

Biofuelwatch response to Parts B and C of the Scottish Government's Renewables Obligation Banding Review Supplementary Consultation

Dear Mr Rafferty,

On behalf of Biofuelwatch I wish to response to Parts B and C of the Renewables Obligation Banding Review Supplementary Consultation. We will submit a response to Part A at a later date.

Please can you confirm receipt of our response. Please note that the address on the Respondent Information Form is my personal address – Biofuelwatch has no office – and I would be grateful if you could not publish that address when publishing our response. Thank you.

Part A: “Expanded sustainability criteria for solid biomass and biogas, to take effect from October 2013”

We welcome the Scottish Government's stated intention behind a 10 MW cap on ROCs for electricity-only biomass power stations. The amount of biomass which can be sourced and burned for bioenergy 'sustainably', i.e. without causing harm to forests, climate and communities is clearly limited, which the Scottish Government has acknowledged on several occasions in the past. We can therefore see no justification for subsidising low-efficiency electricity generation from biomass at all. However, our primary concern is that the proposed exemptions to that cap are so major that they would entirely negate its stated purpose (i.e. to focus subsidies on highly efficient sustainable biomass, appropriately scaled and making best use of local biomass s)

Electricity-only power stations of up to 10MW:

Electricity-only power stations generally achieve efficiencies of just 20-30% - conversion efficiency for smaller biomass power stations tends to fall into the lower part of this range. If, as is increasingly the case, whole trees are cut down and burnt as woodchips or pellets, then for every five trees felled, four are entirely wasted as uncaptured heat. Article 13(6) of the EU Renewable Energy Directive (RED) 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.”

We believe that the Scottish Government must comply with this Article and that low-efficiency biomass electricity must not be promoted. 70% or higher efficiency levels can be reached with heat and combined heat and power plants which prioritise heat over electricity.

Limiting the proposed cap to wood from forestry rather than waste:

Again, we can see no justification for ignoring Article 13(6) of the RED. Sustainable supplies of all types of biomass – including waste/demolition wood, straw, agricultural crops (due to their requirement for land) are limited. The amount of biomass required to meet the Scottish Government's ambitious Renewable Heat target will be very substantial – no assessment of how large it would be has been provided with this Consultation. Subsidised electricity-only power stations will be heavily competing with small-scale efficient CHP plants and with pellet demand for heating and we have heard convincing anecdotal evidence that this is already happening in Scotland.

Exemption for “Good quality CHP” power stations:

We believe that the use of the term ‘good quality CHP’ in the consultation is highly misleading. Everybody we have spoken to – unless otherwise informed by us – has interpreted ‘good quality CHP’ as meaning high-efficiency CHP.

Indeed, the UK’s CHPQA Standard states that power stations larger than 25 MWe must reach 70% conversion efficiency in order to qualify as ‘good quality CHP’. This is in line with EU Cogeneration Directive (2004/8/EC), although that instead uses the term ‘highly efficient CHP’. The CHPQA Standard and EU Cogeneration Directive of course do not distinguish between feedstocks and do not specifically address bioenergy. They do not supersede the requirement set out in article 13(6) of the RED that the minimum conversion efficiency to be supported by governments is 70% (regardless of the size of power plants).

There is no indication in the consultation, in the Scottish Government’s ROCs proposal published in September, nor indeed in any other document we could find on the Scottish Government’s website that the EU and CHPQA 70% threshold for ‘good quality CHP’ efficiency ratings for power stations of 25 MWe or greater capacity has been set aside for the purpose of ROCs for biomass and energy from waste power stations. ***As a result of this Guidance Note, also adopted by the Scottish Government, large-scale biomass power stations which reach a mere 35% conversion efficiency and which may not even supply any heat to other users at all would be exempt from the proposed cap and eligible for 2 ROCs/MWh.***

We therefore believe that the consultation process is deeply flawed, since organisations and individuals have been given no realistic means of finding out that large power stations with 35% efficiency would indeed be exempt from the cap. Although we have been informing our own contacts of this fact, it is neither our role nor within our capacity to make up for insufficient and, arguably, misleading information contained in a Scottish Government consultation.

Given the magnitude of this ‘loophole’ – which could see hundreds of millions of pounds in subsidies being spent on burning millions or potentially tens of millions of tonnes of wood in Scottish power stations in future – we would like to see a new consultation being launched, containing adequate information. Our main concerns, however, are to ensure that this loophole is closed, i.e. that no power stations below 70% conversion efficiency attract ROCs. Furthermore, efficiency alone is not enough to ensure sustainability of demand and thus to avoid serious negative impacts on forests, communities and the climate. We therefore believe that no power stations above 10 MW should attract ROCs, nor any with less than 70% efficiency.

In this context, we would point out that high CHP efficiencies always correlate with prioritising heat over electricity. ROCs, i.e. subsidies for electricity for uncapped biomass power stations represent a major financial incentive to prioritise electricity over heat in CHP power plants and thus to reduce potential efficiency levels, thus undermining the Renewable Heat target and objective.

Part C: “Additional mechanisms for biomass power aimed at ensuring value-for-money and affordability”

Our primary concern here is that the Consultation does not mention at all what we consider to be the main potential impact of the relevant bandings proposal, i.e. the fact that coal-to-

biomass conversions would be exempt from both the proposed 10 MW cap and the overall cap on ROCs for electricity-only biomass and that they would in future become far more profitable under ROCs proposals compared to lower levels of co-firing.

In response to the identical DECC banding proposals, Drax has decided to convert half of their units to biomass. This will require pellets from 20 million green tonnes of wood, twice as much as the UK's entire annual wood production. Converting one single unit at Longannet would, under those proposals, attract around £220 million in subsidies every year and require 6 million green tonnes of wood a year, far more than Scotland produces in total. Although we have not heard of any such conversion plans in relation to Longannet as yet, if DECC banding proposals are copied, they may well feel the need to follow the same economic rationale as Drax is now doing in England. Given the magnitude of wood supplies required to convert even one single coal power station unit to biomass, we feel that the lack of any consultation on this proposal adds to our serious concerns about flaws and inadequacies in this consultation.

We believe that there must be no ROCs for burning biomass in coal power stations, whether through co-firing or conversions, given the large size couple with the low efficiency level reached by such power stations.

Please note that Biofuelwatch strongly supports the expansion of genuine, sustainable renewable energy such as sustainable wind, solar and tidal power which has been shown to achieve real greenhouse gas reductions, unlike large-scale biomass electricity.

Yours sincerely,

Almuth Ernsting
Co-Director
Biofuelwatch