

# Biomass & Biogas Sustainability Implementation Group (BABSIG)

Thursday, 27<sup>th</sup> January 2011

# Agenda

14.00	<b>Introductions and welcome</b>
14.05	<b>Updates</b>  <b>(i) Government response to ROO 2011 consultation - published with Electricity Market Reform package (EMR) (16<sup>th</sup> December):</b> Redacted, <i>DECC</i> <b>(ii) GHG Tool &amp; Ofgem Guidance:</b> <i>DECC &amp; Ofgem</i> <b>(iii) EU report on ILUC related to biofuels (22<sup>nd</sup> December):</b> Redacted, <i>DECC</i> <b>(iv) Sustainable Forestry:</b> Redacted, <i>Forestry Commission</i>
14.45	<b>Questions to Panel on the Updates</b>
15.10	<i>Coffee and short comfort break</i>
15.15	<b><i>Discussion I: Scope of the ToR and Workplan (All)</i></b> <ul style="list-style-type: none"> <li>▪ Are (i) GHG Tool &amp; Guidance, (ii) Sustainable Forestry (iii) ILUC and (iv) Sustainable Heat the right priority areas?</li> <li>▪ Would there be other areas this group would want to address?</li> </ul>
15.40	<b><i>Discussion II: Deliverables and timescales (All)</i></b> <ul style="list-style-type: none"> <li>▪ Are the deliverables and timescales set out practical?</li> <li>▪ Would there be other contributions/deliverables this group would want to see?</li> </ul>
16.00	<b>Groups' feedback</b>
16.20	<b>Next steps (Chair)</b>
16.30	<b>Thanks &amp; close.</b>

# Redacted

Bioenergy Policy, DECC

# Govt Response on ROO 2011



For the UK our criteria for solid biomass & biogas will be broadly as proposed in the consultation:

- **Target of 285.12 kg CO<sub>2</sub> per megawatt** saving relative to fossil fuel (equates to a 60% saving against the EU comparator)
- **Land use criteria** in line with RED approach to biofuels & bioliquids
- Biomass & biogas made from **waste or landfill/sewage gas** will be **excluded** from requirements
- Requirement to report on performance on these from April 2011
- Continuation of **current factually reporting requirements** on biomass feedstock consignments introduced in April 2009
- For generators of 1MWe or above, from April 2013, **receipt of ROCs will be formally linked** to meeting criteria

# So what's new?

- Commitment by Government to producing an easy to use **GHG lifecycle tool for biomass & biogas**
- Focus on a **specific carbon intensity target – 285.12 kg CO<sub>2</sub>/MWh** – rather than % saving against an EU comparator
- The **existing Biomass Sustainability Working Group to be expanded** to include additional industrial and technical experts and focus on:
  - GHG tool and Ofgem Guidance
  - Sustainable forest management
  - Indirect land-use change

# Electricity Market Reform



## EMR is about

- moving the UK to the **front of the global race** for electricity investment
- driving the growth of **clean energy** industries in the UK, and
- ensuring the **best possible deal** for consumers.

## Drivers for change:

- Over **£110 billion of investment** is needed in new power stations and grid upgrades over the next decade, double the rate of the past ten years.
- Without investment in renewables, new nuclear and carbon capture and storage, **emissions will remain too high**, we will become dependent on **energy imports**, and increasingly vulnerable to **fossil fuel price volatility**.
- Quarter of the UK's existing power plants need replacing by 2020.
- **About 30 per cent of our electricity must come from renewables by 2020**, up from 7 per cent today in order to meet EU targets.
- By 2030, **three quarters of our electricity could be low carbon!**
- Our 2050 Pathways work shows **electricity demand may double by 2050** as more heating and transport is shifted to the grid to decarbonise the wider economy.

# How will EMR be delivered?



**Four reforms** provide long-term certainty for energy investors:

- **Carbon Price Floor** – Greater support and certainty to the carbon price and therefore cost of operating polluting power plants.
- **Feed In Tariff** – the Government will agree **clear, long term contracts, resulting in a top up payment to low carbon generators** if wholesale prices are low but pulling back money for consumers if prices become higher than the cost of low carbon generation.
- **Capacity mechanism** – will offer extra payments for the construction of **reserve plants** or **demand reduction measures** to tackle intermittent/inflexible increases.
- **Emissions Performance Standard** – will reinforce the existing requirement that no new coal is built without carbon capture and storage, by providing a back-stop limit to how much carbon can be emitted.

# What's next

- DECC and the HM Treasury have together launched **consultations on fundamental reforms** to the electricity market.
- Aim is to minimise any uncertainty by consulting on the **process and principles for the transition to** new market arrangements.
- Deadline for HMT consultation on carbon price support: **11 February**, with final recommendations at Budget in March 2011
- Deadline for DECC/HMT consultation on wider electricity market reform: **10 March**, final recomms in White Paper later this year.
- We will legislate for these reforms before the end of Parliament



# EMR and the RO

- EMR consultation sets out the new support mechanism for all low carbon. Consulting on the **best way to transition** to new scheme.
- Existing investments under the RO will **continue to receive their support through the RO** mechanism. New scheme will be for new generation only.
- RO will remain **open to new accreditation until 31 March 2017**. So those making investment decisions now should be able to accredit under the RO.
- Announced a **new, faster timetable for the Renewables Obligation Banding Review**. To give earlier notice of support levels for generation that will accredit between the start of the new scheme and 31 March 2017.
- Consulting on whether to **allow a choice of schemes** between the introduction of the new scheme and 31 March 2017.
- Consulting on best means to **'vintage' the RO** on 31 March 2017.

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Senior Manager, New Scheme Development  
Ofgem

# Redacted

Bioenergy Policy, DECC

# EU Report on ILUC

- Report published 22 December on the EU website, meeting the requirement under the RED
- Updates us on the Commission's progress and thinking
  - Sees biofuels as an **essential element** of the EU's energy & climate strategy
  - Acknowledges that ILUC **can impact on GHG emissions savings**, reducing contribution to oals
  - However, some **deficiencies and uncertainties** are associated with the modelling work carried out so far.
  - "...if action is required, indirect land-use change should be addressed under a **precautionary approach**."

# Ranges of emission values

<b>Land-use change in g/MJ<sup>21</sup></b>	<b>Maize ethanol</b>	<b>Soya biodiesel</b>
Searchinger et.al. (2008)	156	165-270
CARB (2009)	45	63
EPA (2010)	47	54
Hertel et.al. (2010)	40	-
Tyner et.al (2010)	21	-
IFPRI MIRAGE (2010)	54	75

**Table 2: Summary of feedstock specific land-use change emission values (Literature review)**

# EU Report on ILUC

- Key messages are that the Commission is
  - **Continuing to conduct analysis** so that decisions can be taken on the base of the best possible science
  - **Finalising its impact assessment** looking at options:
    - no action, continue to monitor
    - increase GHG savings threshold for biofuels
    - additional sustain. requirements for certain biofuels
    - adding an 'ILUC factor' reflecting the estimated impact
- Impact assessment – plus legislative proposal for RED and FQD if appropriate - no later than **July this year**

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Woodfuel Policy & Programme Officer,  
Forestry Commission

# Breakout Session I



## ***I: Scope of the ToR and Workplan***

- Are (i) GHG Tool & Guidance, (ii) Sustainable Forestry (iii) ILUC and (iv) Sustainable Heat the right priority areas?
- Would there be other areas this group would want to address?



# Breakout Session II



## ***II: Deliverables and timescales***

- Are the deliverables and timescales set out practical?
- Would there be other contributions/deliverables this group would want to see

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