

## Cut Carbon Not Forests Parliamentary Briefing: *Consultation on a transitional support mechanism for large-scale biomass generators - Extending subsidies for large-scale biomass generators*

- The UK Government is [consulting](#) on extending subsidies for bioenergy after 2027. This could cost the public over £4 billion (if extended for only 3 years) or £12 billion if extended to 2035.
- The subsidies proposed are supposedly dependent on future bioenergy with carbon capture and storage (BECCS). Yet BECCS is still an unproven technology, not inherently carbon-neutral and, under the proposed plans, subsidies could be awarded for just promising to deliver BECCS.
- Cut Carbon Not Forests is calling for subsidies for large-scale biomass power plants to be ended in 2027. Continued wood biomass burning harms forests, communities and contributes huge amounts of carbon emissions to the atmosphere.

If approved, Drax, and Lynemouth, who are the only two Power Stations who meet the generating capacity threshold, could receive subsidies just for promising to build BECCS in the future, regardless of whether they follow through with those plans. Drax has already delayed its existing plans to build BECCS by 2030 by two years and planning applications for the pipeline and storage appear to be indefinitely delayed following National Grid's withdrawal from the scheme.

### Key issues:

- This consultation offers new subsidies for unabated wood biomass burning, which were due to end in 2027 and is in direct contradiction to the advice of the Climate Change Committee.
- The 'transitional' subsidies are supposed to be temporary until carbon capture technology is available, but there is no end-date for the subsidies and no binding obligation for generators to develop carbon capture. The new subsidies could potentially be indefinite.
- Bioenergy with carbon capture is unproven, has not been demonstrated anywhere at scale, is unlikely to reduce carbon in the atmosphere and would be extremely costly.
- The different options for new subsidies set out in the consultation have not been credibly costed. This could leave a big hole in the remaining budget for a 'green energy' transition. The Impact Assessment suggests that the highest likely amount of costs per year could be £2.5 billion, which is about 2.5 times what Drax has received in their highest subsidised year.
- The consultation invites eligible parties to contact them for new subsidies 31st March; not allowing time for the review of Biomass Sustainability and Greenhouse Gas Standards, Ofgem's investigation into Drax's sourcing or for the Public Audit Committee to consider the findings of the recent National Audit Office (NAO) report (published after the consultation opened).

**Subsidising Biomass** - Currently Drax and Lynemouth power stations are in receipt of huge amounts of public subsidy in support of their wood biomass powered electricity generation which involves sourcing from forests around the world. These subsidies are due to run out in 2027. It is estimated that, from 2012 until 2027, Drax alone will have collected more than £11bn in subsidies from the UK government.

Drax so far have received £6.5 billion in [subsidies](#), and Lynemouth have received £600,000 at the expense of bill payers. Drax is the world's biggest tree burner and the UK's single largest CO2 emitter. Much of the wood comes from the clear-felling of some of the world's most biodiverse forests in the Southern USA, Canada, Estonia and Latvia. Generating electricity from burning trees is no better than burning coal in terms of emissions; continuing subsidies for wood biomass is actively contributing to the climate crisis.

**Biomass with Carbon Capture and Storage (BECCS)** - The 'transitional' subsidies proposed refer to future bioenergy with carbon capture and storage (BECCS), yet simply require operators to submit a feasibility report with a 'credible plan' to start CCS in order to be eligible - creating no guarantees of future BECCS.

- [BECCS](#) is not inherently carbon-neutral or carbon-negative.
- There are no known examples of functioning or scalable BECCS projects involving woody biomass combustion anywhere in the world.
- The dual-CfD subsidies currently being proposed by the UK government risk Drax and other biomass companies receiving subsidies without actually needing to capture any carbon.
- Neither Drax nor anyone else has the technical know-how to capture carbon from woody biomass burning at scale, nor does the infrastructure for transporting and storing CO2 exist in the UK.

### Consultation should be withdrawn until:

1. the recommendations contained in the recent report by the National Audit Office (“NAO”) have been addressed and implemented;
2. any investigation or report by Public Accounts Committee are completed;
3. the results of the pending investigation by Ofgem are concluded, published, and then considered; and a new Impact Assessment has been prepared, following a call for evidence to establish the likely and worst-case scenario costs of wood pellets in coming years, and thereby the operational costs.

Given that existing CfDs for operators that would be eligible for the new interim subsidies are in place for another three years (until 2027) There is no need for a decision on post-2027 support to be made this year and until the above is met.

**Unfit for Purpose** - The consultation is unfit for purpose for multiple reasons. The consultation paper states: *“We encourage any party who considers they may be eligible for transitional support as outlined in this consultation to contact us by 31st March 2024”* – Just one month after the consultation closes.

It appears that the Government intends to award subsidy contracts prior to its long-awaited review of Biomass Sustainability and Greenhouse Gas Standards, before the energy regulator, Ofgem, concludes its investigation into Drax’s wood pellets from British Columbia, and before the Public Audit Committee has time to consider the findings of a recent NAO report. That report (published after this consultation came out) concluded that *“the government cannot demonstrate that its current arrangements are adequate to give it confidence industry is meeting sustainability standards”*.

The Climate Change Committee (CCC), whilst pro-BECCS, has also clearly [stated](#) that there should be no new subsidies for unabated wood biomass burning. This consultation is in direct contradiction with the CCC’s advice.

**Lack of credible cost/benefit analysis** - The Consultation acknowledges that *“[t]he most significant costs for biomass generators are the cost of the biomass fuel stock itself”* and states that *“[t]he Government will be seeking detailed information on the costs of biomass fuel to fully understand operational costs.”* That cost will greatly affect the cost of the subsidies. Without that information, the cost-benefit analysis cannot be robust and those responding to the consultation have no credible information about actual cost.

Furthermore Enviva, the world’s biggest supplier of wood biomass, is currently facing potential bankruptcy, after a year of losses and missing their January (2024) \$24.4 million bond payment. The potential failure of Enviva poses serious questions for the future of the wood biomass industry, with both Drax and Lynemouth being significant customers this creates supply chain vulnerability and the potential for huge pellet price increases.

### What can I do to help?

- **Call for the Consultation to be withdrawn until a later date.**
- **Submit a consultation response. CCNF can help draft any response. (closing date is 29<sup>th</sup> Feb)**
- **Table PQs. CCNF Can help draft any PQs.**

Please contact [Sophie](#) at [CCNF@cutcarbonnotforests.org](mailto:CCNF@cutcarbonnotforests.org) for more information and for any help with submitting a response.