Re: Biofuelwatch response to Consultation about the Review of Qualification Criteria for Renewable CHP Schemes (Ref Urn 12/d/489)

Dear Sir/Madam

I wish to respond to the Consultation about the Review of Qualification Criteria for Renewable Combined Heat and Power Schemes on behalf of Biofuelwatch. Our response focusses on biomass and bioliquids only, however our general concerns about the low proposed efficiency ratings would apply to all types of feedstock listed in the Consultation.

Our primary concern about the proposal is that it will ensure that plants which achieve efficiency ratings far below those attainable for CHP would be defined as CHP and thus become eligible for increased subsidies (or in some cases for subsidies altogether) under the Renewables Obligation. We are particularly concerned that it is proposed to grandfather such a very weak standard for the lifetime of any plant accredited under those rules.

The Consultation paper cites maximum achievable conversion efficiencies for different types of feedstock used by CHP according to AEA Ricardo. Those range from 80 to 85%.

Article 13(6) of the EU Renewable Energy Directive 2009 states:

"*In the case of biomass, Member States shall promote conversion technologies that achieve a conversion efficiency of at least 85% for residential and commercial applications and at least 70 % for industrial applications*."

The Consultation paper states: "*Due to its high energy conversion efficiency, CHP is identified by the UK Bioenergy Strategy as one of the priority routes for the use of biomass*."

The UK Bioenergy Strategy emphasises that CHP should be supported due to its high efficiencies. For example, they state:

"*Conversions of coal plants and biomass co-firing is however relatively inefficient in primary energy use compared to alternative biomass uses (e.g. CHP or biomass boilers for heat)*."

According to RWE Npower's recent planning documents for their proposed biomass capacity increase and long-term conversion plans for Tilbury B, that power station will achieve at least 37% conversion efficiency without CHP. By comparison, the minimum overall conversion efficiency proposed in the Consultation document (identical to what is contained in current Guidance Note 44) for 'good quality CHP' is only 35% for all bioenergy power stations above 25 MW. Clearly, the intention expressed in the UK Bioenergy Strategy is not to promote 'CHP' with even lower overall efficiencies than non-CHP coal-to-biomass conversions but instead to promote it at far higher efficiency levels.

We would point out that the minimum efficiency levels for CHP and 'good quality CHP' are likely to serve as de-facto maximum levels for plants accredited under the Renewables Obligation. This is because ROCs payments are in direct proportion to the amount of electricity produced. It is therefore in developers' financial interest to ensure that such power plants capture and use no more than the minimum amount of heat required for them to be classed as CHP or 'good quality CHP' because capturing more heat would reduce their electricity output (per tonne of fuel) and thus their ROCs entitlement. We have already seen examples of developers of power stations seeking accreditation as biomass CHP or 'good quality CHP' proposing to increase their electricity output without changes to the design or overall fuel use. Those include RWE's proposed Markinch power station and a proposed Estover biomass CHP plant in Speyside. This suggests to us that companies are cutting back on heat generation and thus overall efficiency as a result of the definitions discussed in this Consultation paper.

This makes it all the more important for the new levels to be set high enough to encourage only high efficiency bioenergy CHP, certainly nothing less efficient than the 70% stipulated in the Renewable Energy Directive. This should apply both above and below 25MW.

Consultation question 2: Do you agree with the proposed safeguard provision? Please provide a justification for your answer.

We are deeply concerned by the very low overall conversion efficiency level proposed (as currently set) for CHP plants above 25 MW and the lack of any minimum conversion efficiency level for plants defined as CHP below that capacity.

We believe that there must be a minimum overall conversion efficiency level of at least 70%.

Consultation question 3: Do you agree with the proposed approach on grandfathering? Please provide a justification for your response and data in support of this or any alternative proposed approach.

We are deeply concerned about the proposal to grandfather such a very low minimum efficiency standard (one which clearly contradicts the expressed intention of the UK Bioenergy Strategy) for the life-span of accredited plants.

Best regards,

Almuth Ernsting
Biofuelwatch Co-Director