

WOODFUEL ADVICE NOTE

Version 2

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Contents

Contents	
1. Introduction	
2. Who do the woody biomass land criteria apply to?	
3. What are the woody biomass land criteria?	
Legal source	
Sustainable source	
Consignment	^
Mass Balance	^
4. Evidence – Biomass Category A and B	1
What is evidence for Biomass Category A?	^
How do I demonstrate evidence for Biomass Category A?	^
Mixed Claims	
Biomass Category B bespoke evidence	
Risk-based regional approach	
What is a region?	
5. Annual compliance	2
6. Special cases	2
Waste material	:
Energy Crops	:
FLEGT	:
Deemed Sustainable	2
Bioliquids	2
Other Biomass	2
7. How does the Timber Standard compare to the Timber Procurement Policy?	2
8. Where can I get more help?	:
9. Glossary	2

1. Introduction

This document sets out guidance on how to comply with the woody biomass land criteria (as defined in the RO, RHI and in CfD¹ contracts). This 'Woodfuel Advice Note' is accompanied by two further documents to make up the 'Woodfuel Guidance'. The 'Woodfuel Mass Balance Approach' and 'Risk Based Regional Assessment: A Checklist Approach' build on the detail set out in this document and explain, using examples, how a mass balance approach or a risk based regional approach can be used to help comply with the woody biomass land criteria.

Second Edition

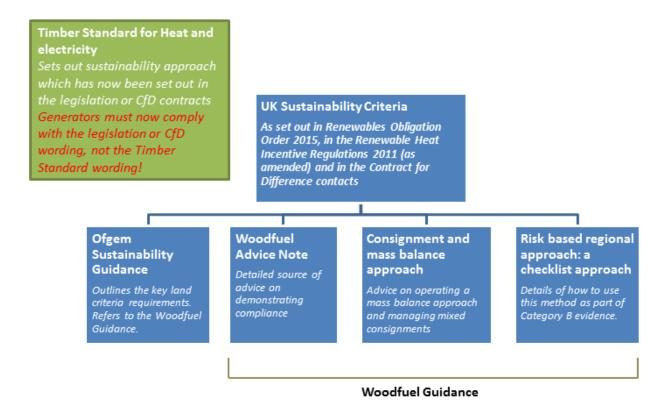
- 1.1. In the first edition of the Woodfuel Guidance it was stated that generators and RHI participants must comply with the Timber Standard's sustainability principles. These principles have now been incorporated directly into the Renewables Obligation Order and Renewable Heat Incentive Regulations 2011 (as amended) and will be incorporated into the contracts of the Contract for Difference (CfD) and Investment Contracts. This guidance provides guidance on how to comply with the woody biomass land criteria for the Renewables Obligation (RO), Renewable Heat Incentive (RHI) and CfD. It is important for generators, RHI participants, biomass suppliers and auditors to understand that their obligations are now set out in the legislation or CfD contract rather than in the Timber Standard.
- 1.2. This edition of the Woodfuel Guidance contains some re-referencing and some minor changes to the terminology to account for this change. To improve the clarity of the guidance some changes have been made to the ordering and phrasing but the intention was to avoid substantial changes to the recommended sustainability practices set out in the first edition of the Woodfuel Advice Note guidance. As will become clear in the document, and to avoid confusion around terminology, references to 'woodfuel criteria' and 'Timber Standard Category A and B' have instead been replaced with 'woody biomass land criteria' and 'Biomass Category A and B'.
- 1.3. Throughout this document 'woody biomass land criteria' is used as shorthand to refer to the requirements set out in the RO, RHI and in the CfD, except where stated. Note that 'woody biomass' is referred to as 'solid biomass' in the RHI Regulations.

¹ Throughout this document 'CfD' refers to both the Financial Investment Decision enabling for Renewables (FIDeR) investment contract and the Contract for Difference contract.

1. Introduction

- 1.4. This is a guidance document only. The onus is on generators and participants to ensure that they are aware of, and are complying with, relevant government legislation (or contracts). This guidance is not intended to provide comprehensive legal advice on how the RO, RHI, EU Regulations or contracts should be interpreted. Where necessary, generators and participants should seek their own technical or legal support.
- 1.5. For clarity, **Figure 1** below sets out the relationship between the RO Order, RHI Regulations and CfD contracts, the Ofgem guidance, the three Woodfuel Guidance document and the Timber Standard. The order/regulations/contracts set out what must be complied with, the Woodfuel Guidance documents explain how to comply with the woody biomass land criteria; and the Ofgem guidance explain how to report to OFGEM to comply with requirements (including additional sustainability guidance). The Timber Standard no longer sets out the sustainability requirements but have informed the Order, Regulations, CfD and guidance.

Figure 1: Summary of Available Guidance Documents



2. Who do the woody biomass land criteria apply to?

- 2.1. Generators using virgin wood or feedstocks made from virgin wood, and claiming incentives under the RO, CfD or RHI, must comply with the following:
 - Monthly (RO, CfD) and Quarterly (RHI): Meet their greenhouse gas savings (GHG) criteria per consignment. This guidance document will not provide detail on complying with the GHG criteria but see the Biomass and Biogas Carbon Calculator (B2C2) for further information. For RO generators, the Ofgem website provides further guidance; Ofgem and the Biomass Suppliers List (BSL) will be providing further guidance and information for RHI participants.
 - Monthly (RO, CfD) and Quarterly (RHI): Meet the woody biomass land criteria on a consignment or mix of consignment basis (see section 3). This guidance document will set out these requirements.
 - Annually (RO, RHI, CfD) ≥1MW: Prepare an annual sustainability report which is compiled by a third party auditor/verifier in accordance with ISAE 3000² or equivalent standard requirements. This is required only for generating stations with a total installed capacity (TIC) greater than or equal to one megawatt.
- 2.2. Generators reporting to Ofgem under the RO and RHI must accredit with Ofgem. For the RO this includes agreeing Fuel Measurement and Sampling (FMS) procedures on an ongoing basis. RHI applicants self-reporting to Ofgem must also complete FMS procedures. More information on eligibility and metering for RHI can be found here for RHI domestic and non-domestic. Further Ofgem RO guidance on sustainability can be found here.

² ISAE 3000 Revised standard should be used for assurance engagements conducted after 15 December 2015

Table 1: Reporting requirements

Capacity (kW)	Monthly reporting of GHG and woody biomass land criteria (RO, CfD)	Quarterly reporting of GHG and woody biomass land criteria ³	Annual reporting: profiling data ⁴	Annual reporting: audit report	Link to incentive issue
≤50 DNC ⁵	No	Yes	No	No	Yes – RHI No – RO/CfD
>50 DNC - <1000 TIC	No	Yes	Yes	No	Yes - RHI No – RO/CfD
≥1000 TIC	Yes	Yes	Yes	Yes	Yes

- 2.3. Generators using virgin wood, or feedstocks made from virgin wood (including sawdust), with an electrical capacity *greater than or equal to one megawatt*⁵, and claiming incentives under the RO, must comply with the woody biomass land criteria and **must report monthly to Ofgem**.
- 2.4. All RHI participants using virgin wood, or feedstocks made from virgin wood, and claiming incentives under the RHI must comply with the woody biomass land criteria and GHG criteria. **They must report quarterly to Ofgem**, whether they use wood from a BSL supplier or not:
 - Using wood from suppliers registered on the BSL Suppliers intending to supply RHI participants should register on the <u>BSL</u> and will be required to demonstrate to the List Administrator that they meet the woody biomass land criteria, as per their guidance. Participants are required to report their BSL volumes to Ofgem every quarter. Ofgem guidance will detail what sustainability data should be reported.
 - Using wood from non-BSL suppliers this wood will be 'self-reported' to Ofgem on a quarterly basis. Ofgem guidance will set out what sustainability data should be reported to Ofgem. Note that non-BSL wood will need to be independently audited at year-end if a participant's total installed capacity is ≥1MW.
- 2.5. If, under the RHI, a participant's installation is less than 1MW capacity and if they source woody biomass from a permitted location, then they would be considered as a **self-supplier**. A **permitted location** is one in respect of which the applicant has a right to

⁵ DNC = Declared Net Capacity

³ Only applies to RHI self-reporters (those reporting directly to Ofgem and not listed on BSL).

⁴ Applies to RO and CfD. For RHI, this applies to biomethane and self-reporters only

harvest the solid biomass, whether by virtue of ownership, tenancy or otherwise, and which is no more than 50 miles from the accredited domestic plant in which that solid biomass is used.. Self-suppliers must register with the BSL, though they are not required to comply with the woody biomass land criteria and GHG criteria as self-suppliers are deemed to be sustainable.

- 2.6. However, a self-supplier⁶ may supply woody biomass to other generators. Whether they choose to do so as a BSL supplier or a non-BSL supplier, they must comply with the woody biomass land criteria and GHG criteria. If a self-supplier wishes to supply a BSL fuel, they should discuss with BSL and register and comply with BSL supplier requirements. For further guidance on the application and requirements for self-suppliers, see the BSL website, here.
- 2.7. To understand reporting requirements under the land criteria and GHG criteria for other types of biomass, including waste wood (exempt from land criteria) and for processing and forestry residues (must comply with land criteria), see Figure 4 in 'Other Biomass' in section 6.

⁶ Self suppliers definition does not include supply to others under BSL

3. What are the woody biomass land criteria?

- 3.1. To comply with the woody biomass land criteria, generators and participants must demonstrate that **at least 70%** of all woody biomass supplied under the RO, RHI and CfD meets the definition of sustainable. **All** woody biomass supplied in the UK must also be legal (see below). This 70% is often known as 'legal and sustainable', and this minimum requirement is referred to as the '70/30 threshold' in the following. Generators, RHI participants and biomass suppliers are encouraged to maximise the proportion of 'legal and sustainable' woody biomass they use.
- 3.2. Generators and participants must meet the 70/30 threshold per consignment, or across a mix of consignments, such that at least 70% of the total woody biomass reported to Ofgem is 'legal and sustainable'. Our definition of 'consignment' is taken from Ofgem guidance, see below.
- 3.3. Suppliers to the BSL are required to meet the 70/30 threshold, as per the BSL guidance. Ofgem guidance will set out how participants should report BSL supplied wood, as well as how participants and self-reporters should report.

Legal source

- 3.4. Woody biomass originates from a legal source if it has been legally harvested. The requirement of 'legal source' is a separate requirement to the sustainability criteria set out in the RO, RHI and CfD contracts. All timber and timber products placed on the EU market for the first time must be legally harvested as set out in Article 2 of the EU Timber Regulation (EUTR)⁷. Guidance is found here.
- 3.5. The EUTR makes it an offence to place illegal timber on the EU market. It requires those companies that place timber or timber products on the EU market for the first time to assess the risk that those products may have come from an illegal source and to mitigate any risks. This is known as due diligence (see article 6 of the EUTR) and must happen before the product is bought. The EUTR applies irrespective of whether a generator or participant is seeking financial support such as RO and RHI or not.
- 3.6. This document does not provide further guidance on compliance with the EUTR. For more information <u>contact</u> the National Measurement and Regulation Office (NMRO). Sustainable source
- 3.7. Set out below, the sustainability requirements have been paraphrased from the legislation, to give readers an indication of the sustainability practices and definitions expected to be used. Note that generators and RHI participants must comply with the wording within the woody biomass land criteria (or solid biomass land criteria in the RHI) set out in the legislation (and CfD contract), not the illustrative wording below.

⁷ 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 (OJ L 295, 12.11.2010, p.23)

Sustainable source

Sustainable source

Woody biomass is obtained from a sustainable source if it was grown within an area of forest or other land which is managed in a way that is consistent with the Forest Europe Sustainable Forest Management Criteria or a set of international principles for the sustainable management of land.

- The set of international principles must have been adopted following a process ("the principles setting process") which sought to obtain a balanced representation of views of interest groupings, ensure that no single interest group could dominate the principle setting process and ensure that no decision on the contents of the principles could be made in the absence of agreement from a majority within each interest grouping involved in the principle setting process.
- The set of international principles can be changed by a process ("the change process") which seeks to ensure that no single interest grouping can dominate the process and no decision on changes to the principles can be made in the absence of agreement from a majority within each interest grouping involved in the change process.

Each of the following is an interest grouping in relation to the forest (or other location where the wood was grown). Persons with interests which are predominantly:

- (a) economic in nature;
- (b) environmental in nature;
- (c) social in nature.

Harm to ecosystems is minimised, in particular by:

- assessing the impacts of the extraction of wood from the area and adopting plans to minimise any negative impacts
- protecting soil, water and biodiversity.
- controlling the use of chemicals and ensuring that chemicals are used in an appropriate way and wherever possible, using integrated pest management
- disposing of waste in a manner that minimises any negative impacts

Integrated pest management is defined in Article 3(6) of Directive 2009/128/EC.

The productivity of the area is maintained, in particular by:

- adopting plans to avoid significant negative impacts on productivity
- adopting procedures for the extraction of wood that minimise the impact on other uses of the area
- providing for all of the contractors and workers who are working in the area to be adequately trained in relation to the maintenance of productivity

 maintaining an adequate inventory of the trees in the area (including data on the growth of the trees and on the extraction of wood) so as to ensure that wood is extracted from the area at a rate which does not exceed its long-term capacity to produce wood

Compliance with the productivity requirements should be monitored, the results of that monitoring should be reviewed and planning updated accordingly

The area is managed in a way that ensures the health and vitality of ecosystems is maintained, in particular by

- adopting plans to maintain or increase the health and vitality of ecosystems
- adopting plans to deal with natural events such as fires, pests and diseases
- taking adequate measures to protect the area from unauthorised activities such as illegal logging, mining and encroachment

Biodiversity is maintained, in particular by

- implementing safeguards to protect rare, threatened and endangered species
- · conserving key ecosystems in their natural state
- protecting features and species of outstanding or exceptional value

Those responsible for the management of the area (and any contractors engaged by them) to comply with the local and national laws relating to health and safety and the welfare of workers

Those responsible for the management of the area have regard to

- legal, customary and traditional rights of tenure and land use
- mechanisms for resolving grievances and disputes including those relating to tenure and land use rights, forest or land management practices and working conditions
- safeguarding the health and safety and rights of workers

Consignment

3.8. Woody biomass must be reported on a consignment basis to ensure sufficient disaggregation of sustainability data and allow correct GHG calculations.

- 3.9. Whilst the RO and the RHI legislation do not define 'consignment', Ofgem have set out <u>guidance</u> on what constitutes a consignment⁸. For practical reasons the definition of a consignment for GHG criteria and for meeting the woody biomass land criteria are the same. Each consignment should constitute the same **characteristics** in terms of:
 - Feedstock types⁹
 - Biomass form (solid biomass only)
 - Country of origin¹⁰
 - Classification of the fuel¹¹
 - Compliance with the woody biomass land criteria
 - Compliance with GHG criteria
- 3.10. Generators (and participants using wood supplied by non-BSL suppliers) are recommended to discuss with Ofgem what constitutes a 'consignment' for their operation when agreeing Fuel Measurement and Sampling (FMS) procedures. Generators under the CfD should liaise with LCCC¹².
- 3.11. The RO, RHI and CfD require that woody biomass reported to Ofgem should be at least 70% sustainable this can apply per consignment, or across all consignments reported in any month (RO/CfD), or any quarter (RHI).
- 3.12. Generators and self-reporting participants may use mass balance systems to apportion their sustainability data as appropriate, and should discuss this system with Ofgem where in doubt.
- 3.13. In calculating the proportion of woody biomass reported which is 'legal and sustainable' in a quarter, BSL wood is considered to be 70% 'legal and sustainable', unless evidence can demonstrate a higher proportion.
- 3.14. Ofgem have prepared guidance setting out exactly what information generators and participants will have to report on their systems per consignment. Participants reporting BSL supplied wood will have less information to report e.g. BSL biomass will not have to be broken into its component characteristics but can be reported as one consignment. In all instances, generators and participants must declare that the biomass meets the GHG criteria and woody biomass land criteria approved BSL wood is deemed to always comply with these criteria.
- 3.15. Woody biomass reported to Ofgem from generators and self-reporting participants **must** have supporting sustainability evidence. Evidence will be audited at the end of the year by an independent auditor (for those with capacities greater than or equal to one megawatt), but Ofgem may request to see evidence at any time.

⁸ The CfD contract specifies what constitutes a consignment

⁹ This is to ensure that different biomass fuels are not grouped together, eg wood cannot be considered the same as sunflower pellets or rapeseed oil cannot be considered the same as used cooking oil.

¹⁰ UK considered as a single country of origin

¹¹ See appendix 10 of Ofgem sustainability guidance for common fuel classifications:

¹² The Low Carbon Contracts Company

3.16. Further information on consignments and mass balance can be found in the *Woodfuel Mass Balance and Consignment guidance*.

Mass Balance

- 3.17. To report accurately against the 70/30 threshold for each consignment or mix of consignments of biomass, and for the information to be independently verified, the information about 'legal and sustainable' source must be traceable through the supply chain. The concept of traceability from the end product back to the raw material is known as the 'chain of custody'.
- 3.18. The RO, RHI and CfD permit the use of a mass balance approach (MBA). A MBA is a means of accounting for the flows of biomass material using a defined system during a defined period of time. In this system, sets of sustainability characteristics such as the origin from 'legal and sustainable' or 'legal only' source can be transferred between consignments or mix of consignments. However, a node¹³ in the supply chain can only use or sell biomass with the same sustainability and legality characteristics and in the same volume as the biomass they took in originally, taking account of any conversion factors or losses in production, less any biomass they have recorded as being used or sold previously.
- 3.19. Operating a MBA may be necessary if a generator, participant or biomass supplier:
 - does not always source 100% 'legal and sustainable' material or sources different types of biomass which would have to be reported as separate consignments
 - buys from many different sources
 - have limited internal processes to avoid mixing of 'legal and sustainable' and 'legal only' material
 - already account for some or all of their biomass using mass balance methods (including credit systems)
- 3.20. The RO, RHI and CfD do not expressly state that operators must use a MBA but a MBA is recommended as a useful tool for the correct accounting and reporting of the 70/30 threshold and for ensuring that accurate information about the origin of the biomass passes through the supply chain whilst allowing material with differing percentages of 'legal and sustainable' and 'legal only' content to be mixed.
- 3.21. Suppliers who supply 100% 'legal and sustainable' biomass to all of their customers do not need to use a MBA to calculate their 70/30 threshold. They may however be required to use a MBA if they are supplying multiple consignments.
- 3.22. Under the BSL suppliers will be required to meet the 70/30 threshold and are encouraged to use a MBA.
- 3.23. To identify whether the use of a MBA is required, the operator must first determine the number of consignments they are using and whether these are being mixed at the generating station or elsewhere in the supply chain. Where the consignments are being

¹³ A node in the supply chain refers to any entity who legally owns the wood at some stage in the supply chain

mixed, a MBA should be used to trace the biomass and its associated sustainability and legality characteristics. Generators for RO and CfD and suppliers for RHI should seek relevant information from their suppliers and participants respectively to understand the ratio of 'legal and sustainable' versus 'legal only' material within the biomass they are receiving and if they receive a single consignment or a mix of consignments.

3.24. For further detail on mass balance approaches see the *Mass Balance and Consignment* guidance document.

4. Evidence – Biomass Category A and B

- 4.1. Two types of evidence are accepted in demonstrating that woody biomass is 'legal and sustainable' under the RO, RHI and CfD contracts:
 - Evidence permitted from approved sustainability schemes which have been benchmarked against the woody biomass land criteria in the legislation, is known as Biomass Category A evidence.
 - Bespoke evidence, also known as **Biomass Category B** evidence.
- 4.2. As Biomass Category B evidence provides an approach as rigorous as Biomass Category A, the UK Government does not have any preference for the type of evidence provided.
- 4.3. Evidence is referred to as 'Biomass Category A or B' to differentiate from 'Category A or B' evidence that may be provided under the UK Timber Procurement Policy (UK-TPP) to demonstrate sustainability of non-energy uses of wood. For more information on UK-TPP see CPET Guidance for the Growers of Timber in the UK.
- 4.4. Note: this evidence was previously called "Timber Standard Category A or B", but this has been changed in this edition to "**Biomass Category A or B**" to clarify that it is not the Timber Standard which must now be complied with.

What is evidence for Biomass Category A?

- 4.5. Biomass Category A evidence comes from voluntary third-party certification schemes which have been benchmarked by the UK Government as meeting the woody biomass land criteria set out in the RO, RHI and CfD contracts (not against the Timber Standard as was the case previously).
- 4.6. Note, the schemes recognised as Biomass Category A schemes may differ from the schemes recognised as Category A by the UK-TPP. At the time of writing, the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) were recognised as meeting both Biomass Category A evidence and UK-TPP Category A evidence requirements. The Sustainable Biomass Partnership (SBP) scheme has been benchmarked as meeting Biomass Category A evidence requirements.
- 4.7. The UK Government carried out the benchmarking of independent certification schemes against the woody biomass land criteria and OFGEM has published a list of those schemes which meet, partially meet, or did not meet the criteria¹⁴.
- 4.8. Note that buying, producing or selling biomass from a Biomass Category A approved scheme (or other third party voluntary schemes) does not automatically mean meeting EUTR legal requirements.

The list can be found in Appendix 2 of the RO: Sustainability Criteria guidance at: https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-sustainability-criteria

How do I demonstrate evidence for Biomass Category A?

- 4.9. To demonstrate that woody biomass (whether raw material or final fuel)¹⁵ is supplied under a Biomass Category A certification scheme, the biomass needs to be supplied with a "claim" under that approved scheme (i.e. it must be certified against that scheme). See Figure 2 below for further guidance on how to check the validity of a certificate and to ensure the product supplied is covered by the certificate.
- 4.10. The following websites should be used when checking the validity of a supplier's certificate:

For FSC: http://info.fsc.org/certificate.php

For PEFC: http://www.pefc.org/find-certified/certified-certificates

For SBP: information for SBP can be found on its website, including contact details: http://www.sustainablebiomasspartnership.org/approvals-and-certifications

4.11. A supplier cannot *supply* woody biomass (raw material or final fuel) as certified by a Biomass Category A approved scheme if it is not itself certified to that scheme. The biomass must be covered under the scope of the supplier's certification. However, a supplier on the BSL, a generator or a participant *buying* certified biomass with a biomass Category A approved scheme claim, does not itself have to be certified to that scheme.

Examples:

- A generator does not have to be FSC certified to buy biomass with an FSC certified claim
- A wood chip producer cannot sell biomass with an FSC claim unless they are FSC certified
- 4.12. Where there is a break in the chain of custody for Biomass Category A evidence (i.e. where a supplier in the supply chain is not certified) material cannot carry a Biomass Category A claim. Further evidence (Biomass Category B evidence) must be provided to demonstrate evidence of compliance with the woody biomass land criteria. The upstream certified parts of the supply chain (supported by Biomass Category A evidence) may be used to complement this evidence.

Example

A generator who is PEFC certified buys a consignment of woodchips originating
from a PEFC certified forest from a supplier who is not PEFC certified. The wood
chips cannot be PEFC certified when bought by the generator, but evidence that
they originate from the PEFC certified forest may be included as a part of the
Biomass Category B evidence.

¹⁵ Raw materials are set to undergo further processing (e.g. cutting, drying, chipping) before they are used in a boiler. A fuel is something that will not undergo any further processing before it is used in a boiler: RHI specific:BSL Q&A document (Issue 1.5)

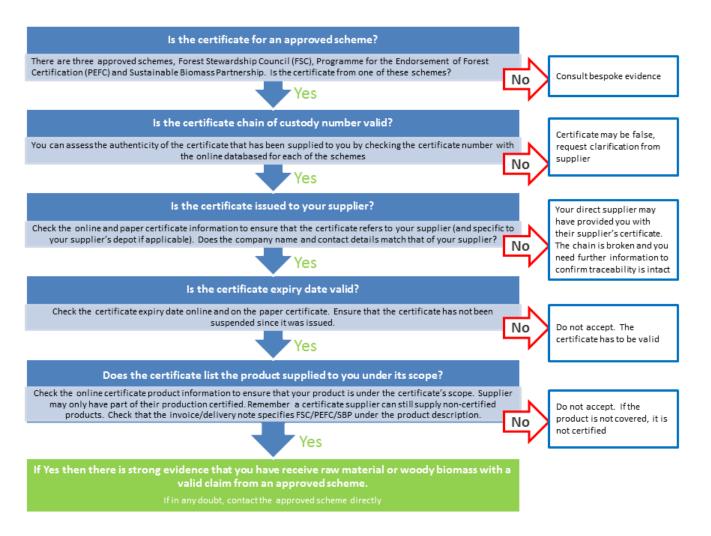


Figure 2: Check the certificate for all certified biomass

Mixed Claims

4.13. Biomass Category A schemes may permit the mixing of raw material which is fully compliant with the scheme's sustainability standard with material which does not meet the sustainability standard in its entirety. This may be referred to as material 'with a mixed claim' (ie FSC 70% mixed or PEFC 70% mixed). In this case, only the proportion of the material that is fully compliant with the Biomass Category A scheme's sustainability standard shall be considered 'legal and sustainable'. The other proportion (called 'Controlled Wood' by FSC and 'Controlled Sources' by PEFC) shall be considered 'legal only'. See Woodfuel Mass Balance and Consignment guidance for more information on mixing.

Example:

A hundred tonnes of woodchips are received with a valid FSC 70% mix claim.
 Seventy tonnes shall be considered 'legal and sustainable' and thirty tonnes 'legal only'.

Biomass Category B bespoke evidence

- 4.14. Biomass Category B bespoke evidence is all forms of credible evidence other than Biomass Category A independent certification schemes that indicate that the forest source meets the woody biomass land criteria. Evidence from an independent certification scheme which are not Biomass Category A schemes may provide some evidence towards demonstrating sustainability, but further evidence will be required. OFGEM published a list of those schemes which were benchmarked but which have only partially met the land criteria¹⁶. The Risk-Based Regional Assessment: A Checklist Approach document is one approach to help woody biomass buyers and suppliers provide such evidence.
- 4.15. BSL requires applicants submitting Biomass Category B evidence to use the Risk-Based Regional Assessment Checklist approach.
- 4.16. Woody biomass for which Biomass Category B bespoke evidence is provided must at least be traceable back to a supply base¹⁷ but ideally to a specific forest management unit. If it cannot be traced back to a specific forest management unit, the *Risk Based Regional Assessment* checklist approach should be used.
- 4.17. As noted in the Checklist document, timber traceable to a forest with a valid felling license and a fully implemented Forest Management Plan in line with the UK Forestry Standard (UKFS) Requirements and Guidelines meets the woody biomass land criteria as set out in the RO and RHI and CfD contracts. In this instance a risk based regional approach (or checklist) would not be required.

Risk-based regional approach

To meet the requirements in the RO, RHI and CfD contracts, a risk-based regional 4.18. approach can be used. This requires credible evidence for low risk of noncompliance with the woody biomass land criteria to be provided on a regional level. The approach requires firstly defining the supply base, secondly defining the corresponding region(s) and thirdly determining the *risk* that the woody biomass land criteria are *not* met across this supply base. All woody biomass used must at least be traceable back to this supply base which includes the original point of harvesting of all the biomass being assessed. If there isn't sufficient credible evidence of low risk for non-compliance with any of the criteria across the entire supply base available, then the supply base must be redefined or mitigation measures must be implemented to reduce the risk of noncompliance with the woody biomass land criteria to low risk. The risk-based regional approach requires a thorough and rigorous assessment of the risks of non-compliance with the woody biomass land criteria (as set out in the RO, RHI and CfD contracts). Third party verifiers/auditors working in accordance with an ISAE 3000¹⁸ or equivalent standard will assess the evaluation of risk for each criteria undertaken by generators under the RO and CfD. For biomass suppliers on the BSL, the List Administrator will assess the evaluation of risk as either 'adequate' or 'not adequate'.

¹⁶ The list can be found in Appendix 2 of the RO: Sustainability Criteria guidance at: https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-sustainability-criteria

¹⁷ See the Risk-Based Regional Assessment: A Checklist Approach document for a definition of supply base

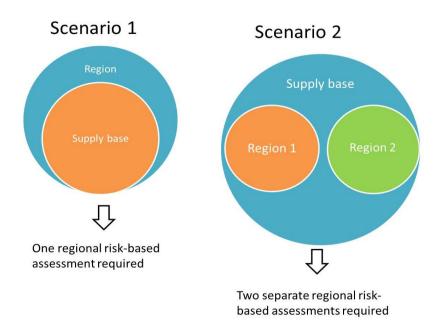
¹⁸ ISAE 3000 Revised standard should be used for assurance engagements conducted after 15 December 2015

- 4.19. The risk-based regional approach represents a different approach from Category B approach used in the UK-TPP where evidence of compliance with the sustainability requirements must be provided for *each item* and where *each item* has to be traceable back to a forest management unit.
- 4.20. Where it is apparent that unsustainable practices are occurring within a supply base or region, it will be necessary to provide evidence of specific actions that mitigate against the risks of the unsustainable behaviour occurring within the specific biomass supply chain. It may then be possible to demonstrate that sustainable biomass has been sourced with a low risk of non-compliance.
- 4.21. More information about the risk-based regional approach can be found in the *Risk-Based Regional Assessment, a Checklist Approach document.*
- 4.22. For additional guidance on how to provide Biomass Category B evidence for UK growers, see CPET Guidance for the Growers of Timber in the UK. This document states that "Timber traceable to a forest with a fully implemented Forest Management Plan in line with the UK Forestry Standard (UKFS) Requirements and Guidelines meets the UK-TPP as suitable Category B evidence." Wood biomass compliant with the UK-TPP Category B evidence is also considered to comply with the Biomass Category B requirements.
- 4.23. As noted above, all wood entering the EU must be legal and comply with the EUTR, as enforced by the Timber and Timber Products (Placing on the Market) Regulations 2013.Note that even when using a risk-based regional approach, EUTR must be complied with.

What is a region?

- 4.24. As set out in the Risk-Based Regional Assessment: a Checklist Approach document, a region can be defined as the largest area in which reliable and independent information is available at which conditions are sufficiently homogenous to evaluate the risk of non-compliance with the woody biomass land criteria. In a single 'region' we would expect that the following characteristics should be the same:
 - a) legislation covering land ownership, use and harvesting rights
 - b) legislation covering biodiversity, water, air and soil protection
 - c) legislation covering basic labour rights and health and safety of forest workers
 - d) legislation covering waste handling and disease control
 - e) legislation covering tree felling licensing and replanting/regeneration requirements.
- 4.25. The region selected for evaluation may be bigger than the supply base. Alternatively, the supply base may comprise multiple regions. Once the supply base and the region are defined, the risk of non-compliance with the woody biomass land criteria across the entire supply base must be assessed.

Figure 3: How many regional assessments? Defining supply base and region



- 4.26. For the RO and CfD this assessment is the responsibility of the generator. For the RHI, it is the responsibility of the participant where non-BSL wood is reported (i.e. self-reporters). Only raw material determined to be at low risk of non-compliance with all woody biomass land criteria at the regional level shall be supplied as 'legal and sustainable'.
- 4.27. For participants using BSL wood, the BSL processes provide assurance that wood is 'legal and sustainable'. A BSL supplier may provide Biomass Category B evidence with a risk-based regional assessment, but the Biomass Suppliers List guidance will set out how this will be audited/verified.

5. Annual compliance

- 5.1. During the course of the year, generators and self-reporting participants must collect evidence which is *sufficient and credible* to demonstrate compliance with the woody biomass land criteria.
- 5.2. As noted in chapter two, generators and participants with a total installed capacity greater than or equal to one megawatt must have an annual sustainability report compiled by a third party verifier/auditor in accordance with the ISAE 3000¹⁹ or equivalent standard. This report will be based on an audit of the Biomass Category A and B evidence that generators and participants have collected from the supply chain.
- 5.3. Participants who report using the BSL route of demonstrating compliance do not need to complete an annual sustainability audit report. Participants who self-report against any consignment of wood in a year, and have a TIC greater or equal to 1MW, must have an audited annual sustainability report complied.
- 5.4. Evidence provided for each of the paragraphs of the woody biomass land criteria must be assessed as 'adequate' by a third party verifier/auditor... If it is determined at the end of the year that the evidence supporting consignments reported is 'not adequate', then sanctions and penalties may be applied.
- 5.5. For biomass suppliers on the BSL, assessment of compliance with the woody biomass land criteria will be assessed by the List Administrator. If the List Administrator considers the assessment of risk and evidence provided by suppliers as 'not adequate', then sanctions and penalties may be applied in line with Applications and Audit Guidance document. See: http://biomass-suppliers-list.service.gov.uk/land-criteria
- 5.6. The Risk-Based Regional Assessment: a Checklist Approach document has been designed to advise generators, participants and their third party verifiers/auditors what Biomass Category B evidence might be accepted as part of a risk-based regional approach.

¹⁹ ISAE 3000 Revised standard should be used for assurance engagements conducted after 15 December 2015

6. Special cases

- 6.1. This section sets out what material is exempt from compliance with the woody biomass land criteria, such as waste material and bioliquids. Exempt material cannot be included in 70/30 threshold Mass Balance calculations and has to be treated separately. The section further clarifies requirements for material that is "deemed sustainable" and can be included in Mass Balance calculations. It also lays out if and how other biomass, such as energy crops, has to comply with the woody biomass land criteria and clarifies the status of FLEGT timber.
 - Waste material
 - Energy Crops
 - FLEGT
 - Deemed sustainable (included but sustainable)
 - Other biomass
 - Bioliquids

Waste material

- 6.2. Woody biomass which is classified as 'waste' or post-consumer recycled material does not need to meet the woody biomass land criteria. This material cannot be included in the Mass Balance calculations and does not need to comply with the 70/30 threshold. Information and guidance about how waste and post-consumer recycled material is defined can be found here. However, pre consumer recycled materials such as sawdust must comply with the woody biomass land criteria.
- 6.3. Please note that waste material still needs to comply with EU Timber Regulation (EUTR) legality requirements.

Energy Crops

6.4. Energy crops are as defined in the RO and RHI regulations. This <u>government</u> <u>consultation response</u> sets out what an energy crop is and that it must comply with the land criteria. More information about energy crops can be found <u>here</u>.

FLEGT

6.5. FLEGT stands for Forest Law Enforcement, Governance and Trade. The EU's FLEGT Action Plan was established in 2003. It aims to reduce illegal logging by strengthening sustainable and legal forest management, improving governance and promoting trade in

legally produced timber. Woody biomass sourced from a FLEGT²⁰ partner country will be accepted as legal, but it will not be considered as sustainable. More information about FLEGT can be found here. In some FLEGT partner countries not all forest products are covered under the bilateral agreement, so it is the FLEGT licence that accompanies an export is what is required as proof of legality.

Deemed Sustainable

- 6.6. Arboricultural residues and material removed for ecological reasons where it originates from non-forest land are deemed to have come from a sustainable source under the RO, RHI and CfD contracts, as set out in the August 2014 government response. When claiming under the RO, RHI or CfD material 'deemed sustainable' does not need to provide evidence that it comes from a sustainable source as defined by the woody biomass land criteria. However, where a generator, RHI participant or biomass supplier seeks to use either arboricultural residues or material removed for ecological reasons originating from non-forest land, they have to show evidence that the material complies with the definition of arboricultural residues or material removed for ecological reasons originating from non-forest land, respectively. The material will then be 'deemed sustainable' and will be able to count towards the 'legal and sustainable' portion in Woodfuel Mass Balance calculations. Users of this material will still have to demonstrate that it complies with the relevant greenhouse gas emissions criteria under the RO,RHI and CfD.
- 6.7. As set out in the <u>August 2014 government response</u>, arboricultural residues are considered as material from woody plants and trees planted for landscape or amenity value that are removed as part of tree surgery usually in gardens, parks or other populated settings, and utility arboriculture such as the verges of roads and railways.
- 6.8. Material removed for ecological reasons originating from non-forest land is considered in contradiction to forest land which the UK Forestry Standard defines as "land predominately covered in trees (defined as land under stands of trees with a canopy cover of at least 20%), whether in large tracts (generally called forests) or smaller areas known by a variety of terms (including woods, copses, spinneys or shelterbelts)". Where trees are cleared for ecological reasons originating from forest land they are not 'deemed sustainable' and have to meet the woody biomass land criteria as part of the normal arrangements for forest management.
- 6.9. Processing residues, such as sawmill residues, are not automatically 'deemed sustainable'. Given the potentially large volumes of material that can be generated at a sawmill, the 2013 government consultation response decided it was important that demonstration of sustainability of such material was encouraged. Sawmill non-waste residues will have the same supply chain as the saw logs they came from. As part of the certification of their process, traditional users of sawmill non-waste residues are well

²⁰ The Forest Law Enforcement, Governance and Trade Action Plan (FLEGT) is the European Union's response to the problem of illegal logging and trade in associated timber products. A key part of the FLEGT Action Plan is the negotiation of bilateral Voluntary Partnership Agreements (VPAs) between the European Union and timber-producing countries. Under the terms of a VPA a country agrees with the EU to implement a timber licensing system. From that country, the EU will only accept licensed products, and unlicensed products will be refused customs clearance with the aim of preventing illegal products from entering the EU market.

used to accounting for non-waste residues in their feedstock mix, typically documenting, on a monthly mass balance basis, the level of certified material used. We therefore considered that it will also be possible to demonstrate biomass supply chains are "legal and sustainable" by using Biomass Category A or B evidence to demonstrate the origin of the material.

Bioliquids

6.10. Bioliquids do not have to comply with the woody biomass land criteria. However, bioliquids must comply with the GHG criteria and their own land criteria. See Ofgem guidance here.

Other Biomass

- 6.11. Virgin wood, or wood made from virgin wood, falls into the categories of product, coproduct, forestry residue and processing residue.
- 6.12. The table below clarifies if and how other biomass material must comply with the woody biomass land criteria. 'Residues from agriculture' and 'residues from aquaculture and fisheries' have their own land criteria to comply with (see Ofgem Guidance) and have been excluded from the table.

Figure 4: Meeting the GHG and Woody Biomass Land Criteria

	Woody biomass land criteria	GHG criteria
Waste ²¹ , including waste wood	Exempt	Exempt
Biomass wholly derived from waste	Exempt	Exempt
Processing residues	If not wood - exempt from woody biomass land criteria.	Emissions during and from the process of collection only
	If wood – must report and comply with woody biomass land criteria	
Residues from forestry	Must report and comply with woody biomass land criteria	Emissions during and from the process of collection only
Residues from arboriculture	Deemed sustainable	Emissions during and from the process of collection only
Products, co-products	If would, must report and comply with woody biomass land criteria	Full life-cycle emissions

²¹ "Waste" has the meaning given to it in Article 3(1) of Directive 2008/98/EC of the European Parliament and of the Council on waste, but does not include gas derived from landfill sites or gas produced from the treatment of sewage https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-sustainability-criteria

7. How does the Timber Standard compare to the Timber Procurement Policy?

- 7.1. All timber and timber products (including woody biomass) supplied to central government departments, their executive agencies, executive non-departmental public bodies, and non-ministerial government departments in England must comply with the UK-TPP. The wider public sector is also strongly encouraged to comply.
- 7.2. The sustainability requirements set out in the RO Order 2015, RHI Regulations 2011 (as amended) and CfD contracts, are based on the same set of principles as the UK-TPP, though there is a key difference: the UK-TPP Category B approach does not permit a risk-based regional approach. The UK-TPP requires traceability of each piece of timber back to a forest management unit, whereas the RO, RHI, and CfD contracts allows a risk-based regional approach that requires traceability back to the supply base, where there is low risk of non-compliance with the woody biomass land criteria.
- 7.3. As a result, wood complying with the UK-TPP automatically complies with the woody biomass land criteria in the RO, RHI and CfD contracts. However wood complying with the woody biomass land criteria in the RO, RHI and CfD contracts does not necessarily comply with the UK-TPP.
- 7.4. The only exception where compliance with the UK-TPP does not ensure compliance with the woody biomass land criteriais FLEGT timber. At the time of publication FLEGT timber is acceptable under the UK-TPP as 'legal and sustainable'. Under the RO Order, RHI Regulation and CfD contracts, FLEGT timber is considered 'legal only'. See paragraph 6.5.

8. Where can I get more help?

- 8.1. The Renewable Heat Incentive Regulation 2011 (as amended) and Renewables Obligation Order *2015* can be found on the government <u>legislation website</u>.
- 8.2. Woodfuel Mass Balance and Consignment guidance: This document provides guidance on implementing the mass balance approach and clarification on the concept of 'consignment' in order to comply with RHI and RO Order and CfD contracts requirements.
- 8.3. Risk based regional assessment: a checklist approach: this document provides guidance on the Biomass Category B risk based regional approach.
- 8.4. <u>Checklist for Regional Supply Base Evaluation</u>: The checklist for regional supply base evaluation helps woody biomass buyers and suppliers provide evidence for compliance with the woody biomass land criteria without the use of certification.
- 8.5. Timber Standard for Heat & Electricity: This document sets out the government's intention on sustainable woody biomass. The sustainability criteria (S1-10) set out in the Timber Standard have subsequently been incorporated into the Renewables Obligation and Renewable Heat Incentive regulations (and CfD contracts). It is the legislation which must be complied with, but this document can give an insight into the approach.
- 8.6. **The BSL Helpdesk** provides advice and support to suppliers and participants of the Renewable Heat Incentive. BSL provide guidance and information about the following:
 - How to comply with meeting the GHG criteria
 - Defining if you are a producer, trader, producer-trader or self-supplier and what your requirements are
 - Requirements applicable to BSL mark branding guidelines
 - Technical queries on woody biomass from suppliers of BSL registered fuel (ie moisture content, size, weight, nature of raw material/fuel, measuring volumes of raw material/fuel)

Please note that the BSL Helpdesk **cannot** provide information and advice about application processes for incentive schemes or policy and legislation queries.

Web: http://biomass-suppliers-list.service.gov.uk/contact-us

Email: <u>bslhelpdesk@gemserv.com</u>

Tel: +44 (0)20 7090 7769 (Mon-Fri 9am – 5pm)

Further information on the BSL can be found here.

8.7. **Ofgem** can help answer enquiries regarding the RO scheme and RHI (Domestic and Non-Domestic) application processes. Ofgem also provides advice on enquiries regarding fuel classification.

Web: www.ofgem.gov.uk

For Renewables Obligation (RO):

Email: renewable@ofgem.gov.uk

Tel: 020 7901 7310

For Domestic RHI Applicants:

Email: domesticRHI@ofgem.gov.uk

Tel: 0300 003 0744 (Mon to Fri 8am to 7pm)

For Non-Domestic RHI Applicants:

Email: rhi.enquiry@ofgem.gov.uk

Tel: 0845 200 2122 (Mon to Thurs 9am-5pm, and Fri 9am-4.30pm)

For CfD:

Web: https://lowcarboncontracts.uk/contact-us

- 8.8. The <u>Forestry Commission</u> provides information on management plans, felling licences and sustainable forest management practices. The <u>UK Forestry Standard (UKFS)</u> is the reference standard for sustainable forest management in the UK. The UKFS, supported by its series of Guidelines, outlines the context for forestry in the UK, sets out the approach of the UK governments to sustainable forest management, defines standards and requirements, and provides a basis for regulation and monitoring.
- 8.9. The National Measurement Office (NMO) answers enquiries related to compliance with the <u>EU Timber Regulation (EUTR)</u>. Click <u>here</u> for the official NMO Enforcement enquiry form.

9. Glossary

Approved schemes Independent certification schemes which have been

benchmarked as meeting the woody biomass land criteria set out in the RO, RHI and CfD contracts. Evidence from these approved schemes are considered as Biomass Category A

evidence

Arboricultural residues Material from woody plants and trees planted for landscape or

amenity value that are removed as part of tree surgery usually in gardens, parks or other populated settings, and the verges of

roads and railways

Biomass Category A (Biomass Category A)

evidence

Evidence provided by approved schemes which have been benchmarked against the woody biomass land criteria in the

RO, RHI and CfD contracts (see 'approved schemes')

Biomass Category B (Biomass Category B) bespoke evidence All forms of credible evidence (other than from approved schemes) that indicate compliance with the legal and

sustainability requirements

Biomass Suppliers List (BSL) List of suppliers of woodfuel who have been accredited as

demonstrating that their fuel meets the sustainability criteria

required under the RHI

Chain of custody (CoC) The ability to trace a product and/or its sustainability data from

its point of origin through the supply chain to the end product

Consignment Ofgem have set out guidance on what constitutes a

consignment. Each consignment should constitute the same

characteristics in terms of:

Feedstock type²²

Biomass form (solid biomass only)

Country of origin²³

Classification of the fuel (residue, product etc.)

Compliance with sustainable forest management criteria

²² This is to ensure that different biomass fuels are not grouped together, e.g. wood cannot be considered the same as sunflower pellets or rapeseed oil cannot be considered the same as used cooking oil.

²³ UK considered as a single country of origin

Compliance with GHG criteria

Controlled Material certified as either FSC Controlled Wood or PEFC

Controlled Sources

DNC Declared Net Capacity

EU Timber Regulation No

995/2010 (EUTR)

European Union legislation prohibiting the placement of illegally

harvested timber or their products on European markets.

Guidance found <u>here</u>

FLEGT Forest Law Enforcement, Governance and Trade; The EU's

FLEGT Action Plan was established in 2003 and aims to reduce illegal logging by strengthening sustainable and legal forest management, improving governance and promoting trade in

legally produced timber

FSC Forest Stewardship Council is a voluntary, international forest

certification scheme who sets standards for sustainable forest

management

Generator UK electricity power producer operating under the RO and CfD

Installation A heat installation that has been accredited under the RHI

Regulations.

ISAE 3000 International Standard on Assurance Engagements 3000

Land criteria Land criteria refer to the sustainability requirements that must

be met for biomass to receive government subsidy. There are different types of land criteria depending on the type of biomass. This document provide guidance primarily on complying with the woody biomass land criteria, i.e. as set out in the sustainable source definition in the RO and RHI and within the CfD

contracts, including compliance with the 70/30 threshold

Legal Source Woody biomass which is in conformance to EU Timber

Regulation (EUTR) No. 995/2010

'Legal only' Biomass originating from a legal source

'Legal and sustainable' Biomass which complies with both the definition of legal source

and sustainable source

List Administrator Oversees the BSL and assesses compliance of fuels listed

Mass Balance Approach

(MBA)

A system which requires that, at each step in the chain, parties

can only use/sell biomass with the same sustainability

characteristics and in the same volume as the biomass they took in originally, less any biomass they have recorded as being

used or sold previously

Material removed for Where trees are removed for ecological reasons on non-forest

ecological reasons from non-

forest land

land for example, to restore heathlands, moorland, unimproved grasslands, bog or wetlands etc. by removing small trees or

shrubs that are encroaching.

Mixed Claim A mixture of woody biomass from a BSL supplier to a generator

with a portion that is in full compliance with the Biomass

Category A evidence and the other portion considered to meet

the definition of 'legal only' source

Node A node in the supply chain refers to any entity who legally owns

the woody biomass at some stage in the supply chain

Office of Gas and Electricity

Markets (OfGEM)

A non-ministerial government department and an independent

National Regulatory Authority that regulates all gas and

electricity markets in the UK.

PEFC Programme for the Endorsement of Forest Certification is a

voluntary international forest certification scheme that sets standards for sustainable forest management. At time of writing

it is an approved scheme

RHI Renewable Heat Incentive

RHI 2011 RHI 2011 is used as shorthand above for Renewable Heat

Incentive Scheme Regulations 2011 (as amended)

RO Renewables Obligation

ROO Renewables Obligation Order

ROO2015 "ROO2015" is used a shorthand for the Renewables Obligation

Order 2015 (England and Wales), the Renewables Obligation

(Scotland) Order 2009 and the Renewables Obligation (Northern Ireland) Order 2009. The three Renewables

Obligation Orders have equivalent sustainability requirements.

ROC Renewable Obligation Certificate

SBP Sustainable Biomass Partnership is a biomass sustainability

certification scheme set up by industry which sets standards for sustainable forest management. At time of writing it is an

approved scheme.

Self-supplier RHI participants can be defined as a self-supplier if their

installation is less than 1MW capacity and if they source woody biomass (which they have the legal right to source, through ownership, rental or other relevant arrangement) from the same

estate as the boiler

Supplier Entity which supplies woodfuel to the generator

Supply Base The area from which raw material and woodfuel originates

Sustainable Forest Forest management practices, independently verified in

Management conformance to Biomass Category A or Category B Bespoke

Evidence

Sustainable source A source of biomass that originates from a forest which is

managed in accordance with a definition of sustainable that meets the land criteria requirements in the RO, RHI and CfD

contracts

Threshold, 70/30 Generators and suppliers must ensure that a minimum of 70%

of the woody biomass reported to Ofgem is from a 'legal and sustainable' source with the balance from a 'legal only' source.

Note that whilst woodfuel must be reported to Ofgem in 'consignments', the 70/30 threshold must be met across all

woodfuel reported to Ofgem.

TIC Total Installed Capacity

Traceability See Chain of Custody

Timber Standard Timber Standard for Heat and Electricity

UK-TPP United Kingdom Timber Procurement Policy

Virgin Wood Wood and other products which have not have a previous use

(i.e. aren't recycled/reused/waste), includes residues such as bark and sawdust. Material should not have had chemical

treatments or finishes applied.

Waste "Waste" has the meaning given to it in Article 3(1) of Directive

2008/98/EC of the European Parliament and of the Council on waste but does not include gas derived from landfill sites or gas produced from the treatment of sewage. Waste wood may include wood which has previously been used for some other purpose; e.g. recycled construction material, wood pallets, wood

decking.

Woody biomass or woodfuel Solid fuel that is wood or derived from wood

Woody biomass land criteria The sustainability requirements set out in the RO, RHI and CfD

contracts which relate to biomass from woody feedstocks. See

land criteria above.