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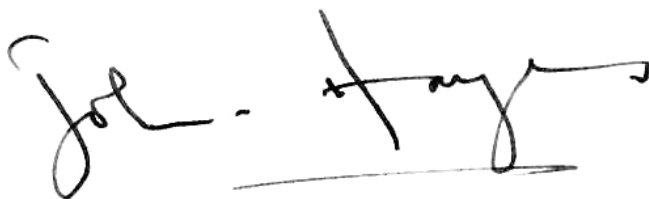
RETAINING A MINIMUM GROSS CALORIFIC VALUE REQUIREMENT IN THE RENEWABLES OBLIGATION FOR GASEOUS FUEL PRODUCED BY MEANS OF GASIFICATION OR PYROLYSIS

The UK Bioenergy Strategy sees a crucial role for advanced conversion technologies, such as gasification and pyrolysis, in delivering low carbon energy going forward. Through the evidence we have gathered, we believe that there is significant potential for cost reduction, and UK based production could play a leading role in the efficient conversion of waste into electricity, heat and other fuels and chemicals.

The Government Response to the Renewables Obligation (RO) Banding Review published in July, set out our intention to remove the minimum gross calorific value requirement which currently applies to fuels produced by means of gasification or pyrolysis. However, it has been brought to our attention that this may allow conventional combustion and incineration technologies to access the advanced conversion technology bands. This was not our policy intention. The Government wishes to differentiate the more innovative advanced conversion technologies from conventional combustion and incineration, so that we can encourage the development of emerging advanced conversion technologies and provide a firm footing to move towards our vision for the role of these technologies. I am therefore seeking views on retaining the existing minimum gross calorific value requirements of 2MJ/m³ for gaseous fuel produced by means of gasification or pyrolysis for support under the RO.

I would be grateful if you could respond with your views by 30th November to robr@decc.gsi.gov.uk.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'John Hayes', with a horizontal line underneath.

JOHN HAYES

RETAINING A MINIMUM GROSS CALORIFIC VALUE REQUIREMENT IN THE RENEWABLES OBLIGATION FOR GASEOUS FUEL PRODUCED BY MEANS OF GASIFICATION OR PYROLYSIS

1. The Government Response to the Renewables Obligation (RO) Banding Review¹ set out a number of changes to the Advanced Conversion Technology (ACT) Bands which are due to come into force in April 2013. The changes are intended to provide ACTs with the support they need to develop, and, where possible, to simplify and reduce the costs of compliance to generators. These changes included:
 - a. Merging the Standard and Advanced gasification and pyrolysis bands into a single 'Advanced Fuel' band for new accreditations and additional capacity added on or after 1 April 2013. Retaining separate Standard and Advanced gasification and pyrolysis bands for existing generating stations.
 - b. Setting support under the Advanced Fuel band for new accreditations and additional capacity added from 1 April 2013 at 2 ROCs/MWh, reducing to 1.9 ROCs/MWh in 2015/16 and 1.8 ROCs/MWh in 2016/17.
 - c. Expanding the range of fuels eligible for support under these bands to include liquid or gaseous fuels where further processing has taken place after the gasification and pyrolysis stages.
 - d. Expanding the range of fuels eligible for support under the Standard pyrolysis band to include liquid fuels.
 - e. Removing the minimum gross calorific value (GCV) requirements for eligibility for support under the Standard gasification, Standard pyrolysis and Advanced Fuel bands.
2. The removal of the minimum gross calorific value requirements was intended to remove additional capital costs for some projects.
3. Since the Government Response was published, new information has come to our attention which indicates that the decision to remove the minimum GCV requirement for gaseous fuel produced by means of gasification or pyrolysis will not deliver the Government's policy intentions as set out in the original RO banding review consultation proposals published in October 2011. The minimum GCV requirement was designed to ensure that the more innovative advanced conversion technologies can be differentiated from conventional combustion and incineration technologies. Without a minimum GCV requirement, the potential exists for some standard incineration technologies to claim support under the Standard gasification, Standard pyrolysis or Advanced Fuel bands. Technologies which produce a fuel gas at a GCV lower than 2MJ/m³ could be less innovative, with a risk that support under the Standard gasification, Standard pyrolysis or Advanced Fuel bands would over-compensate these technologies.
4. **We therefore intend to retain the requirement for gaseous fuel produced by means of gasification or pyrolysis to have a GCV of 2MJ/m³ or above in order to be eligible for support under the RO.**
5. We do not intend to reintroduce the minimum GCV for liquid fuels under the standard pyrolysis and Advanced Fuel bands, or to change any of the other

¹ http://www.decc.gov.uk/en/content/cms/consultations/cons_ro_review/cons_ro_review.aspx

decisions in the Government Response relating to the ACT bands. Nor is Government considering reviewing the minimum GCV criteria or alternative eligibility criteria for advanced fuels.

6. Keeping the minimum GCV for gaseous fuels produced by means of gasification or pyrolysis will ensure that standard biomass combustion and waste incineration is not eligible for support under the ACT bands. This will prevent the risk of overcompensation and ensure that value for money for electricity consumers is maintained. In addition, gasification and pyrolysis technologies will remain distinct from more standard waste incineration and combustion technologies.
7. Because the requirement to demonstrate compliance with the minimum GCV is currently part of the eligibility criteria for RO support for gaseous fuels produced by means of gasification or pyrolysis, we expect that most developers of gasification and pyrolysis projects would have put plans in place to do so. However, we recognise that there may be a small number of developers who have altered their plans for GCV measurement since the publication of the Government Response in July.
8. Retaining the minimum GCV requirement for gaseous fuels produced by means of gasification or pyrolysis will mean that existing generating stations claiming RO support for electricity generated using such fuels will be required to demonstrate compliance with the minimum GCV requirement. Procedures to measure the average GCV of syngas produced from gasification or pyrolysis within a generated month are agreed with Ofgem upon submitting an application for the RO, and the cost of compliance will need to be met. New stations will also need to meet the cost of compliance. However, we believe that the measure is necessary to ensure that electricity generated from advanced conversion technologies can be differentiated from standard biomass combustion and waste incineration and supported appropriately.