. The figures provided do not include co-firing with other fuel as is already happening at Drax with coal. The figures quoted also do not include Combined Heat & Power (CHP) using wood to generate both electricity and heat. It is the intention of the Irish Parliament and NEC in Birmingham to use CHP in this way. In other words the industrial use of wood to provide energy for power utilities and businesses is far higher than from those quoted here.

The 35 stations will use 39 million tonnes of wood which is 4.5 times the total supply of wood available in the UK. We currently import 90% of our wood. We are not talking about responsible rural cooperatives sustainably coppicing a community managed woodland in order to supply their own energy needs having already done all that they can to reduce energy demand. This is the whole scale corporate colonisation of our remaining biosphere and carbons sinks in order to meet renewable energy targets. Bioenergy equals land which will be overseas, largely in the majority world. This will mean land use change and CO2 emissions well in excess of coal and GM monocultures.

The annual subsidy to the industry from the taxpayer at the point of bill payment will be **£2.5 billion per annum**. In 30 years, this would be equivalent to funding another Trident. On top of what the company can get on the open market, they are given £65 MWh. In Scotland Forth Energy is intending to build 4 power stations, which would burn 5.3 million tonnes of wood every year. They were successfully targeted in the rain at last years Climate Camp in Edinburgh.

#### **(5) Renewable Heat Initiative (RHI)**

This is designed to encourage use of micro-generation such as solar hot water and heat pumps in the domestic sector. Unfortunately woodchip boilers for central heating are about a tenth of the price of ground source heat pumps and get twice the subsidy of solar thermal. For these reasons they are likely to see a greater take-up and many home-owners will come unstuck as the price of wood rockets due to huge demand from electricity companies. The commercial sector also benefits, so organisations such Dobbies heating vast hangars selling garden furniture get remunerated, but green-minded folk living off-grid with wood burning stoves get no hand-out. Subsidies are also available for those using biofuel instead of conventional heating fuel. The total subsidy for the initiative is **£860m pa**, much of which may well be for biomass and biofuels.

#### **(6) Energy Crop Schemes**

The government gives a 50% grant to farmers to encourage them to grow short rotation coppice and miscanthus for supplying electricity power stations.

#### **(7) Tax Breaks on Woodland**

Income from the sale of timber is tax free, whether the woodland is held privately or by a company. If the wood is commercially managed, it will be free of inheritance tax if owned for more than 2 years. Woodlands can be used to defer paying capital gains tax (CGT) on other business assets and when woodlands are sold CGT is paid only on the gain in land value and not on the timber value. There are no business rates on forests and income from Woodland Grant Schemes are not taxed. No wonder

the biomass companies are eagerly awaiting the government selling our forests and privatizing them. How many community groups that would sustainably manage the woods resources and protect wildlife will be able to compete with the corporations who can then get further subsidies for burning the wood they've grown?

### **(8) Support for Deployment**

The Biomass Energy Centre is a government funded information service. It's website 'focuses on the various biomass fuel types that are commercially available or being researched. It provides basic information on fuel processing and supply chains, currently with an emphasis on woodfuel and heat production'. It provides grants, advice and 'free' consultancy. A Bio-Energy Grants Scheme and Bio-Energy Infrastructure Scheme that have cost the UK taxpayer **£60m** since 2002 are ironically part of the national cuts. **£5.3m** of grants for 2010/11 are not affected. These cuts are part of £34m that is being lost from true renewable energy subsidies.

### **(9) Support for Research**

Another government funded organisation that provides coordination and focus for research 'to ensure that research into sustainable bioenergy is able to make the maximum contribution to future economic growth whilst helping move the UK towards a low carbon future'. The website lists a scary number of academics in various UK universities and some old friends such as BP and e-on working towards this goal.

### **Conclusion**

Clearly, cutting public services is unacceptable, especially when so many economists have said how wrong-headed it is and that there are alternatives. In the face of this and from the point of view of climate change, how can it be right to continue subsidising fossil fuels, aviation and bioenergy which all increase greenhouse gas emissions? The figures above show, that even if only a third of available funding for heating goes to bioenergy, approximately £3 billion that could be funding green jobs or protecting front-line services is being squandered.

Earlier we looked at how the environmental struggle in the majority world is intrinsically linked to trade and social justice, human and land rights, food security and sovereignty – as I am at a climate camp teach-in I would just like to share an image from the disastrous Cancun climate talks that put the fate of our rainforests in the greasy (oil) palms of carbon traders. A colleague attending was moved when the landless and indigenous people and subsistence farmers of Via Campesina, who are being affected by climate change and neo-liberal colonialism came to town and set up camp in the old square in Cancun.