

Committee of Public Accounts

Government's support for biomass

Twenty-Second Report of Session 2024–25

715

Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No.148)

Current membership

[Sir Geoffrey Clifton-Brown](#) (Conservative; North Cotswolds) (Chair)

[Mr Clive Betts](#) (Labour; Sheffield South East)

[Nesil Caliskan](#) (Labour; Barking)

[Mr Luke Charters](#) (Labour; York Outer)

[Anna Dixon](#) (Labour; Shipley)

[Peter Fortune](#) (Conservative; Bromley and Biggin Hill)

[Rachel Gilmour](#) (Liberal Democrat; Tiverton and Minehead)

[Sarah Green](#) (Liberal Democrat; Chesham and Amersham)

[Sarah Hall](#) (Labour; Warrington South)

[Lloyd Hatton](#) (Labour; South Dorset)

[Chris Kane](#) (Labour; Stirling and Strathallan)

[James Murray](#) (Labour; Ealing North)

[Sarah Olney](#) (Liberal Democrat; Richmond Park)

[Rebecca Paul](#) (Conservative; Reigate)

[Michael Payne](#) (Labour; Gedling)

[Oliver Ryan](#) (Independent; Burnley)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No.148. These are available on the Internet via www.parliament.uk.

Publication

This Report, together with formal minutes relating to the report, was Ordered by the House of Commons, on 7 April 2025, to be printed. It was published on 25 April 2025 by authority of the House of Commons.
© Parliamentary Copyright House of Commons 2025.

This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/copyright.

Committee reports are published on the Committee's website at www.parliament.uk/pac and in print by Order of the House.

Contacts

All correspondence should be addressed to the Clerk of the Committee of Public Accounts, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8480; the Committee's email address is pubaccom@parliament.uk. You can follow the Committee on X (formerly Twitter) using [@CommonsPAC](https://twitter.com/CommonsPAC).

Contents

Summary	1
Introduction	3
Conclusions and recommendations	4
1 Biomass sustainability and supply	8
Introduction	8
Assuring the sustainability of biomass	10
Strengthening the sustainability rules	11
Securing the supply of sustainable biomass	13
2 Future interventions	15
Transitional support for Drax, 2027–2031	15
The future of BECCS in the UK	16
Formal minutes	18
Witnesses	20
Published written evidence	21
List of Reports from the Committee during the current Parliament	22

Summary

Since 2002, the government has provided some £22 billion of support for businesses and households using biomass to generate power and heat including £6.5 billion for Drax, the biggest single recipient. This is because government sees biomass as a low-carbon alternative to fossil fuels, provided it comes from sustainable sources. But stakeholders have expressed concern that some biomass sources cause significant environmental harm and questioned whether it can genuinely be considered a low-carbon fuel which will contribute to the UK's net zero ambitions.

The Department for Energy Security and Net Zero (DESNZ) has relied for too long on an untested regime for making sure that biomass is from genuinely sustainable sources. Generators are required to adhere to criteria for the land from which they source the biomass and the emissions generated in its harvesting and transportation. The current assurance regime relies heavily on self-reporting and third-party certification schemes for ensuring these criteria are met, which runs the risk that biomass generators are marking their own homework. Ofgem's investigation into Drax has focused attention on these issues, but neither DESNZ nor Ofgem has a clear picture of how well generators are performing against these criteria.

In summer 2023, the government committed to strengthening its sustainability requirements, including specifying that 100% of woody biomass should be sustainable rather than the current 70% threshold. DESNZ has included this as a requirement in its proposed support for Drax from 2027 to 2031, but neither DESNZ nor Ofgem has a plan for how Ofgem will enforce these more stringent regulations.

The provisional new agreement between DESNZ and Drax for financial support between 2027 and 2031 halves the consumer-funded subsidy to Drax, and will result in an annual saving of £170 million compared with supporting gas. DESNZ estimates this will reduce electricity bills by £6 per household per year. But this deal lacked any element of competition and Drax will receive a much higher unit price for the electricity it generates than renewable power generators that receive similar government support.

The Climate Change Committee (CCC) and DESNZ see biomass power generation used in combination with carbon capture and storage technology (known as BECCS) as having the potential to reduce the amount of carbon dioxide in the atmosphere, offsetting remaining emissions from the hardest-to-decarbonise sectors in the achievement of net zero.

However, there are no BECCS plants in operation in the UK and no confirmed plans to build one. The most recent advice published by the CCC has confirmed that BECCS will still be essential to the UK achieving net zero, but that only half as much capacity will need to be deployed by 2050 compared to previous advice.

To ensure biomass can play its part in achieving net zero will require sufficient supply of biomass fuel from a combination of domestic and international sources. At home biomass is competing for other uses for land, such as food production and reforestation and trade-offs need to be made. Importing biomass requires long and complex supply chains, creating challenges to gaining assurance over sustainability of harvesting, production and transportation.

Introduction

Biomass, such as plants or food waste, can be used to generate power or heat, or made into biofuel for vehicles or other uses. Since 2002, the government has provided financial support for businesses and households using biomass for power and heat because it sees biomass as a low-carbon alternative to fossil fuels, provided it comes from sustainable sources. Over that time, the use of biomass in energy production has increased significantly. For example, in 2022, biomass-fuelled power stations generated 11% of the UK's electricity, an increase of around eight percentage points compared with 2010. In 2022, 66% of the biomass fuel used in UK heat, electricity and transport was from domestic sources.

The government sees biomass as low-carbon provided it is produced from sustainable sources. If sustainable biomass is enabled with carbon capture and storage, it could generate negative emissions because biomass absorbs carbon as it grows and is then captured when burnt to generate heat or power rather than being released back into the atmosphere; although no UK biomass generators currently have the capability to capture and store carbon. The Department for Energy Security and Net Zero (DESNZ) has overall responsibility for government's approach to supporting biomass.

Conclusions and recommendations

- 1. DESNZ has relied for too long on an untested approach to ensure biomass generators are meeting sustainability criteria for receiving financial support.** DESNZ sets the sustainability criteria for biomass and the approach to making sure generators meet these criteria; Ofgem is responsible for implementing the assurance regime. The current approach relies heavily on generators self-reporting the sustainability of the biomass they use and third-party certification schemes, giving a sense that generators are marking their own homework. Neither DESNZ nor Ofgem know whether the approach to assurance is effective in making sure biomass is from sustainable sources. They have only recently started to look in depth at this issue when prompted to do so by the investigation into Drax and the NAO's report. While the focus on Drax is understandable given its size, DESNZ and Ofgem lacks an understanding of compliance issues across generators. Ofgem seemed confident that the current threshold that 70% of woody biomass sustainable has been met, but did not present concrete evidence to back this up.

RECOMMENDATION

DESNZ should complete a comprehensive assessment of the strength of its current approach to gaining assurance around the sustainability of biomass.

- 2. DESNZ has not made clear how its plans to strengthen the sustainability rules might work in practice.** In its Biomass Strategy, published in August 2023, DESNZ committed to develop and consult on a common sustainability framework which could be applied to new future biomass policies and schemes across different sectors of the economy. It also committed to considering whether it should introduce a requirement that, to meet the standards for the land criteria, 100% of woody biomass should be sustainable rather than the current 70%. DESNZ acknowledges that a new approach to assurance is needed and that increasing the stringency of rules around sustainability may need an increase in resources to monitor compliance. Ofgem's investigation into Drax, together with the detailed follow up work, indicates the level of resources which may be required to provide a higher level of assurance. Ofgem's ability to provide assurance

over higher standards of sustainability will depend on increases in financial support from DESNZ and HM Treasury. Given the significant public concerns raised in relation to the findings of the KPMG review commissioned by Drax into its Canadian supply chain processes and reporting practices, from the forests of Western Canada to the power station in North Yorkshire, the full report should be made available for Parliamentary scrutiny.

RECOMMENDATION

- a.** DESNZ should estimate the cost and test the effectiveness of its proposals for monitoring compliance against an increased threshold for sustainability;
- b.** DESNZ and HM Treasury should, working with Ofgem, consider the resource implications for Ofgem of introducing and then running a new oversight regime. DESNZ should set out, and publish, the steps it is taking to make sure it has the confidence that all the fuel burned at Drax is sustainably sourced; and
- c.** Drax should provide the Committee with the full report as produced following the review commissioned from KPMG of its Canadian supply chain processes and reporting practices, from the forests of Western Canada to the power station in North Yorkshire.

3. We are not convinced the transitional support agreement between DESNZ and Drax provides good value for money for consumers.

Government announced in February 2025 that it had agreed heads of terms for a deal to support Drax that will run from 2027 to 2031. The new support package means Drax will only be supported to operate for a maximum of 27% of the time, meaning that Drax will be operating less than half as often as it currently does. Government estimates that this will save each household around £6 a year. However, there was no element of competition in reaching this agreement and Drax will receive a higher unit price, albeit for a more flexible type of power, than some renewable power generators that won their contracts through competitive auctions. There have been suggestions that the current contractual arrangements may have allowed Drax to avoid making repayments to the government. The new agreement also requires Drax to source 100% of its fuel from sustainable sources (an increase on the current requirement of 70% which applies to all generators). The government has missed an opportunity to incentivise continued investment in BECCS in its transitional deal with Drax, which includes no mention of BECCS. Indeed, there have been recent press reports that Drax is withdrawing funding from carbon capture.

RECOMMENDATION

DESNZ should also consider how it can include clauses into the transitional support agreement to prompt Drax to begin transitioning to BECCS.

4. **The deployment of BECCS has been repeatedly delayed, even though it remains a key part of the government’s plans to decarbonise the UK.**

The Climate Change Committee (CCC) and DESNZ both see BECCS as essential to the UK achieving its decarbonisation goals from Carbon Budget 6 (2033–37) onwards. Government initially planned for the first BECCS plant in the UK to begin operations by 2030. However, this date will not be achieved and government has yet to settle on a new target date. There are no BECCS projects in the first phase of the government’s Carbon Capture, Usage and Storage (CCUS) programme and no clarity over when or if it will be included in later stages. Currently, smaller scale biomass power generators which primarily use waste wood from the UK are excluded from the CCUS programme. It is not clear if these plants will be helped to transition to BECCS. The most recent advice published by the CCC confirms that BECCS will still be needed to achieve net zero by 2050, but only half the amount of BECCS capacity compared to previous forecasts.

RECOMMENDATION

DESNZ should map a critical path showing when BECCS needs to be operational for the UK to achieve its decarbonisation goals and take concrete action to meet it. If BECCS is no longer considered to be viable, DESNZ should put in place robust contingency plans setting out how it will achieve the net carbon removals it requires and what the future of biomass will be.

5. **There are number of risks to the supply of biomass that need effective management.**

DESNZ’s Biomass Strategy identified a number of challenges for its use in the future which it needs to manage, including making sure that it has a secure supply of biomass and that it prioritises its use. In 2022, around two-thirds of biomass used in electricity generation, heat and transport was produced from domestic sources, with a third imported. The Department describes itself as agnostic as to whether biomass is sourced domestically or from overseas. However, the Climate Change Committee’s most recent advice, covering Carbon Budget 7, suggests that sustainable biomass will become harder to source on global markets. It therefore expects imports of biomass to have ceased by 2050, with domestic sources providing all the biomass required. But there are competing pressures on land use at home—for example, food production and reforestation. The Department for Environment, Food & Rural Affairs is currently consulting on a ‘Land Use Framework’ which will help inform

decisions on how best to use land to meet government's various priorities. Meanwhile importing biomass involves long supply chains, which makes assuring sustainability criteria are met challenging. Such challenges may be amplified by the USA's withdrawal from the Paris Agreement.

RECOMMENDATION

DESNZ should make sure it has an approach in place for identifying and then mitigating the risks to the supply of biomass, both domestically and internationally.

1 Biomass sustainability and supply

Introduction

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Energy Security and Net Zero (the Department) and the Office of Gas and Electricity Markets (Ofgem) on the government's support for biomass.¹
2. Biomass, such as plants or food waste, can be used to generate power or heat, or made into biofuel for vehicles or other uses. Since 2002, the government has provided over £22 billion of financial support for businesses and households using biomass for power and heat, including £6.5 billion to Drax. Over that time, the use of biomass in energy production has increased significantly. For example, in 2022, biomass-fuelled power stations accounted for 11% of total UK electricity generation, an increase of around eight percentage points compared with 2010. Much of this power comes from biomass stations at Drax and Lynemouth, which have generating capacities of 2,580 Megawatts (MW) and 420 MW respectively. These large biomass power stations typically burn wood pellets, 9.1 million tonnes of which were imported into the UK in 2021.²
3. The use of biomass to generate heat has increased significantly as well, more than doubling between 2010 and 2021 to account for 6.4% of UK heat generation. In 2022, 66% of biomass used in UK heat, electricity and transport was from domestic sources.³
4. The government sees biomass as a low-carbon fuel provided that it is produced from sustainable sources. To ensure that this is the case, government must have an assurance system that gives it confidence that the biomass is made up of genuinely sustainable resources. The government

1 C&AG's Report, [The government's support for biomass](#), Session 2023–24, HC 358, 24 January 2024

2 C&AG's Report, paras 1 and 2.4

3 C&AG's Report, para 1

sees biomass as having a significant role in decarbonising many sectors of the economy ranging from transportation, power generation, industry and residential emissions.⁴

5. If sustainable biomass is enabled with carbon capture and storage, it could generate negative emissions. This is because biomass absorbs carbon as it grows. If, rather than being released back into the atmosphere when it is burnt to generate heat or power, the carbon is captured and stored it would result in an overall net decrease in atmospheric carbon dioxide. Although no UK biomass generators currently have the capability to capture and store carbon, the government is planning for this in the future.⁵
6. The Department for Energy Security and Net Zero (DESNZ) has overall responsibility for government's approach to supporting biomass. In August 2023, DESNZ published its Biomass Strategy setting out the significant role it considers biomass can play in achieving net zero by 2050.⁶ The Office of Gas and Electricity Markets (Ofgem) administers the government schemes that provide the majority of financial support for biomass in the heat and power sectors.⁷
7. We also received a high number of written submissions from stakeholders.⁸ Particular concerns drawn to our attention included:
 - a. the impact of biomass production on biodiversity, forest stocks and the environment more generally.
 - b. the terms of the agreement for transitional support to Drax power station from 2027 to 2031 that government recently announced.
 - c. the role played by smaller biomass power stations in the UK in providing heat and power and how they contribute to waste disposal.
 - d. the technical and other challenges in launching BECCS in the UK at the pace and scale assumed by government plans.
 - e. the effectiveness of independent accreditation schemes that confirm whether biomass has been sustainably produced.

4 C&AG's Report, para 2

5 C&AG's Report, para 2

6 DESNZ, [Biomass Strategy](#), August 2023

7 C&AG's Report, para 3

8 Committee of Public Accounts, [The Government's support for Biomass - Written evidence](#)

Assuring the sustainability of biomass

8. DESNZ has set two criteria—for land use and with respect to greenhouse gases—for all the schemes that support the use of biomass which require biomass users to demonstrate that the fuel they burn comes from sustainable sources.⁹ Ofgem administers, on behalf of DESNZ, most of the schemes that provide financial support for biomass in power and heating, including registering participants on to schemes and monitoring compliance with sustainability and other scheme criteria.¹⁰ Generators with a capacity of more than 1 megawatt are required to submit monthly data on sustainability to Ofgem. The generator is not required to share with Ofgem evidence to support its monthly submission (but must hold this evidence). Compliance with one of the criteria—land use—can be shown through a recognised certification scheme.¹¹
9. We are concerned that the certification schemes that are intended to prove that biomass used in the UK is sustainably sourced may not be fit for purpose.¹² DESNZ told us that they and Ofgem have benchmarked these third-party certification schemes to ensure that they are in line with the sustainability criteria.¹³ We have also received a written submission from Drax setting out how the Sustainable Biomass Programme (SBP), the largest certification scheme, is underpinned by independent audits which conclude on whether suppliers meet the SBP's standards.¹⁴ However, several stakeholders have written to us expressing concern that such schemes are not robust and do not fully account for changes in forest carbon stocks.¹⁵ The NAO report concluded that, in the absence of an evaluation of the effectiveness of these arrangements, the government could not demonstrate that its current arrangements are adequate to give it confidence industry is meeting sustainability standards.¹⁶
10. Ofgem explained that the level of oversight is dictated by the size of the generator.¹⁷ At present, the largest recipient of financial support for biomass is Drax, the largest biomass electricity generator by some distance.¹⁸ While Ofgem did find misreporting in Drax's 2021–22 annual returns, Ofgem told us that these breaches did not mean that Drax received subsidies

9 C&AG's Report, para 1.6, 2.8

10 C&AG's Report, para 1.15

11 C&AG's Report, para 2.11

12 Q 4

13 Q 4

14 [Letter from Drax](#), 17 March 2025

15 [Bio0012](#), [Bio0022](#)

16 C&AG's Report, paras 12 and 16

17 Q 19

18 C&AG's Report, para 8

to which it was not entitled.¹⁹ Ofgem added that the subsidies received by Drax are based on “an enhanced assurance scheme” and that it was “very confident” the funding that Drax received was in line with the current threshold that 70% of woody biomass should be from sustainable sources.²⁰ DESNZ was unable to say whether this would have been the case if a threshold of 100% sustainable biomass, which will apply to Drax and which is being considered more widely, had been in place.²¹

11. Ofgem told us that there are 104 biomass power generators with a generating capacity over 1 MW, and which therefore receive the same level of oversight as Drax.²² In the last year, Ofgem found that 17 of these 104 had breached the support scheme’s sustainability criteria.²³ While these non-compliant generators accounted for less than 1% of the power generated by biomass as part of the Renewables Obligation scheme, this level of non-compliance is concerning.²⁴

Strengthening the sustainability rules

12. In its Biomass Strategy, published in August 2023, DESNZ committed to develop and consult on a common sustainability framework which could be applied to all new future biomass schemes across different sectors of the economy. This consultation has yet to be launched, although DESNZ assured us that it would happen at some point in 2025.²⁵ The strategy also committed DESNZ to consider whether it should strengthen the land criteria in its support schemes so that 100% of woody biomass would have to be sustainably sourced, rather than the 70% stipulated by the existing government support schemes.²⁶ DESNZ and Ofgem both agree that if the threshold for sustainable biomass moved from 70% to 100%, then the assurance regime would also need to be tighter.²⁷ Any changes will have resource implications for Ofgem. It assured that it could gear up with the necessary skills, “subject [to support from] DESNZ and Treasury “.²⁸ The NAO’s experience of auditing other areas of government highlights how gaining assurance over more stringent rules requires a commitment of more resources to monitoring and compliance.²⁹

19 Q 13

20 Q 13

21 Q 14

22 Qq 18–19

23 Q 18

24 Qq 18–19

25 Q 8

26 C&AG’s Report, para 11

27 Qq 14, 20

28 Q 15

29 C&AG’s Report, para 11

13. In August 2024, Ofgem published the outcome of its investigation into Drax.³⁰ It told us that it had reviewed over 3,000 documents as part of its investigation.³¹ It also reviewed a report by KPMG, commissioned by Drax, which looked at its Canadian supply chain processes and reporting practices, from the forests of Western Canada to the power station in North Yorkshire.³² Ofgem concluded following its review of the KPMG report, that it was “content there were no points of illegality raised in there and no evidence that would suggest that Drax was wrong to receive its subsidies”. It also recognised that the report had been the “subject of intense interest”.³³ Ofgem’s wider investigation. It concluded that an absence of adequate data governance and controls had contributed to Drax misreporting data and its inability to provide Ofgem with sufficient data to support a number of its submissions.³⁴ Drax has accepted Ofgem’s findings and is making what Ofgem called a £25 million “redress payment”. Drax is also resubmitting its data for the period under investigation and is completing what Ofgem called “the most comprehensive audit of all of its biomass supply chain”.³⁵
14. In February 2025, the government announced it had agreed heads of terms for a deal to support Drax that will run from 2027 to 2031. As part of this deal, DESNZ has required Drax to source 100% of its fuel from sustainable sources, rather than the current 70%. DESNZ intends to appoint an independent sustainability adviser to support Ofgem and the Low Carbon Contracts Company to ensure that the assurance process is robust and keeps pace with the science.³⁶ DESNZ recognised that if a target of 100% is set, a “tighter” assurance regime will be required which would require “quite extensive changes to the way we do things now”.³⁷ DESNZ is working on exactly what these arrangements might be, and assured us that “they will be robust and we will include disincentives and penalties if sustainability requirements are not met.”³⁸

30 Ofgem press release [Ofgem closes investigation into Drax Power Limited](#) (29 August 2024)

31 Q 80

32 Ofgem statement [Drax investigation and renewables obligation subsidies](#) (12 March 2025)

33 Q 80

34 Ofgem press release [Ofgem closes investigation into Drax Power Limited](#) (29 August 2024)

35 Q 5; Ofgem press release [Ofgem closes investigation into Drax Power Limited](#) (29 August 2024)

36 [Statement by the Secretary of State for Energy Security and Net Zero](#), UIN HCWS424, 10 February 2025

37 Q 14, 28

38 Q 30

Securing the supply of sustainable biomass

15. One of the key themes of the government’s Biomass Strategy concerns the future availability of biomass.³⁹ In 2021, the UK imported 9.1 million tonnes of wood pellets for use in energy production. Around 60% came from the US, 18% from the EU and 16% from Canada.⁴⁰ DESNZ describes itself as agnostic as to whether biomass is sourced domestically or from overseas.⁴¹ The Climate Change Committee’s (CCC’s) most recent advice for Carbon Budget 7 highlights that supply of sustainable biomass is likely to be limited both in the UK and globally.⁴² We also received a written submission noting that relying on imported wood reduces the UK’s energy security.⁴³ The CCC anticipates a declining role for biomass imports, with all the UK’s biomass demand being met from domestic sources by 2050.⁴⁴
16. DESNZ noted that global biomass prices would strongly influence how significant a role biomass would play and in what sectors, given that there are several areas in which it can be used.⁴⁵ Higher biomass prices could encourage a growth in domestic production, but this could reduce the amount of land available for food production in the UK.⁴⁶ The Department for Environment, Food & Rural Affairs is currently consulting on this issue in advance of producing a ‘land use framework’. which will look at how to reduce the risk of competition between biomass production and food production.⁴⁷ For example, the government has committed to at least maintain current levels of UK food production and to achieve a degree of reforestation by 2050, both of which will reduce land availability for growing biomass feedstocks.⁴⁸ We heard from stakeholders that there is a need for a more pragmatic approach to promoting domestic biomass production and that biomass can be cultivated on marginal land that is not used for food production.⁴⁹
17. Importing biomass involves long supply chains, which make it difficult to be sure that it is produced from genuinely sustainable sources.⁵⁰ We are also concerned that recent international developments may undermine the system of carbon accounting that underpins the current supply of

39 C&AG’s Report, para 3.2

40 C&AG’S Report, para 1.4

41 C&AG’S Report, para 3.3

42 Climate Change Committee, [The Seventh Carbon Budget](#), February 2025, Section 7.7

43 [Bio0012](#)

44 Climate Change Committee, [The Seventh Carbon Budget](#), February 2025, page 272

45 Q 49

46 Q 57

47 Q 57

48 C&AG’s Report, para 3.4

49 [Bio0003](#), [Bio0005](#), [Bio0008](#)

50 C&AG’s Report, para 9

sustainable biomass.⁵¹ Under current carbon accounting rules, emissions from the burning of biomass are accounted for by the country from which the fuel was sourced, an approach we were very critical of in our report on the government's carbon capture usage and storage programme. The bulk of wood pellets burnt in biomass power generation in the UK come from the US, which has removed itself from the Paris Agreement.⁵² In written evidence received after our evidence session Drax set out that the US remains party to the United Nations Framework Convention Climate Change which requires that countries submit national greenhouse Gas Inventories in line with international standards.⁵³

51 Q 65

52 Qq 62, 63

53 [Letter from Drax](#), 17 March 2025

2 Future interventions

Transitional support for Drax, 2027–2031

18. In February 2025, the Minister for Energy issued a statement confirming that the government had agreed heads of terms with Drax power station for financial support between 1 April 2027, when current support arrangements end, and 31 March 2031. The Minister set out that the extension of its support for Drax is necessary, despite their concerns about the continued use of unabated biomass, to secure the UK’s energy supply while alternatives are developed.⁵⁴
19. DESNZ is clear that the agreement is intended to improve on current arrangements. Firstly, Drax will play a smaller role in the power system than it currently does. This means that Drax will receive support for a maximum of 27% of the time in each year, less than half of the time it currently does (which DESNZ estimates will save each household around £6 a year). This reduction also accords with CCC advice that unabated biomass should not be supported at high load factors after 2027. Secondly, DESNZ expects the agreement to reduce the amount of subsidy that Drax receives each year by £170 million compared to the alternative of procuring gas and includes a claw-back provision for profits over a certain level.⁵⁵
20. Despite the new terms of the agreement, there are risks that the support will not offer consumers value for money. The agreement was reached through bilateral negotiations with Drax and included no element of competition.⁵⁶ While the government claims that the new arrangements will reduce consumer subsidies to Drax, it will be paid £113 per megawatt hour (in 2012 prices) for the electricity it generates—far more than will be paid to offshore windfarms and other renewable generators under recent Contracts for Difference.⁵⁷ After our evidence session, we received correspondence from Drax stating that it considers the strike price is justified because it provides dispatchable power which is available at any time, rather than the intermittent power provided by most renewable generators. As

54 [Statement by the Secretary of State for Energy Security and Net Zero](#), UIN HCWS424, 10 February 2025

55 [Statement by the Secretary of State for Energy Security and Net Zero](#), UIN HCWS424, 10 February 2025; Q74

56 Q 43

57 Qq 10– 11

biomass generators also have to pay for fuel, Drax argues that a fairer price comparison would be gas-fired power stations, which are markedly more expensive.⁵⁸

21. An investigation conducted by Bloomberg in 2022 concluded that Drax may previously have gamed its support to the detriment of consumers. It found that Drax shut down power generation and sold wood pellets on the open market to avoid paying back £639 million of subsidies as wholesale electricity prices spiked. Although DESNZ reassured us that the new arrangements will be more robust, it did not offer any explanation of how it had made sure that there would be no loopholes that allow Drax to continue to game the system.⁵⁹
22. There are other factors which cast doubt on whether the government has reached a good deal. The new support agreement with Drax reduces the level of allowed supply chain emissions for the fuel it burns, from 55.6 grams of CO₂ per megajoule to 36.6 grams.⁶⁰ While DESNZ said that this is in line with international best practice, historically Drax has achieved supply chain emissions below this new level so it is not clear if this change will have any effect.⁶¹ We also note that the agreement does not appear to include any incentives or requirements for Drax to continue investment in BECCS.⁶² This is particularly concerning given recent news reports that Drax is ceasing investment in a company that is intended to speed up the development of carbon capture and storage.⁶³ ‘DESNZ told us it made the agreement with Drax principally to ensure security of supply, following the advice of its national energy system operator.’⁶⁴

The future of BECCS in the UK

23. Combining power generation using sustainably sourced biomass with carbon capture and storage (CCUS) has the potential to generate ‘negative emissions’—i.e. it could reduce the overall amount of CO₂ in the atmosphere.⁶⁵ Both the government and the Climate Change Committee (CCC), which advises the government on how best to achieve its decarbonisation goals, believe that BECCS will be essential for the UK

58 [Letter from Drax](#), 17 March 2025

59 Q 42

60 Q 3

61 Q 3 and Drax Power, [Response to CCC Bioenergy Review: call for evidence](#), December 2018, p 1

62 Q 71

63 Q 1

64 Q 71

65 C&AG’s Report, para 2

to achieve its decarbonisation goals from Carbon Budget 6 and beyond.⁶⁶ The CCC recently provided new advice to government, which set out a reduced role for BECCS in 2050 compared to its earlier forecasts, but does still see BECCS as an essential part of the UK's decarbonisation efforts by generating 25 million tonnes of negative carbon emissions per year (roughly half the amount suggested in its previous advice).⁶⁷

24. The government had initially planned for BECCS plant to begin operating at scale in 2030 as part of its broader CCUS programme.⁶⁸ However, as the first phase of the CCUS programme (known as Track 1) does not include a BECCS plant, this target date will not now be achieved.⁶⁹ DESNZ has not set a revised target date and it is not clear whether a BECCS plant will be supported in a later phase of the CCUS programme.⁷⁰
25. While much of the debate around biomass has focused on Drax, we received several written submissions outlining the important role played by smaller biomass generators in the UK. There are at present 54 regional biomass power stations that are primarily fuelled by waste wood from household waste recycling plants. These provide enough electricity to power 1.5 million homes.⁷¹ The government support for these power stations will begin to phase out from 2027 and it is not clear what support government will make available for them to convert to BECCS.⁷² Any conversion to BECCS would also require the government to set out clear plans for enabling carbon capture in 'dispersed sites', which are sources of carbon emissions that cannot access pipelines to transport the carbon dioxide. Only four of the 54 power stations are within 10 miles of a carbon capture cluster and are therefore likely to utilise a pipeline.⁷³

66 National Audit Office, [Carbon capture, usage and storage](#), Session 2024–25, HC 120, July 2024, para 1.4

67 Climate Change Committee, [The Seventh Carbon Budget](#), February 2025, p 272 and fig 7.12.1

68 Q 67

69 Committee of Public Accounts, [Carbon Capture, Usage and Storage](#), Eighth Report of Session 2024–25, HC 351, February 2025, para 22

70 Q 67

71 [Bio0017](#)

72 Q 58

73 [Bio0017](#)

Formal minutes

Monday 7 April 2025

Members present

Sir Geoffrey Clifton-Brown, in the Chair

Mr Clive Betts

Sarah Green

Sarah Olney

Declaration of interests

The following declarations of interest relating to the inquiry were made:

3 March 2025

The Chair declared the following interest: farmer, benefitted from the Renewable Heat Incentive scheme.

Government support for biomass

Draft Report (*Government support for biomass*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 25 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Twenty-Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Thursday 24 April at 9.30 a.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 3 March 2025

Jeremy Pocklington, Permanent Secretary, Department for Energy Security and Net Zero; **Ashley Ibbett**, Director General, Energy Infrastructure, Department for Energy Security and Net Zero; **Dr Sarah Redwood OBE**, Director, Renewable Energy Deployment, Department for Energy Security and Net Zero; **Jonathan Brearley**, Chief Executive, Ofgem; **Kiera Schoenemann**, Director of Audit and Compliance, Ofgem

[Q1-80](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

Bio numbers are generated by the evidence processing system and so may not be complete.

1	Biofuelwatch	Bio0025
2	CCSA	Bio0016
3	Campbell, Mr Andrew	Bio0001
4	Drax power station	Bio0032
5	Ember	Bio0015
6	Engineering and Physical Sciences Research Council - UK Research and Innovation	Bio0029
7	Evero Energy Group Limited	Bio0013
8	Institute for Biological, Environmental and Rural Sciences	Bio0003
9	Just Transition Wakefield	Bio0027
10	Mineral Products Association	Bio0004
11	NRDC	Bio0010
12	Norton, Professor Michael (N/A, n/a)	Bio0030
13	Quiggin, Dr Daniel (Senior Research Fellow, Chatham House)	Bio0009
14	REA (Renewable Energy Association)	Bio0018
15	RSPB	Bio0012
16	Stop Burning Trees Coalition	Bio0022
17	Terravesta Ltd	Bio0005
18	The Wood Recyclers' Association (WRA)	Bio0017
19	UKRI Interdisciplinary Circular Economy Centre for Mineral-based Construction Materials (ICECMCM) and Policy Impact Unit (PIU) at University College London	Bio0020
20	US Industrial Pellet Association	Bio0019
21	University of Oxford, Nature-based Solutions Initiative	Bio0023
22	Waller, Dr. Alexander (Visiting Professor, American University of Sovereign Nations)	Bio0006
23	William Macalpine	Bio0008

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2024–25

Number	Title	Reference
21st	Fixing NHS Dentistry	HC 648
20th	DCMS management of COVID-19 loans	HC 364
19th	Energy Bills Support	HC 511
18th	Use of AI in Government	HC 356
17th	The Remediation of Dangerous Cladding	HC 362
16th	Whole of Government Accounts 2022-23	HC 367
15th	Prison estate capacity	HC 366
14th	Public charge points for electric vehicles	HC 512
13th	Improving educational outcomes for disadvantaged children	HC 365
12th	Crown Court backlogs	HC 348
11th	Excess votes 2023-24	HC 719
10th	HS2: Update following the Northern leg cancellation	HC 357
9th	Tax evasion in the retail sector	HC 355
8th	Carbon Capture, Usage and Storage	HC 351
7th	Asylum accommodation: Home Office acquisition of former HMP Northeye	HC 361
6th	DWP Customer Service and Accounts 2023-24	HC 354
5th	NHS financial sustainability	HC 350
4th	Tackling homelessness	HC 352
3rd	HMRC Customer Service and Accounts	HC 347
2nd	Condition and maintenance of Local Roads in England	HC 349
1st	Support for children and young people with special educational needs	HC 353