

Cut Carbon costs not Forests-Written evidence- (ONZ0010)

Cut Carbon Not Forests¹ is submitting evidence to this inquiry relating to the issues of biomass and the cost of energy to the consumers. We feel it is important due to Ofgem's role in setting price caps on energy bills and their responsibility to ensure affordability for consumers, as well as their ever-increasing environmental objectives and commitments.

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Around £1.9 billion a year of bill payers' money is being spent on inefficient and rudimentary biomass energy, primarily for the burning of wood for electricity, which exacerbates climate change, harms forests and biodiversity, and pollutes communities at home and in biomass sourcing countries, impacting human health. This money should instead be going towards genuinely lower carbon renewable energy like wind, wave, and solar power.

The results of a recently commissioned report² evaluating the economic impact of UK biomass electricity subsidies show that continuing to subsidise large-scale burning of imported wood pellets for power production destroys significant economic value. **By contrast, were the Government to reinvest this public money in wind and solar projects, it could create between £1.93 Bn and £2.49 Bn of additional economic value and more UK jobs.** The report suggests that the UK government should undertake a detailed reassessment of biomass support and consider transitioning from biomass, thereby freeing up funding to accelerate truly cleaner energy deployment. This could allow the Government to make additional financial commitments, and support more UK jobs, in the low-carbon energy sector without additional financial strain.

As we rebuild our economy, we must ensure government investment goes towards cleaner energy that does not harm the climate or biodiversity. Burning wood in power stations is much costlier than genuinely lower-carbon and renewable electricity technologies, such as solar and wind. Yet the UK continues to waste over £2 million a day subsidising false solutions to climate change and increasing electricity costs for British people. Meanwhile, true renewables are already a more affordable option, and getting cheaper.

¹ Cut Carbon Not Forests (CCNF) is a coalition of UK and North American NGOs working to protect the climate and nature by redirecting biomass subsidies to genuinely non-emitting and renewable energy sources like wind and solar. For more information: <https://cutcarbonnotforests.org/>.

² Trident Economics, *Briefing Note: The Economics of Wood Pellet based Power Generation in the United Kingdom* (Apr. 2021), <https://img1.wsimg.com/blobby/go/0226030b-18f9-4226-8d71-ca1edcb5679f/downloads/TRIDENT%20ECONOMICS%20-%20The%20Economics%20of%20Wood%20Pellet.pdf?ver=1619791678168>.

Furthermore, requests from the biomass industry for further subsidies after 2027 for unproven Bioenergy with Carbon Capture and Storage (BECCS), **could cost energy bill payers £31.7 billion**.³ For example, Ember, an independent climate and energy think tank (previously, Sandbag), has projected that Drax, the UK's largest biomass producer, is already on track to earn £10 billion in subsidies for its biomass generators from 2012 to 2027. If Drax were to secure a subsidy contract for BECCS at its North Yorkshire plant, the bill could spiral to £31.7 billion, or equivalent to almost £500 per person in the UK, directly adding more than £16 a year to each household's energy bill.⁴

Each year, the UK burns much more imported wood in biomass power stations than the UK is producing.⁵ While the biomass industry claims to be using only "waste wood," repeated investigations have shown that demand for biomass is harming hardwood forests in the Southern United States,⁶ Canada's Boreal Forest,⁷ and protected Natura 2000 forests in Estonia.⁸ In addition to harming forests and biodiversity, biomass electricity exacerbates climate change⁹ and fuels environmental injustice¹⁰ in wood pellet sourcing countries.

The UK spends more money¹¹ than any other country in Europe on subsidising biomass—in 2019, over £1.9 billion of energy billpayers' money was paid to biomass generators, with Drax Power Station alone receiving over £2 million every day. In 2018/2019, the UK's Renewables

³ Ember, *Understanding the Cost of the Drax BECCS Plant to UK Consumers* (May 2021), <https://ember-climate.org/project/cost-drax-beccs-plant/>.

⁴ *Id.*

⁵ In 2020, the UK harvested 10.8 million green tonnes of wood. In the same year, the UK imported and burned 9.1 million tonnes of wood pellets, which roughly equates to 20.38 million green tonnes of wood. Forest Research, *Resources: UK Wood Production and Trade: Provisional Figures* (2020), <https://www.forestresearch.gov.uk/tools-and-resources/statistics/statistics-by-topic/timber-statistics/uk-wood-production-and-trade-provisional-figures/>.

⁶ Dogwood Alliance, NRDC, & Southern Environmental Law Center, *Global Markets for Biomass Energy are Devastating U.S. Forests* (2019), <https://www.nrdc.org/sites/default/files/global-markets-biomass-energy-06172019.pdf>.

⁷ Stand.earth, *New Investigation* (2021), <https://www.stand.earth/latest/forest-conservation/forests-and-wood-pellets/new-investigation-uk%E2%80%99s-drax-bid-buy-pinnacle>.

⁸ Estonian Fund for Nature, *Hidden Inside a Wood Pellet* (2020), https://media.voog.com/0000/0037/1265/files/Biomass_report_ENG%20_2020.pdf.

⁹ NRDC, *Issue Brief: Think Wood Pellets are Green? Think Again* (2015), <https://www.nrdc.org/sites/default/files/bioenergy-modelling-IB.pdf>.

¹⁰ Majlie de Puy Kamp, *How Marginalized Communities in the South are Paying the Price for "Green Energy" in Europe*, CNN (July 9, 2021), <https://www.cnn.com/interactive/2021/07/us/american-south-biomass-energy-invs/>; Danielle Purifoy, *Knock on Wood: How Europe's Wood Pellet Appetite Fuels Environmental Racism in the South*, Scalawag Magazine (Oct. 5, 2020), <https://scalawagmagazine.org/2020/10/wood-pellet-environmental-racism-part-one/>.

¹¹ Cut Carbon Not Forests, *Burnout 2020*, https://www.cutcarbonnotforests.org/wp-content/uploads/2020/12/BURNOUT-2020_EU-Clean-Energy-Policies-Lead-to-Forest-Destruction.pdf.

Obligation (RO) program alone distributed nearly £1 billion in subsidies to biomass plants.

Biomass subsidies, paid out of a surcharge on household electricity bills, should not be propping up a dirty energy source that increases overall electricity costs for British families. In fulfilling its objective to help move the UK towards a cleaner energy future, Ofgem should be aware that dirty biomass energy will not help achieve its environmental or consumer responsibilities.

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