



An open letter to the Secretary of State for Business, Energy & Industrial Strategy

Rt Hon. Greg Clark MP
3 Whitehall Place
London
SW1A 2AW

23rd of January, 2017

Dear Secretary of State,

We, a range of business representative and civil society organisations, are writing to you at the close of your department's call for evidence on fuelled technologies in the Contracts for Difference (CFD) support scheme. We wish to express our concern with the current policies regarding biomass burning for electricity and to ask you to use this call for evidence to remove biomass conversions from the list of CFD-eligible technologies.

To date subsidies awarded to large coal power plants have driven conversion to the use of woody biomass, primarily pellets. But large-scale electricity-only generation from forest biomass is expensive, highly polluting, and poses a major risk to forests and the wildlife that depends on them.

Some of the undersigned organisations recently met with Baroness Neville-Rolfe for a productive discussion about these issues.

It is now widely understood that forest biomass is not a climate solution. Carbon emissions from power stations burning wood pellets made from whole trees—even in relatively small proportions—rival or exceed those from fossil fuels for more than five decades, far beyond timeframes relevant for addressing climate change.

There is now ample evidence, including Government's own Biomass Emissions and Counterfactual (BEAC) report and calculator, that the wood pellets currently burned in large-scale electricity-only UK power plants far exceed government emissions thresholds when the changes to forest carbon stocks are taken into account. However, the emissions resulting from those changes to forest carbon stocks are wrongly assumed to be zero when subsidies are awarded.

Additionally, demand for wood pellets for bioenergy poses a threat to wildlife. UK imports from the US to meet pellet demand are being sourced from whole trees in Southeastern forests, home to some of the most biologically-rich wetland forests in North America, known as bottomland hardwood forests. A detailed study commissioned by the European Commission¹ concludes that the rapidly expanding wood pellet industry, driven by bioenergy demand, poses a serious risk to biodiversity found only in the region. Unfortunately, the vast majority (90%) of these forests are highly vulnerable due to the lack of any formal protections.

Forests are one of our best defenses against climate change because they provide buffers against flooding and the serious effects of storms. We need to accelerate efforts to protect our forests and improve ecosystem health, not open the floodgates for forests to be burned as fuel for electricity. It is also the time to invest in genuinely clean energy technologies, such as onshore and offshore wind, solar and demand side response and storage, which are more economical and do not degrade forests or increase climate and air pollution.

Biomass conversions do not deliver good value for money, particularly when trying to achieve cost-effective decarbonisation. A study commissioned by the Natural Resources Defense Council (NRDC)² and conducted by Vivid Economics concludes that in the period 2020–2025, wind and solar are likely to be the most cost-effective way to ensure UK reliability of supply (even after intermittency costs are accounted for) while also achieving power sector decarbonisation goals, not biomass.

In the context of the CFD scheme, coal to biomass conversion is an established technology but unlike sewage gas, landfill gas and anaerobic digestion of genuine waste, (Pot 1 technologies in the CFD scheme) which can use fuels at the end of their life, coal to biomass conversion burns virgin wood and therefore sets it apart from those Pot 1 established technologies. The European Commission has determined that biomass conversion should no longer be in a separate Pot 3, and it is our contention that it should not remain in the CFD scheme at all. It could risk diverting subsidies from other technologies while at the same time failing to deliver emissions reductions. This does not represent cost-effective decarbonisation by any measure.

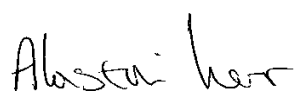
Subsidising the burning of wood distorts the wood market by providing commercial advantage to bioenergy generators over other wood users. The impact of this is to drive up prices for timber and residues which are the feedstock for industries that manufacture wood products that can lock up the carbon for a long period. If these industries are negatively impacted then large numbers of jobs are at risk. If prices go up customers are more likely to use high carbon alternatives to wood products like gypsum board and steel, resulting in both economic and climate impacts.

We urge you to remove biomass conversions from the list of CFD-eligible technologies permanently, and to conduct an urgent review of the UK's bioenergy policies in 2017, as was mandated in the UK Government's 2012 Bioenergy Strategy.

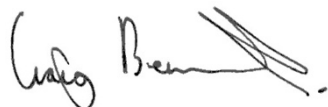
¹ Environmental implications of increased reliance of the EU on biomass from the South East US, European Commission, 2016

² The economics of biomass in UK power generation, VIVID Economics, 2016

Yours sincerely,



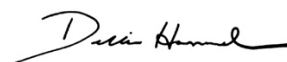
Alastair Kerr
Wood Panel Industries Federation



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Karl Morris
Norbord Europe Ltd



Debbie Hammel
Natural Resources Defense Council



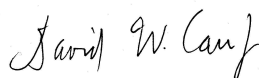
Almuth Ernsting
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