

## WHA response to Consultation on Introduction of Supplier Fees for the Biomass Suppliers List

The Wood Heat Association (WHA) is pleased to submit this response to the above consultation. The WHA is the UK trade association for the modern wood heating and related biomass heating industry including wood fuel suppliers, biomass boiler and stove installers and distributors, and anyone involved in the supply chain. The WHA is a fully owned subsidiary of the Renewable Energy Association. Members range in size from major multinationals to sole traders.

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### Answers to Consultation Questions

#### Application fee

From January 2017, every time a supplier (both Self-Suppliers and commercial suppliers) submits a new application to the BSL, they would pay an application fee. Two options for application fees are being proposed.

- Option A is a tailored charge based on the complexity of the application (e.g. £20 for Self-Supplier applications and £130 for commercial supplier applications)
- Option B is a flat fee for all applications regardless of supplier type (e.g. £110 per application).

Please note that these charges are illustrative only and are likely to change following the outcome of this consultation. Fuels that are already authorised on the BSL prior to January 2017 would not have to pay this fee as they have already been authorised.

**5. To what extent do you agree that new suppliers (including Self-Suppliers) who submit an application should pay for their application to be processed, as we are currently proposing?**

- Strongly agree; applicants should have to pay their own applications processed
- Agree
- Neither agree nor disagree
- Disagree

- Strongly disagree; the costs of processing applications should be spread equally across all registered BSL suppliers and recovered through the membership fee. There should be no separate application fee.

**6. To what extent do you agree that the application fee should be tiered based on the complexity of the application being submitted (see Option A as per Q5 above)?**

- Strongly agree (preference for Option A)
- Agree (preference for Option A)
- Neither agree nor disagree
- Disagree (preference for Option B)
- Strongly disagree (preference for Option B)



## Membership fees

The table below illustrates possible charges under each option. Please note that these charges are illustrative only and are likely to change following the outcome of this consultation.

Fee Description	A - Membership fee is the same for all suppliers and Self-Suppliers	B - Membership is tiered based on organisation size
Membership fee (individual / Self-Suppliers)	£60	£30
Membership fee (small / micro companies)	£60	£90
Membership fee (medium / large companies)	£60	£150

### 7. To what extent do you agree with the proposal that the annual membership fee should be the same for all suppliers and Self-Suppliers (See option A in the table above)?

- Strongly agree (preference for Option A)
- Agree (preference for Option A)
- Neither agree nor disagree
- Disagree (preference for Option B)
- Strongly disagree (preference for option B)

Other (please provide a detailed explanation in the free text box below)

It is important that the membership fee is based on the fuel supply turnover and not the entire company turnover. For some companies the production and/or trade of fuel only makes a small part of their turnover and business activities, e.g. installing biomass boilers and supplying small amounts of fuel on the side or a multinational that supply fuel in UK, but also have many other UK and international activities.

As stated later on, we disagree with the introduction of a tonnage fee. As this would ensure that companies pay a fee relative to their size, we instead suggest that this should be reflected in the membership fee, even if the fee differences has to be larger to reflect the lost income from tonnage fees.

## Tonnage fees

Finally, the third charge would be for commercial suppliers only and would be based on the number of tonnes of fuel sold in the previous quarter, based on the figures submitted in the quarterly reports. We consider that this is fairer than charging a fee on the volume of fuel registered on the BSL because it means that the majority of fees will be directly linked to the volume of fuel sold. These two charges (the annual membership fee and the charge per tonnage sold) would cover the costs of administering the BSL, including maintaining the IT systems, operating the helpdesk, undertaking fuel audits, providing support for the management of a new BSL Advisory Panel, regular reporting requirements and other administrative tasks.

### **8. To what extent do you agree that there should be a charge based on volume of fuel sold?**

- Strongly agree, I think part of the charge should be based on volume
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree, I think charges should be spread equally across everyone, regardless of how many tonnes of fuel they sell through the BSL.

### **9. To what extent do you agree that Self-Suppliers, who process very low volumes, don't operate in the commercial BSL market and are registered on the BSL solely to claim RHI payments, should NOT be required to pay a per tonnage fee? It is estimated that Self-Suppliers would account for around 5% of the tonnage on the BSL.**

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

### **10. This tonnage fee will be based on the figures provided in the quarterly reports. How quickly would your company be able to gather information on the amount of tonnes sold in the previous quarter (e.g. January to March) to complete your quarterly report?**

- Within one week of the end of the previous quarter (e.g. first week of April)
- Within two weeks of the end of the previous quarter (e.g. second week of April)
- Within one month of the end of the previous quarter (e.g. end of April)
- Other (please specify below)

- N/A (Self-Suppliers)
- if you answered 'Other' please specify, including providing any proposals on alternative ways of collecting fees. If longer than one month, please provide detailed reasoning as to why.

In previous DECC workshops, we supported a tonnage fee, as this would be a fair method of ensuring that larger companies paid more to the BSL than smaller companies. This was based on the experience we had with the UK Pellet Council and the ENplus certification scheme, which charges a licence fee based on annual traded and produced tonnes of pellets.

However, after having consulted with members, we have come to the conclusion that a tonnage fee would not be appropriate as the fuel industry is more diverse than ENplus pellets. When fuels do not need to meet the same specifications (e.g. ENplus pellets vs non-ENplus pellets, wet chip vs forced dried chip), it becomes very difficult to charge on a fair basis. Particularly wood chip can be a difficult case, as the weight differs significantly depending on moisture content and whether it is wet, air dried or forced dried. Pellets, logs, and briquettes also vary depending on moisture content.

Furthermore, some companies do not sell per tonnage, but per energy content, as this is the key component of the fuel. Tonnage fees would add an unnecessary burden on these companies.

It would also create a problem of double payments. If a fuel producer sells one tonne of pellets to a wholesaler, who sells it to a retailer, all three would have paid the tonnage fee. This would effectively mean tonnage fees for three tonnes, when there actually only existed one tonne. A tonnage fee would therefore limit the flexibility of the market, as it would encourage a shorter and more ridged supply chain.

Finally, ensuring compliance and reliable tonnage reporting can be very challenging.

We therefore recommend that the BSL does not charge a fee based on tonnes of fuel sold, but instead charge only application and membership fees, which can be differentiated to ensure fairness and reflection of company size.

**11. To help find the fairest balance between the proposed membership and tonnage fees, please indicate which of the options below is the most preferable to you. In Options A-C, only commercial suppliers pay the tonnage fee, whereas in Option D, both commercial and Self-Suppliers pay the tonnage fee.**

Fee Description	A – lower membership fee, higher tonnage fee	B – higher membership fee, lower tonnage fee	C – central membership and tonnage fee	D – same as Option C but Self-Suppliers also pay tonnage fee
Membership fee	£60	£135	£100	£95
Per tonnage fee	£ 0.11	£0.03	£ 0.07	£ 0.07



	(commercial suppliers only)	(commercial suppliers only)	(commercial suppliers only)	
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- A
- B
- C
- D

**12. Is the proposed model (application fee and membership fee for both commercial and Self-Suppliers and tonnage fee for commercial suppliers only) the fairest way of recovering funds from BSL suppliers?**

If not, please suggest an alternative model, with a detailed explanation (including evidence where possible) of why this alternative model would be fairer than the proposed model.

- I agree this is the fairest model for both suppliers and Self-Suppliers
- I disagree that this is the fairest model and would like to propose an alternative model

Please provide details of your proposed alternative model in the free text field below:

Application fee:  
 We are concerned that the application fee would be unfairly distributed among the sector if the current system continues. At the moment, traders are often forced to submit several applications for one fuel if they wish to sell it at multiple locations. It is common practise to submit applications for all depots, even though the trader might not sell the fuel at all depots. This is to ensure that they have the option of selling the fuel at all depots, should demand arise, without having to wait months for BSL approval. The market thereby retains its flexibility. Some traders therefore have 100s of BSL ID.  
 Furthermore, the producer of for example pellets would only need to submit one application, where the trader would need to submit dozens of applications. On this basis we cannot support a differentiated application fee, as it would disproportionately affect traders compared to producers and self-suppliers. If this was to be addressed and applications could contain several depots, then we could support a differentiated application fee based on complexity.

Find a Fuel:  
 We are concerned that certain companies are registering at numerous addresses, where they do not have depots or deliveries. This way, when a consumer enters their postcode, the companies will appear high up the list and close to the consumer, when their depots are in fact not close to the consumer. This function is distorting the market, not providing the consumer with the correct list of fuel suppliers, and negatively impacting the suppliers which have not registered at several addresses. This needs to be addressed (see below in Fraud section).  
 Furthermore, there should not be limitations on the number of fuels being listed. Consumers should be able to see all fuel suppliers if they zoom further out, as they



might want to option of sourcing fuel from further away if that fuel is for example of higher quality or cheaper.

Finally, the list needs to adequately reflect ENplus certification. At the moment several companies, which are not certified by the UK Pellet Council to advertise as ENplus have the logo next to their fuel.

#### Pellets:

The BSL needs to reflect the difference between bulk and bagged pellets on their website and the Find a Fuel function. Bulk delivery is very different from bagged pellets, as the bulk delivery requires specialised pellet storage, automatic feeder, and bespoke industry delivery trucks. A consumer without pellet storage would not be able to receive bulk pellets, and this should be reflected on the BSL.

#### Enforcement:

If the BSL is to have an effect on the GHG emissions and sustainability of the forests the fuel grew in, then the certification rules need to be enforced via further audits, especially site audits. We are concerned that some companies register locations they do not operate at (see above), and are concerned that control of application claims has not been sufficiently prioritised. This cannot be stressed enough, as the whole credibility of the Biomass Suppliers List stands with its ability to audit and verify the claims being made. After moving to an industry funded BSL, audits and enforcement need to be prioritised higher. The ability to impose financial penalties would help to fund the activities of the inspectors.

#### Fraud:

The BSL also needs to increase prevention of fraud and misselling. We have received numerous reports that some fuel suppliers link the BSL to fuel quality, implying that having a BSL ID also guarantees the quality of the fuel. This is not the case, as the BSL is only meant to certify compliance with the sustainability regulations. It is therefore important that the BSL issues clear guidelines for how its logo and name can be used. If fuel suppliers misuse the BSL logo or name, actions need to be taken against the company, potentially revoking their BSL ID if they do not correct their marketing, text, or misselling.

#### Consumer page:

The BSL website does not contain a lot of information, but is mainly aimed at fuel suppliers with little information for the consumer. We would suggest that a Consumer page is created with information for the boiler owners and users. Information on the BSL, sustainability, fuel quality schemes, and clarity on what the BSL certifies and doesn't certify (in relation to the paragraph above on Fraud). It could also contain consumer advice on what questions to ask when looking for a biomass fuel and what to ensure (e.g. compliance with Air Quality regulations).

#### Fuel quality:

Separately, the BSL need to further support higher fuel quality, as the low quality fuel damages the boiler and affects the consumer and the industry as a whole. This can be done through multiple ways, one being using the ENplus and Woodsure certifications are correctly displayed on the Find a Fuel page. Information on the consumer page on fuel quality and the certification schemes would also be useful.

#### Transparency:

As the BSL becomes an industry funded scheme, it also needs to extend its services



to the industry. Additional information on GHG emissions, country of origin, and manufacture should be available for all fuels, and it should be possible to enter a BSL ID and access the information on that particular fuel. Further transparency is also needed on the operations of the scheme, such as quarterly reports on fraud prevention, number of fuels kicked off the scheme or dormant applications removed, and average GHG savings etc.

It would also be useful to have aggregated data released on the fuels sold and market trends, e.g. tonnage of pellets sold in the South East. This would prove commercially useful, and demonstrate the BSL's worth to the industry it regulates.

Recognition of other schemes:

Other schemes such as the Sustainable Biomass Partnership needs to be recognised on par with the FSC and PEFC schemes, so fuel suppliers do not need to prove sustainability twice.

Service levels:

It would be useful to have a Service Level Agreements with BSL 'members' / fuel suppliers, as the industry is now going to be funding the scheme. This could include applications processing targets, where they would be processed in a certain number of days, and report against these targets.

BSL Advisory Panel:

We are concerned that the Advisory Panel will not have sufficient say over the BSL, which is bound by its contract with BEIS. The powers of the panel must be clearer and stronger. BEIS will still have a strong influence as the Secretary of State still needs to approve the scheme. It is important that the elected panel meets as soon as possible after the election to advise and help the BSL administrators move to the industry funded model.