



Department  
for Education

The Rt Hon George Howarth MP  
House of Commons  
London  
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Department for  
Business, Energy  
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20 June 2019

Dear George,

Thank you very much for your email dated 4 June to the Rt Hon Greg Clark MP, enclosing correspondence you have received from a number of your constituents, regarding renewable electricity subsidies for biomass electricity generation. I am replying as this matter falls within my Ministerial portfolio.

Please pass on my thanks to your constituents for taking the time to write on this matter. Sustainable, low carbon biomass is helping us move to a low-carbon energy mix and increasing our energy security. Biomass has an important role to play in our electricity mix. It can help balance demand on the grid as it is instantly dispatchable.

Renewable electricity generated from solid biomass is supported under the Renewables Obligation (RO) and Contract for Difference (CfD) schemes. Biomass generating plants only receive subsidy for the electricity output which complies with our sustainability criteria. The criteria have been designed to ensure that biomass is sourced sustainably, protects biodiversity and reduces carbon emissions compared to grid average emissions. Biomass power has a material role in helping meet the UK's 2020 renewables targets.

The Levy Control Framework (LCF) was designed to control the costs of the transition to low carbon electricity, paid for through consumers' electricity bills and includes the costs of the CfD, the RO and the Feed in Tariff (FITs) schemes. Spend on the LCF has a budget limit for each given year.

The Control for Low Carbon Levies was announced at the Autumn Budget in 2017 and will replace the LCF after it expires in 2020/21. In order to protect energy consumers, the Control sets out that the Government will not introduce new low carbon electricity levies until the burden of such costs is falling. This is one part of the Government's efforts to keep energy costs as low as possible. On the basis of the current forecast, this means there will be no new low carbon electricity levies until 2025.

The tighter Greenhouse Gas (GHG) threshold for solid and gaseous biomass feedstocks used in biomass power plants will only apply to new CfD projects. The GHG criteria for existing biomass power plants supported under the CfD and RO were set following consultation in 2012/2013 and are set out within The Renewables Obligation Order 2015 legislation and CfD Contracts (Standard Terms and Conditions, Annex 7).

These GHG criteria are on trajectories which tighten over time and, as stated above, generators must meet the GHG criteria and other sustainability standards in order to receive support. The 2013 "Government Response to the consultation on proposals to enhance the sustainability criteria for the use of biomass feedstocks under the RO" stated that solid and gaseous biomass power plants under both the RO and CfD schemes that come forward before April 2019 would have no further unilateral changes before April 2027. It left open the possibility of setting tighter GHG standards for new biomass power generation coming forward from April 2019 and indicated that such changes would take place following consultation. In addition, the Government response stated there would be no changes made to the GHG criteria for existing biomass power plants unless required by the European Commission, or requirements of EU or international law.

The rationale for not changing the GHG criteria for existing biomass power plants receiving support, was to give industry sight of the tightening GHG targets. This provides certainty for investment in new renewable energy projects. Unilaterally changing GHG requirements to existing biomass power plants (as set out originally in the 2013 Government Response) is not compatible with this rationale.

We see the use of biomass conversions as a transitional technology. Support for coal to biomass conversions will end in 2027 for both the CfD and the RO schemes and we will be consulting on making coal to biomass conversions ineligible for future allocation rounds of the CfD.

Thank you once again for taking the time to write, I hope you and your constituents find this information helpful.

Yours ever,

A handwritten signature in black ink, appearing to read "Chris", with a long horizontal flourish extending to the right.

**CHRIS SKIDMORE MP**