

Renewables Obligation (RO)

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RESPONSE TO THE CONSULTATION ON OUR DRAFT 'FUEL CLASSIFICATION FLOW DIAGRAM'

On 3 March 2016, we published a draft of the Renewables Obligation 'Fuel Classification Flow Diagram' for consultation. The flow diagram was created to help operators, auditors and interested parties to classify their fuels. Its aim is to provide additional clarity on the classification of fuels under the RO, make processes and decisions more transparent, and ensure greater consistency across fuels, operators and schemes. We developed this fuel classification flow diagram with the support of an external consultant and in response to feedback from industry.

We published the consultation to seek views from stakeholders on the flow diagram and to understand whether we had omitted anything or if we could be clearer in the document. The consultation closed on 31 March 2016. We have reviewed all responses and updated the flow diagram and guidance notes. The final version of the document is published alongside this response.

This flow diagram does not represent a change in policy. It has been created in line with the definitions, considerations and interpretations already set out in the Renewables Obligation Order, the Renewable Energy Directive and subsequent European Commission Communications. It is an administrative tool only and reflects the legislation and processes currently in place.

The consultation

We would like to thank everyone who responded to the consultation. In total we received eight written responses; two from RO operators, two from RHI participants, two from forestry/pellet industry, one from an energy association and one from an auditor. We also sought feedback on the diagram during two operator workshops. We have used the written and verbal responses to make changes to the final document.

Summary of responses

- 1. Some respondents were concerned that this fuel classification flow diagram could change the classification of fuels already set out in Appendix 3 of the RO: Sustainability Criteria guidance.**

Our response:

The fuel classification flow diagram should be used to help provide clarity on the classification of fuels that do not have a common classification set out in the guidance. Although it is intended that the flow diagram can also accommodate the fuels that have a common classification, if there is any ambiguity, the common classification tables in Appendix 3 should be used first. An update has been made to the start box on the flow diagram.

2. Some respondents noted Question 1 and 2 in the flow diagram were unclear as they referred to a production process and raised that, in the case of wood, the guidance surrounding operational plants and historical plant performance were not relevant.

Our response:

We recognise that using the word 'production' in questions 1 and 2 of the flow diagram could be confusing, as the question relates to any type of activity that produces a material (ie field cultivation, industrial process etc). We have therefore removed it from questions 1 and 2. The information in question 2 relating to historical plant performance has been amended so it now only relates to materials created from an industrial process.

3. Some stakeholders commented on the 'deliberate modification' of a process and how different interpretations of this could lead to different classifications.

Our response:

Some responses referred to the addition of processes that helped collect a material once it had been produced. For example, installing a conveyor to collect sawdust. As the sawdust has already been created, the addition of the conveyor is simply to collect the material. It doesn't increase the production of the sawdust itself, and therefore the process of creating the sawdust has not been modified. The guidance in Q2 has been modified to make this clearer.

In terms of forest or crop management being classed as deliberate modification, it is likely the management is to increase the productivity of the main product, and not the residues. If however the management was at the detriment to the main product, and only to increase the production of the other materials, then this could constitute a residue being classed as a co-product.

4. Stakeholders wanted clarity on the frequency of testing the consignment against the classification and, in the case of wood, at what level.

Our response:

We expect that in most cases the classification will only need to be made once, the first time a new feedstock is supplied. The classification only needs to be revisited if there are significant changes. Although most woody materials already have suggested classifications (Table 13 of Appendix 3, RO: Sustainability Criteria guidance), where this is not the case and where relevant, a regional risk-based approach can be used when determining the classification of new woody materials. The guidance has been updated to make this clearer.

5. Some stakeholders commented on the rigidity of the 15% guideline for quantifying the considerable/essential economic value of a material.

Our response:

We included the reference to the 15% as a guideline to assess the considerable/essential economic value of a material. This approach is also consistent with that of the Department of Transport and provides a guide to what point a material becomes considerable/essential economic value. We have provided more information on this and noted that it is an indicator, and not a hard threshold.

6. It was noted that it was still difficult to distinguish between a waste and a residue and that information on the types of evidence required would be useful.

Our response:

What constitutes a waste or a residue relies on interpreting the Orders¹, the RED², EC communications and existing UK and EU law on waste. There is not necessarily one type of evidence that can be used to demonstrate a waste classification. We have however included more information on 'marketable' in Q10 and some further guidance in Q11 on how the Waste Framework Directive and the RO interact.

7. Some respondents noted that a single flow diagram cannot fully encompass the complex nature of the biomass industry and that the questions should be drawn much more widely in order to facilitate debate.

Our response:

The fuel classification flow diagram and associated guidance notes have been created to ease the process of fuel classification and has been developed based on feedback from industry. It should be used as a basis of discussion and indication of what evidence the operator should consider when deciding a classification. We have amended the wording slightly in relation to suggested classifications and wish to emphasize its use as a tool that can help with discussions about fuel classification.

Final Comments

From all the responses, where commented on, the use of this flow diagram for other schemes (such as Non-Domestic Renewable Heat Incentive) was welcomed as a valuable resource in providing clarity for auditors and operators and consistency across schemes. These schemes will provide further clarification on its use in due course.

¹ http://www.legislation.gov.uk/uksi/2015/1947/pdfs/uksi_20151947_en.pdf

² <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0028&from=EN>