

**biofuelwatch**



An open letter to the Chancellor of the Exchequer

Rt Hon. Philip Hammond MP  
11 Downing Street  
Westminster, London  
United Kingdom

March 1, 2017

Dear Chancellor of the Exchequer,

We, a coalition of environmental NGOs based in the United States and the United Kingdom, write to you in regard to the United Kingdom's commitment to reducing greenhouse gases and the most cost-effective way to do so.

This is a critical year for the United Kingdom; decisions made today on financial support to secure the UK's energy generation will determine policy and market trends for years to come, influencing the UK's ability to provide long term affordable and reliable energy and its legal obligations to reduce its carbon emissions.

A large proportion of UK renewable energy is generated by old coal-fired power plants that have been converted to burn biomass—a fuel source that is dirtier than coal, destructive for forests, and costlier than other true renewables like wind and solar.

The independent think tank, Chatham House, recently issued a seminal report challenging the fundamental assumption underlying European renewable energy policy: that burning forest biomass to produce electricity is “carbon neutral.” While policy makers have rushed to this conclusion in an effort to meet renewable energy targets, the report finds that many forms of forest-derived biopower are, in fact, likely increasing carbon pollution rather than reducing emissions.<sup>1</sup>

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<sup>1</sup> Duncan Brack, “Woody Biomass for Power and Heat – Impacts on the Global Climate,” Chatham House, February 23, 2017. <https://www.chathamhouse.org/about/structure/ceer-department/environmental-impact-use-biomass-power-and-heat-project> (accessed February 23, 2017).

Solid woody biomass (dedicated and co-fired) received over £800 million in ROC subsidies in 2015.<sup>2</sup> If the UK is to meet its climate commitments, it must put an end to such subsidies.

**We therefore call on you to use your first Budget Statement to support an affordable, clean, low-carbon electricity system in the UK by ending future subsidies for inefficient biomass-fuelled electricity generation.**

The United Kingdom has shown great leadership as the first country to announce a national commitment to coal phase-out – a commitment we understand will be legislated this year. The Government must not lose sight of the purpose behind this policy, which is first and foremost to reduce greenhouse gas emissions. It must lay the groundwork for the successful implementation of the coal phase-out while ensuring security of electricity supply and that the country is on track to achieve its climate targets, both under the Climate Change Act of 2008 and the 2016 Paris Climate Agreement.

Burning forest biomass, whether in new power stations, conversions or co-fired with coal, is not a climate solution. Large-scale wood-fueled bioenergy increases carbon emissions compared to coal for decades—far beyond the timeframe of existing UK and international climate policy commitments. The United Kingdom is already the world’s largest importer of wood pellets, with most used to fuel inefficient, electricity-only plants. Greenhouse gas emissions are significant; pellets only meet mandated emissions thresholds because the carbon from combustion is not counted.

By contrast, wind and solar energy are the most affordable, clean, and fast-deploying technologies to replace coal. As the Natural Resources Defense Council noted in their letter to you dated January 4<sup>th</sup> 2017, a recent study conducted by Vivid Economics concludes that in the period 2020–2025, wind and solar – not biomass - are likely to be the least-cost way to ensure security of supply while also achieving power sector decarbonisation goals. This analysis accounted for the full system costs of renewables, including the cost of integrating wind and solar into the energy system—i.e. the costs associated with backup generation required to ‘firm up’ wind and solar, and the costs associated with increasing the flexibility of the system to adapt to fluctuations in demand.

One option under the coal phase-out consultation is to allow coal power stations to continue to operate if they burn a large amount of biomass alongside coal to meet an Emissions Performance Standard, on the erroneous assumption that biomass is 'carbon neutral'. Subsidising biomass under this scheme will, perversely, extend coal burning and intensify the damage of large-scale biomass harvesting, which is already well-documented. Existing power stations could also out-compete genuinely low carbon renewables in technology-blind CfD auctions, preventing the development of future clean energy infrastructure.

Decisions made by you will have an impact far beyond the climate and indeed the UK’s borders. Burning biomass for electricity results in dangerous air pollution, and threatens sensitive forest ecosystems in places like the Southeastern United States, recently designated part of a global biodiversity hotspot. This region is home to some of the most biologically rich hardwood forests (upland and lowland) in the United States and also ground-zero for wood pellet manufacturing and export, driven primarily by voracious demand for wood pellets in the United Kingdom and EU.

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<sup>2</sup> Average 2015 ROC price calculated as £42.69 from <http://www.epowerauctions.co.uk/erocrecord.htm>. Data on ROC allocation derived from The Renewable Energy Foundation, at <http://ref.org.uk/generators/group/index.php?group=yr>.

Both the carbon emissions and ecological risks of continuing to rely on biomass for electricity generation, as well as the results of this economic analysis, point clearly to the need for the Government to reform bioenergy policies so they do not promote expensive and polluting solutions to the United Kingdom's energy needs.

**We call on you to stop future subsidy for inefficient biomass-fuelled electricity generation. Specifically:**

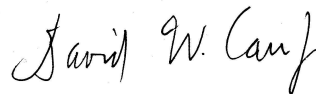
- Stop future subsidies for coal to biomass conversion when that CfD category (CfD 'Pot 3') comes to an end in 2017, and do not allow subsidy under CfD 'Pot 1' (established technologies).
- Stop future subsidies for inefficient electricity generation from biomass. Subsidies should only be available for facilities with an energy conversion efficiency (from primary energy to final energy output, for both electricity and thermal energy production combined) of at least 85 percent for residential and commercial applications, and at least 70 percent for industrial applications. This accords with the Renewable Energy Directive guidelines.

We would welcome the opportunity to further discuss this with you and your team, and extend our availability for a meeting to facilitate greater engagement on climate change between government and the NGO sector in the coming months.

Yours sincerely,



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cc: Rt Hon John McDonnell MP  
Rt Hon Greg Clark MP  
Mr Jesse Norman MP  
Mr Nick Hurd MP  
Ms Rebecca Long Bailey MP  
Mr Iain Wright MP