



Department
of Energy &
Climate Change

Consultation on adjustments to sustainability and reporting provisions for biomass

URN14D/196 June 2014

Department of Energy and Climate Change
3 Whitehall Place
London
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Website: www.gov.uk/decc

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The consultation can be found on DECC's website: <https://econsultation.decc.gov.uk/decc-policy/biomass-sustainability>

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General information

Purpose of this consultation

This consultation document seeks views on five proposed adjustments to the biomass sustainability and reporting provisions for biomass.

The consultation is relevant to renewable energy generators, biomass feedstocks suppliers, processors and distributors, environmental non-government organisations, community groups and members of the public

Issued: 16 June 2014

Respond by: 14 July 2014

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Consultation reference:

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Territorial extent:

The proposals set out in this document apply to the RO in relation to England and Wales. The proposals are also relevant to the CfD in England, Scotland and Wales. Decisions regarding the operation of the RO in Scotland and Northern Ireland are for the Scottish Government and Department of Enterprise, Trade and Investment in Northern Ireland respectively. The Scottish Government intends to consult separately on this issue. In so far as the proposals apply to the Renewable Heat Incentive, they apply to England, Scotland and Wales.

How to respond:

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Your response will most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome. Responses to the consultation are preferred in electronic format and should be sent to the email address above.

Online responses can also be submitted via DECC's consultation hub at the following link:
<https://econsultation.decc.gov.uk/decc-policy/biomass-sustainability>

Alternatively hard copies of responses should be sent to the address above.

Additional copies:

You may make copies of this document without seeking permission. An electronic version can be found at: <https://econsultation.decc.gov.uk/decc-policy/biomass-sustainability>

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us under the above details to request alternative versions.

Confidentiality and data protection:

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the gov.uk website. This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

Quality assurance:

This consultation has been carried out in accordance with the Government's Consultation Principles, which can be found here:

<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf>

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

DECC Consultation Co-ordinator
3 Whitehall Place
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1. Executive summary

Background

- 1.1 Reporting requirements on the use of biomass under the Renewables Obligation (RO) were introduced in 2009. The Renewable Energy Directive¹ brought in mandatory sustainability criteria for bioliquids, which were incorporated into the RO in 2011². At the same time, the reporting requirements for solid biomass and biogas were expanded to require reporting against greenhouse gas emissions criteria and land criteria, largely based on the sustainability criteria for bioliquids. These required generators to report whether the biomass they had used had been sourced from a type of 'protected land' and to provide details of the greenhouse gas (GHG) emissions associated with its production and use.
- 1.2 Following consultation in 2012³, the Government decided to make the sustainability criteria mandatory for support under the RO from April 2015, for stations of 1MW and above that use solid biomass or biogas. The Government Response, published in August 2013, made some further changes to the sustainability criteria and reporting requirements for solid biomass and biogas, including: the introduction of new criteria for sustainable forest management (the UK Timber Standard for Heat and Electricity, based on the UK Timber Procurement Policy (UK- TPP) principles), establishment of a GHG target trajectory and a requirement for generators to produce independent audit/assessment reports. Full details are set out in the August 2013 Government Response⁴.
- 1.3 In February 2013⁵, Government announced its intention that the biomass sustainability measures under Renewable Heat Incentive (RHI) should be broadly comparable to the

¹ The Renewable Energy Directive 2009/28/EC - http://europa.eu/legislation_summaries/energy/renewable_energy/en0009_en.htm

² Renewables Obligation (Amendment) Order 2011- <http://www.legislation.gov.uk/ukxi/2011/984/note/made>

³ Consultation on proposals to enhance the sustainability criteria and to ensure affordability for the use of biomass feedstocks under the Renewables Obligation (RO) (September 2012) – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66519/6339-consultation-on-biomass-electricity--combined-hea.pdf

⁴ Government Response to the consultation on proposals to enhance sustainability criteria for the use of biomass feedstocks under the Renewables Obligation (RO)' (August 2013) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/231102/RO_Biomass_Sustainability_consultation_-_Government_Response_22_August_2013.pdf

⁵ Non Domestic RHI A Government Response to 'Providing Certainty, improving performance' July 2012 consultation- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/128679/Gov_response_to_non_domestic_July_2012_consultation_-_26_02_2013.pdf

RO (with some differences to account for the differences between the heat and electricity sectors).

- 1.4 It is our intention that the forthcoming FIDeR contracts and generic Contracts for Difference (CfD) awarded under the Electricity Market Reform will follow the same approach as the sustainability criteria set under the RO. Where they differ they will do so because of differences between the contractual approach taken in the CfD and the administrative approach via the RO.

Purpose of the consultation

- 1.5 This consultation covers five specific aspects of the reporting requirements and sustainability criteria for biomass:
- Proposal 1- To revise the Saw Logs definition in the Renewables Obligation
 - Proposal 2 - To reconsider the reporting requirements for tree species in the Renewables Obligation
 - Proposal 3 – To provide exemptions from the Timber Standard for certain categories of wood for the RHI and Renewables Obligation
 - Proposal 4 – To add ‘highly biodiverse grasslands’ to the list of protected land types for the RHI and Renewables Obligation
 - Proposal 5 – Averaging of Greenhouse Gas Emissions across the year in the Renewables Obligation
- 1.6 Reflecting the smaller-scale nature of the heat market and the fact that most of the biomass supported under the RHI is expected to come from UK sources, the sustainability arrangements for the RO and RHI differ in that the saw logs and tree species reporting requirements, and greenhouse gas averaging mechanism, do not apply to the RHI. Therefore, only proposals 3 and 4 would apply to the RHI in England, Scotland and Wales.
- 1.7 Since the publication of the Government Response in August 2013, these aspects of the sustainability criteria and reporting requirements have been identified as possibly needing some adjustments or clarification in order to ensure the effective delivery of the policy intent set out in that Government Response.
- 1.8 This consultation does not cover any other aspects of the reporting requirements and sustainability criteria for biomass under the RO or RHI.

Summary of proposals

Proposal 1 – To revise the ‘Saw Logs’ definition in the RO

The Renewables Obligation (Amendment) Order 2014 ("ROO 2014") introduced a requirement for generators to report on their use of saw logs. A single definition of ‘saw logs’ was provided, based on the age of the tree. **This proposal would replace that definition of ‘saw logs’ with a requirement for generators to use a definition for saw logs which matches the local specifications for saw logs in operation where the wood originates.** This should ensure that the data being collected more closely matches the type and quality of timber actually being used by saw mills in the UK and overseas to produce quality products. This should prevent the under or over reporting of saw logs use for energy.

Proposal 2 - To reconsider the reporting requirements for tree species in the RO

The ROO 2014 introduced the requirement for generators to report on the species of wood they use for energy generation. This requirement provides information on the type of wood being used (and imported) for energy generation. However, generators have suggested that it can be very difficult in practice to obtain this detailed information for wood from large areas of mixed woodland and for saw mill processing residues. **We propose to make this reporting requirement more workable, by replacing the ‘tree species’ reporting requirement with a requirement for generators to report on the proportion of wood used which is ‘hardwood’ and the proportion which is ‘softwood’. We also propose to include a requirement for generators to report on whether any of the wood used was likely to have come from protected or threatened species (and if so, to name that species).** This will simplify the administration of this reporting provision but taken with the other required wood profiling information will still provide us with useful information about the wood being used for bioenergy.

Proposal 3 – To provide exemptions from the Timber Standard for certain categories of wood for the RHI and the RO

This proposal would provide **exemptions from the Timber Standard for residues from arboriculture, diseased wood, and trees being removed from areas which are being restored for ecological reasons.** Generators of 1MW and above that use these materials and RHI self-reporting participants, would still be subject to independent annual audit. Suppliers on the RHI Biomass Suppliers List relying on this exemption would remain subject to the BSL audit and compliance process.

Feedback from the UK industry indicates that compliance with the Timber Standard would be very difficult for these types of woody materials without significant bureaucracy and failure to exempt this material could lead to it being disposed of in an unsustainable manner, either by burning in situ without energy recovery or sent to landfill. **We are also asking for views on whether ‘wind blow’ should also be exempt from the Timber Standard and if so how it might be defined and what sort of evidence could be used to determine that wind blow wood is being correctly reported. We propose not to exempt non waste saw mill residues from the Timber Standard.** We have

concerns that such derogation could, depending on future market prices, create a financial incentive to adapt sawmill processing techniques to produce more residues than is necessary during the production process.

Proposal 4 – To add ‘highly biodiverse grasslands’ to the list of protected land types for the RHI and the RO

The European Commission is expected to adopt a Regulation this Autumn defining ‘highly biodiverse grasslands’ for the purposes of the sustainability criteria for bioliquids⁶. **We propose to also add this protected land type to the land criteria for non-wood solid and gaseous biomass under the RO and RHI.** The introduction of the provision at this stage should help to avoid biomass being sourced from such grasslands. It will maintain consistency in the land criteria requirements between bioliquids and solid and gaseous biomass. We have previously signalled⁷ our intention to apply this new definition and do not expect there to be any significant implications for biomass availability to UK generators as a result of this change.

Proposal 5 – Averaging of Greenhouse Gas Emissions across the year in the RO

The August 2013 Government Response stated that Renewables Obligation Certificates (ROCs) would be issued on a monthly basis where the average GHG emissions of the consignments of solid and gaseous biomass used during that month were within the annual GHG targets set out in the Government Response. This creates a risk that ROCs might be issued for consignments of solid or gaseous biomass that meet the GHG criteria when calculated on the monthly basis, but fail to meet the GHG criteria when calculated on an annual basis. We propose to remove this risk by issuing ROCs on a monthly basis only for those individual consignments that meet the GHG threshold. For any consignments that are above the GHG threshold but below the ceiling set out in the August 2013 Government Response, the ROCs would be withheld until the end of the obligation period. At the end of the obligation period, the annual average GHG emissions from all of the consignments of solid and gaseous biomass would be calculated, and only if it is below the GHG threshold, would the withheld ROCs be issued.

Impacts

- 1.7 We have not identified any significant expected economic impacts from any of the above proposals. It is expected that these will lead to small changes in the administrative burden on biomass generators and the supply chain, whilst helping to strengthen the value and accuracy of the information reported to us on biomass use, improve protection of bio diverse grasslands, divert low value wood from landfill into bioenergy and incentivise industry to work hard to keep the annual average GHG emissions within the GHG thresholds set for the RO.

⁶ A draft of the Commission Regulation can be found at <http://ec.europa.eu/transparency/regcomitology/index.cfm?do=search.documentdetail&R4F9ljqc7JwOIZKU6R+jkO3VHGpxAa2+l3dJHmMDDvSBuE2177sL3dMBpRfefPrJ>

Timing and Next Steps

- 1.8 The consultation closes on 14 July 2014 and we intend to publish the Government response later in the summer 2014, setting out our final policy decisions. Subject to the outcome of this consultation, and subject to Parliament, it is our intention to make the necessary revisions to secondary legislation under the RO and RHI ahead of the criteria becoming mandatory. It is also our intention to incorporate the revised sustainability provisions into the Contracts for Differences being drawn up under the Electricity Market Reform (EMR) programme.

2. Introduction

Background

- 2.1 Biomass fuels used for electricity and heat generation come from a range of sources and locations, including forestry management, sawmill residues, perennial energy crops, agricultural residues such as straw, and wastes such as sewage. Imports, from the EU, North America and potentially from developing countries will play an important part alongside expanding home-grown supplies (wood, straw, animal wastes, etc.). The majority of the biomass used for UK electricity generation is expected to be imported.
- 2.2 As set out in the Bioenergy Strategy⁸, Government is committed to supporting sustainably produced biomass that delivers real greenhouse gas savings, is cost effective, takes account of wider impacts across the economy and manages possible risks such as food security and biodiversity. The Strategy set out that Government intends to revisit the analysis periodically, in order to inform the further development of policy.
- 2.3 We are also intending to release soon a new tool; the bioenergy calculator - BEAC (Biomass Emissions and Counterfactual) Model. This is an exploratory research tool and will help to inform the further development of bioenergy policy and the UK's future negotiations at an EU and international level with respect to global accounting and future energy and decarbonisation targets. (BEAC is not a regulatory tool and it will not replace the Biomass and Biogas carbon Calculator (B2C2) available on the Ofgem website.

Overview of current biomass sustainability requirements

Sustainability criteria for the RO

- 2.4 Reporting requirements on the use of biomass under the RO were introduced in 2009. The Renewable Energy Directive brought in mandatory sustainability criteria for bioliquids, which were incorporated into the RO in 2011. At the same time, the reporting requirements for solid biomass and biogas were expanded to require reporting against greenhouse gas (GHG) emissions criteria and land criteria, largely based on the sustainability criteria for bioliquids. Generators of over 50kW in size were required to report whether the biomass they had used had been sourced from a type of 'protected land' and to provide details of the GHG emissions associated with its production and use.
- 2.5 Following the 2012 consultation⁹ on 'Biomass Electricity and Combined Heat and power plants – ensuring sustainability and affordability', the Government decided to make the

⁸ UK Bioenergy Strategy (April 2012) -

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48337/5142-bioenergy-strategy-.pdf

⁹ 'Biomass Electricity and Combined Heat and power plants – ensuring sustainability and affordability' (September 2012) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66519/6339-consultation-on-biomass-electricity--combined-hea.pdf

sustainability criteria mandatory for support under the RO from April 2015, for stations of 1MW and above that use solid biomass or biogas. Other changes included:

- New sustainable forest management criteria for woodfuel based on the UK Timber Procurement Policy (UK-TPP) principles;
- Tightening GHG trajectories so that biomass power moves to a tougher GHG emission lifecycle target of 200 kg CO₂eq per MWh from April 2020, and then tightens again to 180 kg CO₂eq per MWh from April 2025.
- New requirement for an independent audit report on compliance with the sustainability criteria for stations of 1MW and above using solid biomass and biogas.
- New requirements to report on the use of wood by generators over 50kw.

2.6 Further details are set out in the Government response to the consultation on proposals to enhance the sustainability criteria for the use of biomass feedstocks under the RO published in August 2013¹⁰.

Sustainability criteria in forthcoming Contracts for Difference (CfDs)

2.7 Under the Electricity Market Reform, it is our intention that the forthcoming FIDeR contracts and generic CfDs will follow the same approach as the sustainability criteria set under the RO. Where they differ they will do so because of differences between the contractual approach taken in the CfD and the administrative approach via the RO.

Sustainability criteria for the RHI:

2.8 In February 2013¹¹, DECC announced its intention to introduce sustainability criteria for biomass supported under the Renewable Heat Incentive (RHI). These criteria are broadly in line with those under the RO but reflect the smaller-scale nature of the heat market compared with the (large-scale) electricity market and the fact that most of the biomass supported under the RHI will come from UK sources. They will affect participants of the domestic and non-domestic RHI as well as producers and traders of biomass fuels¹².

¹¹ Government Response to 'Providing Certainty, improving performance' July 2012 consultation (February 2013) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/128679/Gov_response_to_non_domestic_July_2012_consultation_-_26_02_2013.pdf

¹² For further details see information documents published on the DECC website at : <https://www.gov.uk/government/policies/increasing-the-use-of-low-carbon-technologies/supporting-pages/renewable-heat-incentive-rhi>

2.9 The criteria include:

- Greenhouse gas criteria, under which biomass fuel used by RHI participants must meet a lifecycle greenhouse gas (GHG) emissions target of 34.8g CO₂ equivalent per MJ of heat, that is 60% GHG savings against the EU fossil fuel average.
- Land criteria, which will be in line with those under the RO, and differ for different types of biomass:
 - For woodfuel: the criteria are outlined in the UK Timber Standard for Heat and Electricity
 - For other types of biomass: we intend that land criteria will correspond to the Renewable Energy Directive (RED) for transport biofuels and bioliquids. Energy crops which have been assessed as meeting the requirements of the Energy Crops Scheme or equivalent will be deemed to meet land criteria

2.10 For all of the above schemes, these sustainability controls for solid biomass and biogas go beyond those currently recommended or required in the EU and internationally. They reflect the principles of the UK Bioenergy Strategy and aim to support the development of sustainable biomass supply chains.

Impacts of the proposals

2.11 We have not identified any significant expected impacts from any of the following proposals. It is expected that the proposals will lead to small changes in the administrative burden of biomass generators whilst maintaining and in some cases enhancing sustainability. Further details of the impacts of each proposal are set out in Section 3.

Next steps

2.12 The consultation closes on 14 July 2014 and we intend to publish the Government response later in the summer 2014, setting out our final policy decisions. Subject to the outcome of this consultation, and subject to Parliament, it is our intention to make the necessary revisions to secondary legislation under the RO and RHI ahead of the criteria becoming mandatory. It is also our intention to incorporate the revised sustainability provisions into the CfDs being drawn up under the EMR programme.

3. Proposals for adjustments to the biomass sustainability and reporting provisions

Reporting on the use of woodfuel

- 3.1 Under the RO, operators of generating stations over 50kw are currently required to provide an annual report setting out information on the biomass they have used. The report must be completed to the best of the operator's knowledge and belief. The contents of the report do not affect a generating station's eligibility for support under the RO, but the issue of ROCs will be postponed if the report is not provided by the deadline. The reports are published by Ofgem.
- 3.2 In the case of wood, the information to be provided in the report currently includes:
- the name of the forest or other location where the wood was grown;
 - a description of the forestry management practices or land management practices used in the forest or other location where the wood was grown;
 - the species of wood in question; and
 - the proportion of the biomass (if any) that was composed of, or derived from, saw logs
- 3.3 This information is not required for waste wood or for wood used to make bioliquids. As set out in the 2013 Government Response¹³, this information is intended to help the Government monitor the quality and kinds of wood being used for energy so that action can be taken if data reveals significant use of high quality wood under the RO.

Proposal 1 – To revise the definition of ‘saw logs’ in the RO

- 3.4 Saw logs are the higher quality parts of trees which can be used for furniture and other valuable uses. It is undesirable, in climate change and economic terms, to use saw logs for energy. Generators over 50kw are therefore required to report under the RO on the amount of saw logs they use for electricity generation, although this has no impact on support received.
- 3.5 The current saw logs definition (which was included in the Renewables Obligation (Amendment) Order 2014 (the ROO 2014)) is based on tree age (the trunk of trees of 10 years and over)¹⁴. Feedback from a range of stakeholders has suggested that this may

¹³ See Paragraphs 4.31 – 4.36 of the August 2013 Government Response at : https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/128679/Gov_response_to_non_domestic_July_2012_consultation_-_26_02_2013.pdf

¹⁴ In the ROO 2014 saw logs means “wood which formed part of the trunk of a tree which grew for at least 10 years”

not always be appropriate for wood from some parts of the UK and overseas as in practice it is the different growth rates, form of tree and local markets which will define what is suitable for sawing. We have committed to investigate whether it is possible to refine this definition to one which would work better for both domestic and imported wood fuel and more accurately reflect the use of wood for timber production.

- 3.6 Our research to date has suggested that there is no single definition of saw logs which will capture the diverse variation in species, growth rates and use of saw logs between geographical regions within and outside of the UK. Different regions have different dimensional (and quality) specifications for their timber/lumber. **We therefore propose to replace the current definition of sawlogs in the ROO 2014 with a requirement for generators to use a definition for saw logs which matches the local specifications for saw logs in operation where the wood originates.** These local specifications would more closely reflect the types of trees grown in that country/region, the growth rates and the size of material needed for local timber use.
- 3.7 These specifications could, for example, be published standards – such as the Forestry Commission Field Book definition of ‘green saw logs’ as described in Table 1¹⁵ - the definitions of saw logs used in national reporting, or the size and quality requirements specified by local saw/lumber mills. If the wood meets the local specification, it is a saw log and should be reported as such in the profiling data report. Generators would need to provide details of the local or national specification that had been used. **If details of local or national specifications are not available, we propose that generators could as a default option report against the local UK specifications set out in the Forestry Commission Field Book.**
- 3.8 We consider that this proposed change will provide more accurate reporting of saw log use for electricity. The information will be more directly relevant and so improve our knowledge base and understanding of the potential impacts of the use of wood on other sectors and whether saw log quality material is being diverted to bioenergy. If the definition were to be left unchanged, it would be expected to result in under or over reporting.

Consultation Question

- | | |
|----|---|
| 1. | Do you agree that we should replace the current definition of sawlogs in the ROO 2014 with a requirement for generators to:
(i) use local specifications for saw logs
(ii) where local or national specifications are not available, use the local UK specifications set out in the Forestry Commission Field Book. |
|----|---|

¹⁵ The Forestry Commission Field Book 9 Classification & Presentation of soft wood saw logs 2nd Edition 1993 contains a detailed definition for green saw logs in Table 1 which includes “*minimum length is 3 m with minimum top diameter of 16cm*” A copy of the Field Book can be viewed on the DECC website alongside this consultation document at: <https://econsultation.decc.gov.uk/decc-policy/biomass-sustainability>

Proposal 2 - To reconsider the reporting requirements for tree species in the RO

- 3.9 The ROO 2014 introduced the requirement for generators of plant above 50kW to report on the constituent tree species in each consignment of wood used for electricity generation (excluding waste wood and wood which is used to make bioliquids). This reporting provision was included to enable Government to monitor the types of trees that are being used for energy and whether any endangered or declining species are being used. Another potentially relevant requirement exists under the EU Timber Regulation¹⁶ which requires operators who place timber or timber products on the internal market for the first time to use a due diligence system which includes the common name of tree species and, where applicable, its full scientific name.
- 3.10 As currently drafted in the ROO 2014, the requirement to identify the 'species' of wood, means that generators are obliged to provide the full scientific name (i.e. the Latin name) of the specific species making up each consignment. Feedback from industry suggests that it can be difficult in practice to obtain this level of detailed information for wood from large areas of mixed woodland and for saw mill processing residues.
- 3.11 Under the existing reporting arrangements, generators who are unable to identify the specific 'tree species' or 'genus' of tree have a default option in the report to declare that the species /genus is unknown. Feedback from industry is suggesting that given the difficulties in identifying each individual species a number of generators are likely to use this 'default' option and as such there are likely to be gaps in the data we collect.
- 3.12 We have reflected on these concerns and are keen to explore further whether it is possible to develop a more workable RO reporting provision, which still provides the level of detail we require to monitor the types of forestry from which wood used for energy is originating, both within the UK and internationally. It is our view that identifying whether biomass fuel comprises 'softwood' or 'hardwood' combined with other profiling information already collected on the geographical location and land and forestry management practices should enable us to determine and monitor the type of forest that the wood is likely to have originated from (e.g. protected area, plantation, regenerated forest etc.). **We therefore propose to replace the 'tree species' reporting requirement in the RO with a requirement for generators to report on the estimated proportion of wood used which is 'hardwood' and the estimated proportion which is 'softwood'. We also propose to include an additional requirement on generators to report on whether any of the wood used was likely to have come from protected/threatened species (and if so, to name that species).**
- 3.13 Hardwood will be defined as deriving from a broadleaf tree and softwood from a coniferous tree. The list of protected/threatened species would be based on the Convention on International Trade in Endangered Species (CITES) Appendices¹⁷ and

¹⁶ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.

¹⁷ CITES Appendices 1, II and III for flora - <http://www.cites.org/eng/app/appendices.php>

on The International Union for Conservation of Nature (IUCN) 'Red List of threatened species'¹⁸.

- 3.14 These definitions and inventories are publicly available and widely understood by the sector. We consider that given the usual distinct physical properties of hard and soft wood it should in practice be more straightforward for generators and the supply chain to identify these types of wood in individual consignments of wood and residues.
- 3.15 We consider that the proposed changes to the reporting of tree species under the RO may help reduce the administrative burden on industry while at the same time increasing the value of the reported information.

Consultation Question

- | | |
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| 2. | Do you agree that we should replace the 'tree species' reporting requirement in the RO with a requirement for generators to report on :
(i) the estimated proportion which is hardwood and the estimated proportion which is softwood trees; and
(ii) whether any of the wood was likely to have come from a protected or threatened tree species (and if so, to name that species)? |
|----|--|

Land criteria for woodfuel

Proposal 3 – To provide exemptions from the Timber Standard for certain categories of wood for the RHI and RO

- 3.16 Government's Timber Procurement Policy arose from a desire to promote the sustainable, legal management of forests and forestry products and to halt the import and marketing of illegally logged timber. In August 2013, the UK Government announced its decision to bring in sustainable forest management criteria under the RO for the use of solid biomass or biogas that is, or is made from, wood.¹⁹ Likewise in February 2013 the UK Government confirmed its intention to bring in biomass sustainability criteria for the RHI including sustainable forest management criteria in line with those under the RO²⁰.

¹⁸ See ICUN Red List of threatened species at: <http://www.iucnredlist.org/about/introduction>

¹⁹ See chapter 4 of August 2013 Government Response at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/231102/RO_Biomass_Sustainability_consultation_-_Government_Response_22_August_2013.pdf

²⁰ See paragraph 152 of February 2013 Government Response to non domestic RHI July 2012 consultation - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/128679/Gov_response_to_non_domestic_July_2012_consultation_-_26_02_2013.pdf

- 3.17 The sustainable forest management criteria are set out in DECC's Timber Standard for Heat and Electricity, (the 'Timber Standard'²¹) published in February 2014. This draws on the principles set under the UK Government Timber Procurement Policy (UK-TPP) and cover a range of social, economic, and environmental considerations that are part of good sustainable forest management practices and are based on internationally agreed criteria. In practice to meet the Timber Standard criteria wood must either be sourced from a recognised forest certification scheme (this is known as Category A evidence under the UK-TPP) or provide bespoke evidence to demonstrate that it has been sustainably sourced (known as Category B evidence under the UK-TPP).
- 3.18 The Central Point of Expertise for Timber procurement by the public sector (CPET) provides information on its website²² on Category A and B evidence under the UK-TPP. CPET have developed a Framework to provide support to both purchasers and suppliers on the provision and assessment of bespoke evidence with respect to the UK-TPP for Government. CPET is currently developing advice notes²³ to support the Timber Standard implementation and expect to publish these in the autumn.
- 3.19 The Timber Standard does not apply to waste wood or to wood used to make bioliquids. The Timber Standard applies to all other biomass that is wood or derived from wood, even if the wood did not come from a forest. From April 2014, generating stations over 50kw have been required to report against the Timber Standard under the RO. From April 2015, it is intended to make compliance with the Timber Standard mandatory for stations of 1MW and above in order to receive ROCs. Likewise, compliance with the Timber Standard is expected to become mandatory for the RHI from April 2015.
- 3.20 Feedback from a range of stakeholders suggests that there are a number of types of low value wood residues currently covered by the Timber Standard, with the risk of unintended consequences. These include :
- (i) **residues from arboriculture** including offcuts from tree surgery of domestic and municipal trees. We estimate that potentially 0.6 to 2.4modt²⁴ of this type of

²¹ Timber Standard for Heat and Electricity (February 2014) - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278372/Timber_Standard_for_Heat_and_Electricity_under_RO_and_RHI_-_10-Feb-2014_for_pdf_-_FINAL_in_new_format.pdf

²² www.cpet.org.uk

²³ CPET intends to produce 3 advice notes to support the Timber Standard: Woodfuel Bioenergy and Sustainable Forest Management Advice Note; Checklist for Regional Supply Base Evaluation; Mass Balance Guidance for non-certified woodfuel.

²⁴ This potential range is dependent on overcoming constraints and emerging prices. Source UK Bioenergy Strategy (April 2012) - Analytical Annex at : https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48338/5136-bioenergy-strategy-analytical-annex.pdf

woodfuel could be available by 2020. Much of this material comes from non-forestry sources such as parks, gardens, road side and railway clearings. We understand that it would be extremely difficult for it to meet the chain of custody and other reporting requirements set out in the Timber Standard, which were principally designed for larger-scale commercial forestry. There is anecdotal evidence that in the absence of an outlet in the energy market this material would be incinerated on site (without energy recovery) or disposed in landfill. Exempting this material from the Timber Standard requirements is in line with reducing administrative burden on SMEs.

- (ii) **diseased wood** for example trees removed under Statutory Plant Health Notices.
- (iii) **trees being removed from areas for ecological reasons** (for example to restore grassland/wetlands) - again we are aware of anecdotal evidence that these materials are currently being disposed of by burning 'in situ' (without energy recovery) in the absence of an economic outlet. We have no figures as to how much of this material would be potentially available each year to the bioenergy market but in the UK this is likely to be local, small and sporadic, and linked to specific regeneration projects which can be easily identified.

3.21 **We propose to amend the RO legislation to exempt from the Timber Standard residues from arboriculture, diseased wood, and trees and wood being removed for ecological reasons.** This will help to maximise the environmental and economic benefits of this otherwise low value woody material. Where a generator of 1MW and above seeks to rely upon these exemptions, it will need to be verified as part of the annual sustainability audit report. **Likewise, we propose to exempt residues from arboriculture, diseased wood, and trees and wood being removed for ecological reasons from the Timber Standard for the RHI.** These exemptions will be incorporated into the systems and processes of the RHI Biomass Suppliers List²⁵. Where a non-domestic RHI participant self-reporting to Ofgem seeks to rely upon these exemptions, it will need to be verified as part of the annual sustainability audit report.

3.22 In the case of trees removed for ecological reasons in order to ensure that the exemption is being used appropriately, we propose that the following evidence should be provided for verification as part of the audit process; name of the ecological project, location, link to website with project information, amount of material in total expected to be extracted for bioenergy purposes and, where relevant, the name and reference number of any grant awarded. Material from ecological restoration is more likely to be available on a more sporadic basis in the UK and so we expect will be more suited to smaller scale heat and CHP uses rather than large scale biomass electricity, though this may not be true for imports.

3.23 In the case of trees that are known to be diseased, there are licensing and disease control requirements (for example, under the EU Plant Health Directive) that must be met before this material can be transported. These requirements place a hurdle on use of this material and so should act as a deterrent to mis-use.

²⁵ For more information on the RHI Biomass Suppliers List, go to <https://www.gov.uk/register-biomass-supplier>

- 3.24 This proposal to exempt these 3 types of wood and wood derived materials may have a positive environmental and economic impact if it results in diverting these low value feedstocks into energy use. This is especially likely if they would previously have been disposed of in landfill or by burning without energy recovery

Wind- blow

- 3.25 We are aware that a number of stakeholders have suggested that wood and woody materials arising from ‘wind-blow’ should also be exempt from the requirements of the Timber Standard, on the basis that it would not be possible for these materials to comply with the reporting requirements. Wind blow includes trees that have fallen down or been damaged by high winds and storms. **We are keen to collect more evidence about this source of woodfuel. In particular what sort of quantities are likely to arise, where it is most likely to occur , what currently happens to it- both in the UK and internationally.**
- 3.26 In order to consider whether to exempt wind blow from the Timber Standard, we need to have confidence that robust evidence could be provided by suppliers/users to determine whether material is being correctly reported as wind blow, to avoid creating an unintentional loophole. We also need to consider further how we might define wind blow if it were to be exempt from the Timber Standard.

Residues from sawmills

- 3.27 We are aware that some stakeholders have also suggested that residues from saw mills should be exempt from the requirements of the Timber Standard. We have considered this issue but have concerns that such derogation could, depending on future market prices, create a financial incentive to adapt sawmill processing techniques to produce more residues than is necessary during the production process. **Given this we propose that non waste residues produced by saw mills should continue to be covered by the requirements of the Timber Standard.**

Consultation Question	
3.	Do you agree that the Timber Standard should no longer apply to residues from arboriculture, diseased wood and wood removed for ecological reasons?
Consultation Question	
4.	Do you have information about the actual or potential use of ‘wind blow’ as a woodfuel? In particular what sort of quantities are likely to arise, where it is most likely to occur , what currently happens to it- both in the UK and internationally?
Consultation Question	
5.	Do you consider that the Timber Standard should no longer apply to ‘wind blow’? If yes, what pieces of evidence could be provided to ensure that material is not falsely reported as ‘wind blow’?

Consultation Question

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| 6. | Do you agree that the Timber Standard should continue to apply to non waste residues from sawmill processes? |
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Land criteria for 'non forestry' derived biomass

Proposal 4 – To add 'highly biodiverse grasslands' to the list of protected land types for the RHI and RO

- 3.28 From 2011, operators of generating stations using bioliquids under the RO have been required to comply with land criteria, as set out in article 17 of the Renewable Energy Directive, in order to receive support. There are some exceptions for bioliquids produced from waste and residues (other than agricultural, aquaculture, fisheries and forestry residues). In the case of solid biomass and biogas, operators of generating stations over 50kw have been required under the RO to report against the same land criteria, with similar exceptions for waste and certain residues, as well as exceptions for landfill gas and sewage gas. (From April 2014, solid biomass and biogas that is, or is derived from, wood must report against the Timber Standard in place of the land criteria).
- 3.29 From April 2015 it is intended to make compliance with the land criteria mandatory for those generating stations of 1MW and above that use non-wood solid biomass or biogas in order to receive ROCs. There will be exceptions for waste, certain residues, landfill gas, sewage gas and animal excreta. This approach is also being adopted in the biomass sustainability criteria underpinning the RHI, which will apply to all sizes of installation.
- 3.30 The land criteria in the Renewable Energy Directive consist of a list of protected categories of land, including primary forest, wetlands and peatland. It also includes a category for highly biodiverse grassland that is:
- (i) natural, namely grassland that would remain grassland in the absence of human intervention and which maintains the natural species composition and ecological characteristics and processes; or
 - (ii) non-natural, namely grassland that would cease to be grassland in the absence of human intervention and which is species-rich and not degraded, unless evidence is provided that the harvesting of the raw material is necessary to preserve its grassland status.
- 3.31 The Renewable Energy Directive requires the European Commission (EC) to establish the criteria and geographic ranges to determine which grassland is to be regarded as highly biodiverse grassland. We expect the EC to adopt a Regulation in autumn 2014

establishing the criteria for ‘highly biodiverse grasslands’ for the purposes of bioliquids²⁶. **We therefore propose to add ‘highly biodiverse grasslands’ to the land criteria under the RO and RHI.**

- 3.32 The introduction of the provision at this stage should help to avoid biomass being sourced from such grasslands. It will maintain consistency in the land criteria requirements between bioliquids and solid and gaseous biomass. This potential change was mentioned in paragraph 3.2 of the August 2013 Government Response. It should therefore have been generally anticipated by potential users of biomass and we do not expect there to be any significant implications for biomass availability to UK generators as a result of this proposed change.

Consultation Question

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| 7. | Do you agree that highly biodiverse grassland should be included as one of the protected land types within the land criteria under the Renewables Obligation and Renewable Heat Incentive? |
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Greenhouse gas criteria for solid biomass and biogas under the RO

Proposal 5 – Averaging of Greenhouse Gas Emissions across the year in the RO

- 3.33 As set out in the August 2013 Government Response, it is our intention that from April 2015, generators of 1MW and above will be issued with ROCs only if the solid biomass or biogas that they use meets or is below a greenhouse gas (GHG) emissions threshold. In order to recognise that some consignments of biomass could through no fault of the generator exceed the GHG threshold, the threshold will be applied as an annual average. This is subject to the provision that the consignment of biomass must not exceed an overall ceiling.
- 3.34 Averaging will be available to new-build dedicated biomass (with and without CHP) from April 2015. It will also be available to all other biomass generating stations using solid biomass and biogas from April 2020. Details of the GHG thresholds and overall ceilings for solid biomass and biogas under the RO are at Annex A. The GHG emissions thresholds will not apply to waste, animal excreta, landfill gas or sewage gas.

Previously announced methodology

- 3.35 Annual averaging recognises that in practice individual consignments of biomass could, due to unforeseen circumstances, occasionally exceed the GHG threshold (e.g. the

²⁶ a draft of the Commission Regulation can be found at <http://ec.europa.eu/transparency/regcomitology/index.cfm?do=search.documentdetail&R4F9ljqc7JwOIZKU6R+jkO3VHGpxAa2+l3dJHmMDDvSBuE2177sL3dMBpRfefPrJ>

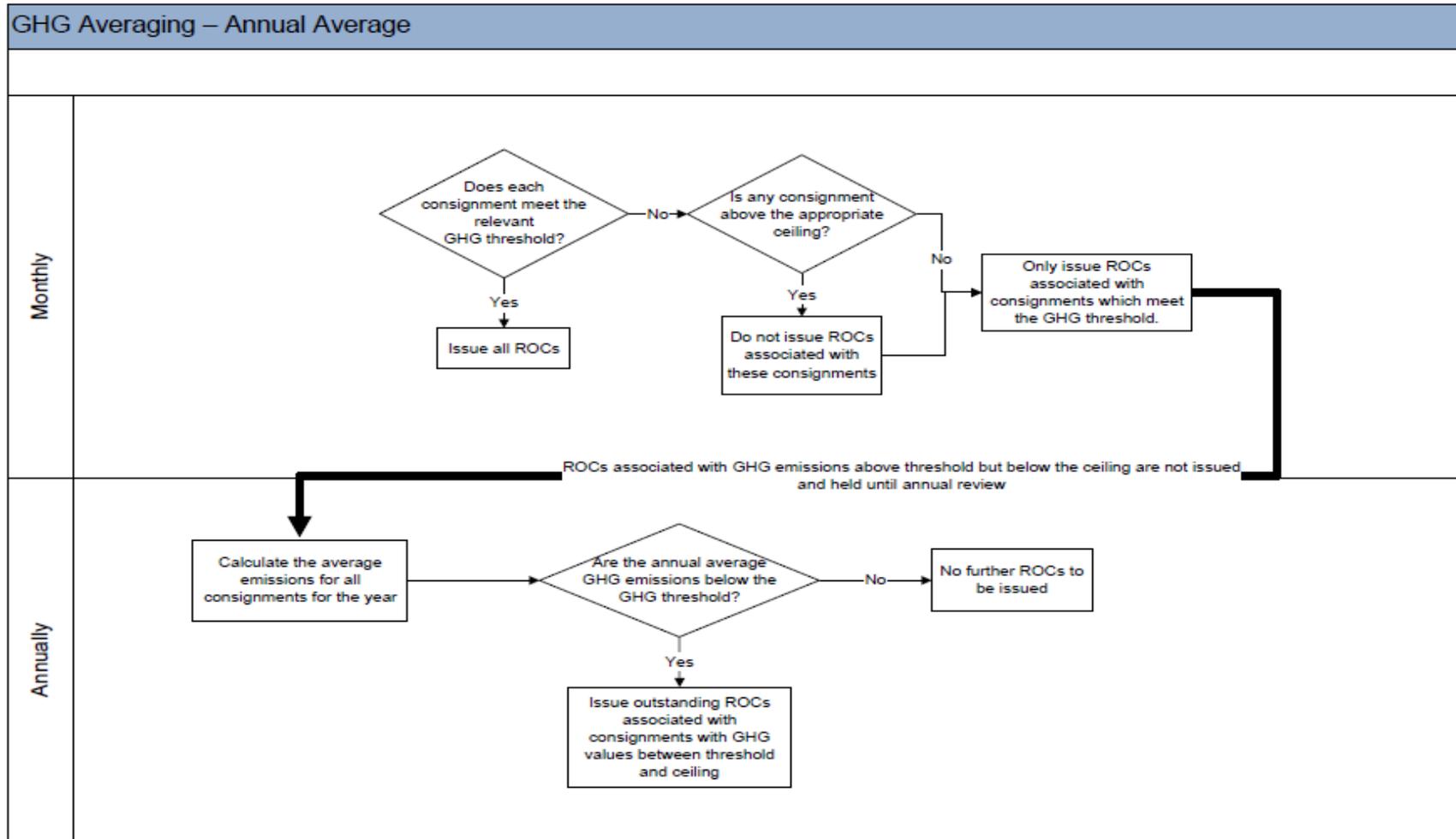
need to change / divert transport of biomass due to inclement weather conditions). But while the GHG threshold is to be applied as an annual average, most generating stations are issued with ROCs on a monthly basis. The August 2013 Government response therefore set out in broad terms how we intended to enable ROCs to continue to be issued on a monthly basis, even though the annual average GHG emissions from the solid biomass and biogas used by the generating station would not be known until the end of the obligation period. Under the RO, the obligation period runs from 1 April to 31 March of the following year.

- 3.36 The August 2013 Government Response stated that ROCs would be issued on a monthly basis where the average GHG emissions of the consignments of solid and gaseous biomass used during that month were within the annual GHG targets set out in the Government Response.
- 3.37 Under this approach generators would automatically be issued with ROCs on a monthly basis for those consignments of biomass that meet or are below the GHG threshold. For those individual consignments that slightly exceed the GHG threshold, the ROCs would either be issued on a monthly basis or withheld until the end of the obligation period, depending on whether the average of the total GHG emissions from the solid biomass and biogas used that month was below the GHG threshold. If the average for that month was at or below the GHG threshold, the ROCs would be issued. If the average for that month was above the GHG threshold, the ROCs would be withheld until the end of the obligation period.
- 3.38 At the end of the obligation period, the annual average GHG emissions from solid biomass and biogas would be calculated. If the annual average was found to be at or below the GHG threshold, the withheld ROCs would be issued. If the annual average was above the GHG threshold, none of the withheld ROCs would be issued. In all cases, no ROCs would be issued in respect of any consignment where the GHG emissions from that consignment exceeded the overall ceiling.
- 3.39 Further analysis by DECC and Ofgem as to how this process would work in practice has indicated that it is possible, under this combination of monthly and annual averaging, that ROCs could be issued for individual consignments that would not subsequently be eligible for support when the annual average is calculated at the end of the year review (i.e. ROCs are issued because the monthly average is lower than the GHG threshold, but at the end of the year it is discovered that the annual average exceeds the threshold). Generators could therefore potentially receive more ROCs than they are entitled to using monthly plus annual averaging, relative to using annual averaging only.
- 3.40 Although the RO legislation includes powers to revoke ROCs or to refuse the issue of an equivalent number of future ROCs, this is administratively burdensome and would create a period of uncertainty over the validity of those ROCs which were issued on a monthly basis for consignments that exceeded the GHG threshold. There are also restrictions on the circumstances in which a ROC can be revoked and there may be cases in which future ROCs cannot be withheld, for example, because the station has ceased to claim ROCs.

Proposed revised methodology based on annual average

- 3.41 We have considered alternative options and **propose to address this risk by issuing ROCS on a monthly basis only for those individual consignments that meet the GHG threshold. For any consignments that are above the GHG threshold but below the relevant ceiling, the ROCs would be withheld until the end of the obligation period. At the end of the obligation period, the annual average GHG emissions from all of the consignments of solid and gaseous biomass would be calculated, and only if it is below the GHG threshold, would the withheld ROCs be issued.** A flow chart depicting this process is set out below:

Chart 1 Flow chart showing proposed approach to annual averaging of GHG emissions for issue of ROCs.



3.42 Our analysis suggests that this proposal to withhold ROCs until the end of the obligation period where the GHG emissions of the consignment exceed the GHG threshold is likely to have a neutral impact on the overall number of ROCs that would be issued. It will remove the risk of ROCs being issued for consignments of solid biomass or biogas that exceed the GHG threshold when the annual average GHG emissions of all consignments also exceed the GHG threshold. Therefore, it avoids the need for claw back. But it does mean that generators will have to wait until the end of the obligation period before receiving ROCs for any consignments that exceed the GHG threshold. And if the annual average GHG emissions of all consignments of solid biomass and biogas used by the station is above the GHG threshold, generators will not receive ROCs for any of the consignments that were above the GHG threshold. This will actively encourage generators to work hard to bring down the annual average GHG emissions should they have issues with any particular consignments.

Default GHG value

3.43 In order to calculate an annual average, it is necessary to determine the GHG emissions from each consignment of solid biomass or biogas used by the generating station. Where the greenhouse gas emissions from a consignment are not known, or cannot be sufficiently verified, we propose to assign a default value to that consignment, for the purpose of the calculation of the annual average GHG emissions. The default will need to be sufficiently high to discourage its use in place of actual values where the actual GHG emissions of the consignment are suspected to be high. **We propose to set the default in line with the fossil fuel comparator for electricity production given in the Renewable Energy Directive. This is 91g CO₂ eq per MJ or 327.6 kg/MWh.**

Consultation Question

8.	Do you agree with our proposed revised approach and methodology for assessing and if appropriate issuing ROCs in respect of individual biomass consignments which exceed the GHG threshold, but are below the GHG ceiling?
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Annex A- Details of GHG thresholds and ceilings for RO generators using solid biomass and/or biogas

The August 2013 Government response set out the following GHG thresholds and ceilings for RO generators using solid biomass or biogas:

- (i) *New-build dedicated biomass power (with or without CHP) that receives full accreditation on or after 1 April 2013*
 - **240 kg CO₂eq per MWh from 1 April 2014 to 31 March 2020**
 - **200 kg CO₂eq per MWh from 1 April 2020 to 31 March 2025**
 - **180 kg CO₂eq per MWh from 1 April 2025 to 31 March 2030**

- (ii) *All other biomass power*
 - **285 kg CO₂eq per MWh from 1 April 2014 to 31 March 2020**
 - **200 kg CO₂eq per MWh from 1 April 2020 to 31 March 2025**
 - **180 kg CO₂eq per MWh from 1 April 2025 to 31 March 2030**

- (iii) In order to recognise that individual consignments could through no fault of the generator exceed the threshold, the threshold will be applied as an annual average. This is subject to the provision that the consignment of solid biomass or biogas feedstocks must not exceed the ceiling of:
 - **285 kg CO₂eq per MWh from 1 April 2014 to 31 March 2020**
 - **270 kg CO₂eq per MWh from 1 April 2020 to 31 March 2025**
 - **260 kg CO₂eq per MWh from 1 April 2025 to 31 March 2030**

- (iv) Averaging will be available to new-build dedicated biomass (with and without CHP) from April 2015 when we intend the criteria will become mandatory. It will also be available to all other biomass generating stations using solid biomass and biogas from April 2020 when these stations become subject to the 200 kg CO₂eq per MWh target.

Annex B: Catalogue of questions for the consultation

Consultation Question	
1.	Do you agree that we should replace the current definition of saw logs in the ROO 2014 with a requirement for generators to: (i) use local specifications for saw logs (ii) where local or national specifications are not available, use the local UK specifications set out in the Forestry Commission Field Book?
Consultation Question	
2.	Do you agree that we should replace the 'tree species' reporting requirement in the RO with a requirement for generators to report on: (i) the estimated proportion which is hardwood and the estimated proportion which is softwood trees; and (ii) whether any of the wood was likely to have come from a protected or threatened tree species (and if so, to name that species)?
Consultation Question	
3.	Do you agree that the Timber Standard should no longer apply to residues from arboriculture, diseased wood and wood removed for ecological reasons?
Consultation Question	
4.	Do you have information about the actual or potential use of 'wind blow' as a woodfuel? In particular what sort of quantities are likely to arise, where it is most likely to occur, what currently happens to it- both in the UK and internationally?
Consultation Question	
5.	Do you consider that the Timber Standard should no longer apply to 'wind blow'? If yes, what pieces of evidence could be provided to ensure that material is not falsely reported as 'wind blow'?

Consultation Question

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| 6. | Do you agree that the Timber Standard should continue to apply to non waste residues from sawmill processes? |
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Consultation Question

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| 7. | Do you agree that highly biodiverse grassland should be included as one of the protected land types within the land criteria under the Renewables Obligation and Renewable Heat Incentive? |
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Consultation Question

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| 8. | Do you agree with our proposed revised approach and methodology for assessing and if appropriate issuing ROCs in respect of individual biomass consignments which exceed the GHG threshold, but are below the GHG ceiling? |
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