

Thursday 28th May 2020

To: Alok Sharma, Department of Business, Energy and Industrial Strategy

Re: Contracts for Difference (CfD): proposed amendments to the scheme 2020

Dear Mr Sharma

We are writing to respond to the [Consultation about proposed changes to the Contracts for Difference \(CfD\) scheme](#).¹ Our organisations' response focuses on the role of biomass energy within CfDs; however, we would also like to express our strong support for including onshore wind and solar PV in future CfD auction rounds. Onshore wind and solar power, unlike biomass electricity, are low-carbon, affordable forms of renewable energy, which are vital for reducing carbon emissions from UK energy generation. We note that, in order for onshore wind and solar power to be scaled up as needed, other barriers will also have to be removed, such as those arising from planning policy in England.

Coal-to-biomass conversions:

We welcome the proposal to formally exclude coal-to-biomass conversions from all future CfD allocation rounds, which we believe to be long overdue. The low efficiency levels of converted power stations (<40% compared to the 70% efficiency currently required for dedicated biomass CHP plants), coupled with the large scale of coal power units (leading to effectively 100% wood pellet import reliance in the UK electricity market), mean that such conversions have the greatest and most serious environmental impacts of all biomass energy projects in the UK. BEIS concluded back in 2017: "When compared with these [other renewable energy] technologies, carbon savings from biomass conversion or co-firing are low or non-existent, and the cost of any savings is high." ([CONSULTATION ON CONTROLLING THE COSTS OF BIOMASS CONVERSION AND CO-FIRING UNDER THE RENEWABLES OBLIGATION](#)).²

Biomass CHP:

We are very concerned about the proposal to allow biomass CHP projects to compete with offshore wind and other technologies in Pot 2, even though the Committee on Climate Change recommended not allowing any further biomass capacity in the power sector without carbon capture and storage (CCS). Although we have serious reservations about the Committee on Climate Change's support for bioenergy with CCS, we fully agree with them that no further

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885248/cfd-ar4-proposed-amendments-consultation.pdf

2 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/645002/Biomass_cost_control_con_doc_final.pdf

biomass electricity projects, such as those proposed in this consultation, should receive support from the government.

Moreover, we are deeply concerned not to see any confirmation in the consultation document that the Government will apply the same greenhouse gas threshold and minimum efficiency criterion to future auction rounds as were applied to the 3rd Allocation Round. Those vital safeguards were included in the Standard Terms and Conditions for that third Allocation Round, but not set out in any regulations. The 70% minimum efficiency requirement was also included in an updated [CHPQA Guidance Note 44](#).³

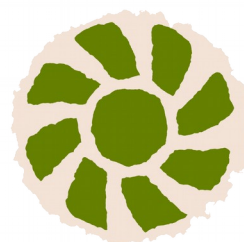
However, in late 2018, the Contracts for Difference (Definition of Eligible Generator) Regulations 2014 were amended so that biomass CHP plants no longer automatically require CHPQA accreditation at all for the purpose of future CfD allocation rounds. This means that, unless the 70% minimum efficiency requirement is written into Standard Terms and Conditions for every future allocation round, even plants less efficient than Drax's electricity-only biomass units can be entered into CfD auctions as "biomass CHP."

We therefore hope that:

- Biomass CHP will not be allowed to compete in Pot 2;
- The greenhouse gas threshold and minimum efficiency requirement applied during Allocation Round 3 will be included into regulations to ensure that both are applied to all future allocation rounds.

Yours faithfully,

Biofuelwatch (UK/USA)



biofuelwatch



Southern Environmental Law Center (USA)



Natural Resources Defense Council (USA)

³ https://www.chpqa.com/guidance_notes/GUIDANCE_NOTE_44_Issue_7.pdf

Partnership for Policy Integrity (USA)



Dogwood Alliance (USA)



Fuel Poverty Action (UK)



Fern (Europe)



United Kingdom Without Incineration Network (UKWIN)



Campaign Against Climate Change (UK)



Coal Action Network (UK)



Operation Noah (UK)



Green Christian (UK)



UK Youth Climate Coalition



ShareAction (UK)



Landworkers Alliance (UK)



Scot.E3 (Employment, Energy and Environment)



UK Student Climate Network





Reclaim the Power (UK)

Fossil Free London



Robin Hood Tax Campaign (UK)