

# Biomass Heat in Scotland – 16 Priorities for Action

## Introduction

In the past decade a biomass heating sector has been established in Scotland and today it is successfully delivering jobs, carbon savings, energy security and cost effective heating to more than 8,000<sup>1</sup> homes, businesses and public sector buildings from Shetland to Stranraer. Biomass heat accounts for around 88% of the renewable heating energy being used in Scotland today and as progress is made towards achieving the Scottish Government vision for 2050 of a “largely decarbonised heat sector” the role of biomass heating and other renewable heat technologies will need to increase significantly. A biomass supply chain has established which utilises significant amounts of home grown wood and is an important market for sawmill co-products and increasing demand for biomass is seen as a driver for the rural economy of Scotland and new woodland creation targets.

Against this success story the challenges facing the biomass heating sector need to be identified and practical policy measures developed to ensure the short, medium and long term stability of the sector. The opportunity is for biomass heat to become a mainstream source of heat for Scotland and to play an increasingly important role in Scotland’s transition to a low-carbon economy. If successfully managed then biomass heat could deliver:

- More jobs in the installation and fuel production and supply sectors – the biomass sector currently employs about 1,800<sup>2</sup> people and this is predicted to grow to 3,500 by 2020<sup>3</sup>;
- Greater energy security as we grow more of our own energy resource;
- More Greenhouse gas savings in addition to the 1,300k tonnes CO<sub>2</sub>e per annum currently being delivered by biomass;
- Long term price certainty and affordable, secure and low-carbon energy; and
- Biomass heat can also add significant value to Scotland’s rural economy and in particular the forestry resource and encourage more planting of trees.

This document, authored by representatives of the biomass industry in Scotland<sup>4</sup>, is designed to help inform the forthcoming Scottish Government Energy Strategy. It outlines policy proposals which we believe will help the short and medium term sustainability of the biomass heating sector and support the Scottish Government to deliver its energy policy objectives to 2030. Currently the biomass heating sector is suffering from policy uncertainty, reducing financial incentives and low fossil fuel prices all of which combine to make the route to market for projects more difficult. This has been compounded in recent months by the weakening pound making biomass boiler equipment more expensive. As a result the installer base is currently contracting. Scotland is a massive net exporter of its biomass fuel resource with domestic pellet production playing an important role in the development of the market in Scotland and resulting export revenues from the rest of the UK. The view from the biomass sector is that we have both the fuel resource and the engineering supply chain capability to maximise the employment and sustainability benefits that biomass heat can deliver and ensure the continued growth in all sizes of biomass systems to significantly contribute towards meeting our targets. We encourage the Scottish Government to work in partnership with the biomass heat sector to capitalise on this opportunity.

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<sup>1</sup> HWEnergy, October 2016

<sup>2</sup> Economic Impact of a Regional Wood Energy Strategy, ADAS UK Ltd, 2007 and Renewable Heat in Scotland 2015, EST, 2016.

<sup>3</sup> 2020 Routemap for Renewable Energy in Scotland, The Scottish Government, 2011.

<sup>4</sup> Scottish Renewables, Renewable Energy Association, Wood Heat Association, Confor, Woodsure, Energy Agency, Joint Scottish Woodfuel Forums, UK Pellet Council

As part of the new Energy Strategy, we urge the Scottish Government to:

### Sector Leadership

1. Work with industry to create a strategy that sets out the role biomass can play in helping to meet the 2030 carbon targets
2. Determine and set targets for renewable heat in the public sector, and mandate the public sector to achieve these focusing on meeting 2020 and 2030 targets.
3. Indicate how much of the target of 1.5TWh of heat to be delivered by district heating by 2020 needs to come from renewable sources in order to meet Scotland's renewable heat target.
4. Increase the planting rate of productive forestry and energy crops to meet the increase in demand for timber across Scotland and all timber using industries, as well as making existing woodlands as productive as possible, whilst continuing to maximise fuel supply chain efficiencies and competitiveness.

### Financial Support

5. Consider how the Scottish Biomass Procurement Framework could be beneficially reformed and extended after its current programme ending in January 2017.
6. Provide financial support such as loan schemes and ECO funding for heat networks (where this does not conflict with the RHI).
7. Review the business rates for biomass heating projects on the basis that this is detrimental compared with like for like fossil fuel replacements.

### Regulation and standards

8. Support the development of a 'code of practice' to ensure the highest quality biomass projects are delivered making the best use of the resources available including growing a skilled and experienced workforce.
9. Ensure the EESSH<sup>5</sup> standard recognises the benefit of biomass heating and is included in EESSH 2 from 2020 onward.
10. Make sure that building regulations take account of CO<sub>2</sub> emissions and do not unfairly advantage one technology compared with another.

### Planning

11. Establish a strong planning framework to support uptake of renewable heat, particularly in rural areas where communities can be encouraged to grow their own biomass for heat and ensure local energy security.
12. Ensure a consistent approach to planning and regulatory information, advice and guidance across all areas including environmental health issues.

### Awareness and understanding

13. Continue to publish biomass fuel use statistics and biomass deployment data.
14. Utilise government support agencies to work with major private sector energy users and industry in Scotland to decarbonise their energy use and develop a low carbon energy strategy for each sector.
15. Identify commercial and regulatory barriers to heat storage and establish a working group to help deliver this.
16. Provide additional investment in skills development for deployment of heat technologies and the supply chain.

### Conclusion

In summary, biomass heat can contribute a substantial portion of the remaining 6,420GWh required to reach our 2020 target. In addition there are many other positive benefits; it is affordable, it can help deliver CO<sub>2</sub> savings, it can help grow the forest resource, the supply chain is established and ready to deliver more and indeed the sector can deliver more to help meet Scottish Government targets.

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<sup>5</sup> Energy Efficiency Standard for Social Housing (EESH)