

For the attention of biomass  
generating stations accredited or  
seeking accreditation under the  
Renewables Obligation scheme

Direct Dial: 020 701 7310

Email: [fuellingandsustainability@ofgem.gov.uk](mailto:fuellingandsustainability@ofgem.gov.uk)

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Dear Stakeholder

### **Renewables Obligation (RO): Sustainability requirements**

As of 1 April 2014<sup>1</sup>, the RO Order was amended in particular to revise the sustainability requirements for generating stations using solid biomass and biogas. This included the introduction of the Timber Standard and the requirement of an annual independent audit report to verify the sustainability information reported to Ofgem.

In August 2013, the government published their decision to formally link the sustainability criteria to the issue of certificates for solid biomass and biogas by way of further amendment of the RO Order to take effect from 1 April 2015. In anticipation of this, and to support the reporting requirements introduced in 2014, we have been working closely with operators of RO accredited generating stations (with a capacity of  $\geq 1$ MW). This has involved a comprehensive stakeholder engagement programme to discuss the impact of these changes on the operators' reporting requirements under the RO scheme. Following these discussions, and having taken account of matters raised by operators, we have further considered the interpretation of consignment (as described in more detail below). We have also reflected how we can uphold robust and effective administration of the RO scheme and, where possible, provide additional guidance to operators in a complex area.

### **Definition of consignment**

The RO Orders are clear that the operator should report against the sustainability criteria per consignment of biomass<sup>2</sup>. To support operators in this area, our [RO: Sustainability Criteria guidance](#) outlines a number of sustainability characteristics that should be considered when determining the number of consignments. Throughout our recent stakeholder engagement, operators have raised points on the practical application of the definition specifically related to the characteristics of voluntary scheme and fuel classification as determining factors.

### *Voluntary Schemes<sup>3</sup>*

We have considered the benefits as well as potential burden of requiring operators to further split their consignments based on whether they are supported under a voluntary scheme. We have concluded that for the purpose of ROC issue, for solid biomass, biogas

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<sup>1</sup> 1<sup>st</sup> April in England, Wales and Scotland, 1<sup>st</sup> June in Northern Ireland

<sup>2</sup> Article 54 of the RO Orders, and equivalent Articles for NIRO and ROS

<sup>3</sup> Voluntary schemes are certification schemes that can offer a route to providing assurance that a fuel meets part or all of the RO sustainability criteria

and bioliquids, we do not require this level of detail on a monthly basis. Therefore, the use of a voluntary scheme will not be considered as a sustainability characteristic when determining a consignment. However, we recognise that it is vital for operators to maintain satisfactory records of the use of voluntary schemes as evidence of compliance with the sustainability criteria for their annual sustainability audit report. We continue to support the use of voluntary schemes for demonstrating compliance with the criteria and should an operator wish to use the voluntary schemes in determining a consignment for their monthly reporting they are permitted to do so.

#### *Fuel Classification*

Many operators have outlined complexities with regard to reporting per consignment when taking into account fuel classification. Specifically, operators have noted that where a wood pellet is comprised of materials with different fuel classifications, it is difficult to determine the proportions of each consignment within the wood pellet, due to the limited information available from the supply chain. Whilst acknowledging these issues, we see fuel classification as an important determining factor when considering consignments. We also recognise that there is work required within supply chains to develop information reporting.

With this in mind, where information is not available within the supply chain, we will consider proposals for apportioning consignments for wood pellets in relation to fuel classification based on suitable estimates. To support this, alongside agreeing their annual Information Declaration on the Renewables and CHP Register, operators will need to be able to demonstrate robust evidence up front that they will not knowingly be burning biomass that does not meet the criteria. We will discuss this on a case by case basis with the relevant operators. We expect that in these scenarios, operators will work proactively with their supply chains to develop appropriate information reporting in order to improve the availability of information for reporting under the RO. We will seek to review the situation in again in future.

To gain a better understanding of complex wood supply chains, we will be looking further into this area. As part of this work we will be considering what information is available within biomass supply chains as well as the common fuel classification of materials from forestry used within bioenergy.

#### **Benchmarking**

Within our Sustainability Criteria guidance we committed to undertaking a benchmarking exercise of voluntary schemes against the Timber Standard. To be confident of the benefits of this work to the RO scheme and its participants, we request that operators of generating stations provide information to us on which voluntary schemes they are using in practice. From this, we will then consider which schemes to benchmark as part of this exercise. Where you are using a scheme you wish to be considered for benchmarking, please send an email to the email address above specifying the name of your generating station and details of the voluntary scheme by 8 September 2014.

Should you have queries related to FMS or Sustainability please contact the Fuelling and Sustainability team using the details above.

Yours Sincerely,

Amy Ling  
Senior Manager – Renewables Schemes