REA consultation response: Transitional support mechanism for large-scale biomass electricity generators

The Association for Renewable Energy & Clean Technology (REA) is pleased to submit this response to the above consultation. The REA represents a wide variety of organisations, including generators, project developers, fuel and power suppliers, investors, equipment producers and service providers. Members range in size from major multinationals to sole traders. There are over 500 corporate members of the REA, making it the largest renewable energy trade association in the UK.

Of further relevance to this consultation, the REA represents the largest group of Biomass Power operators in the UK through its member forum, Biomass UK. This includes large generators (100 MW+) who are looking for operational certainty to deliver BECCS. Also in our membership are small and medium sized decentralised biomass power generators, typically between 15 – 65 MW in capacity. Overall, Sub 100 MW biomass power sites account for more than 1100 MW of capacity in the UK, making a significant contribution to low-carbon energy supplies, while also providing important grid services within the localised distribution electricity grid and, in many cases, essential waste management capacity diverting waste wood and other biogenic waste streams from landfill.

1. **Do you think the government should intervene to create a support mechanism to help biomass generators transition to power BECCS?**

Yes, the REA believes government should create a mechanism to support biomass generators transition to power BECCS. Without such support, meeting our carbon budgets and net zero targets, protecting jobs, and ensuring assets remain operationally viable will be extremely difficult. Ongoing delays to nuclear projects further underline the importance of maintaining critical low carbon generation, supporting energy security, and keeping consumer costs down – something biomass power can deliver. Further, we know that to get to net zero, negative emissions technology is needed, hence the importance of ensuring biomass can transition to BECCS in a timely way, and start delivering those critical negative emissions. This is also aligned with net zero scenarios from the Climate Change Committee, the International Energy Agency, and UN Intergovernmental Panel on Climate Change who all identify a critical role for BECCS in delivering carbon removals and enabling the delivery of net zero. For these reasons, any mechanism designed as a bridge to BECCS must have a focus on maintaining generation capacity at its core.

Most biomass power assets in the UK were originally supported under the Renewables Obligation (RO) and Contracts for Difference (CfD) schemes, with many of these contracts coming to an end in 2027. As a result of delays beyond the control of BECCS developers – for example policy delays for supportive business models, delays in the build of carbon storage facilities and the need to establish transport and storage (T&S) networks – biomass power sites suitable for retrofitting with BECCS are unlikely to be delivered until 2030 onwards. This will leave a gap between the current RO and CfD contracts ending in 2027 and the first BECCS units coming online.

Failure to provide transitional arrangements could see some of these generation assets closed or mothballed and would result in a significant reduction in generation volumes from biomass generators across the board. This would undermine the UK's ability to meet decarbonisation targets, as reliance on gas generation would increase, disrupting the supply chains needed to see negative emissions realised. Once shut down, the UK would find it difficult and expensive to then restart global biomass supply chains or attract investment for negative emissions. This would reduce the diversity of the UK's fuel supply, potentially increasing the risk of shocks like rising gas prices, as

witnessed in 2021-22. Given the need for BECCS, keeping existing generation assets operational until BECCS is delivered is the most cost-effective route to realising net zero.

A resolution that maintains this vital generation is needed this year. Biomass fuel supplies are typically agreed as long-term contracts around three to four years in advance, meaning generators are currently negotiating contracts for 2027 delivery. Without certainty this year, generators won't be able to sign contracts consistent with a BECCS operating regime. In addition, generators need to make investment decisions regarding plant maintenance. In the absence of certainty, the investments generators can make are likely to be limited to ensure reliability up to 2027 only. Longer-term reliability, consistent with BECCS, requires longer-term certainty to enable generators to make the relevant maintenance investments.

Sub 100 MW operators also need confidence that government will keep low carbon generation assets generating. While we are pleased that government has launched this consultation and are very supportive of seeing transitional arrangements delivered for large-scale biomass projects, government also needs to provide confidence to generators of all sizes, particularly given their combined contribution to low carbon energy supplies, as set out above. This could be achieved by extending the proposed eligibility criteria to sub 100 MW biomass generation. We understand that timely intervention is needed, so pursuing an option that can be easily and efficiently rolled out is important. While we do not want potential eligibility changes to cause further delays, small and medium sized generators need the same guarantees of support, to enable them to make critical investment decisions so that capacity is maintained, and where possible, a transition to BECCS is delivered.

2. **Do you agree with the success factors we have identified?**

Broadly, yes. However, we believe that there should be explicit reference to maintaining biomass generation, not just capacity within the success factors. There are several reasons for this. Firstly, and as set out previously, in the absence of biomass generation the UK would, in the short term, increase its reliance on gas generation reducing the resilience of the energy system, impacting carbon, and potentially exposing consumers to higher prices.

Secondly, if the ambition is to deliver power BECCS and achieve high reliability, high load factor, high availability, and negative emissions from biomass power, then the bridging mechanism should encourage generation as this will ensure the integrity of the asset remains suitable and ready for power BECCS from 2030 onwards.

Thirdly, if the mechanism fails to incentivise biomass power generation, this will result in low load factors which will have a knock-on impact on fuel imports to the UK. Once that fuel has diverted to alternative markets, it will be extremely difficult to get the necessary fuel imports back for BECCS, without paying a premium. This reduction in fuel imports would also have an impact on the ability to deliver any of the three scenarios set out in the government's own biomass strategy or deliver the government's net zero ambitions.

Lastly, any delays in generation between now and 2030 will slow the development of a negative emissions market and require more government support for a longer period. This would put the UK at risk of missing our net zero targets and falling behind competitors when it comes to delivering negative emissions technologies.

Time limiting support

We recognise the need to time limit support but would like to see an addition made that recognises that should BECCS deployment be delayed because of something outside a generator's control, e.g., policy changes/changes or delays within the supply chain, then there should be a process for seeing the time limit extended, provided a generator can demonstrate delays are beyond their control.

Similarly, while we recognise the need to include a time limit, we would not support the inclusion of a winddown period, as suggested in the consultation. A winddown clause could severely limit the certainty on contract length as it risks being considered by generators and project financiers a potential de facto contract end date. This would have a knock-on impact on long-term fuel contracts which a generator may struggle to secure if a contract contains a winddown clause which can be invoked at any time.

Clarification is needed around whether any time limit is anticipated before, in, or after 2030. It is welcome that reference is given to a BECCS project being delivered and supporting Carbon Budget 6 – so presumably for deployment in 2033-2037 - but the implication in the consultation is that transitional arrangements will be available for a generator that has a BECCS project already underway for deployment in 2030. It is important that this factor does not become an unintended barrier to earlier deployment. In addition, being able to negotiate the scheme end date on a generator-by-generator basis, to enable those with more modular projects to benefit for the period needed, will be important in making any support mechanism a success.

We also note that transitional arrangements should be offered and maintained for all existing qualifying biomass generators and the Power BECCS business model accessible to all large-scale generators, even if BECCS deployment is not expected until after 2030. This is something that government should clarify in its response to the consultation, committing to only remove the potential for transitional support once this condition has been met.

Further, it should be recognised that any discrimination between biomass generators on the provision of transitional arrangements risks creating unfair competition (for example, any unequal treatment has the potential to distort the market by affecting the price of season-ahead power contracts). While recognising individual project circumstances through the administrative process, offering transitional support on a non-discriminatory basis will ensure all biomass generators can contribute towards the government's net zero goals and deliver critical negative emissions.

Finally, and as set out in response to question one, time is constrained so options which can be implemented this year should be considered an additional success factor. If transitional support is not agreed this year, generators won't be able to sign contracts consistent with a BECCS operating regime, secure fuel supplies beyond 2027, or make the necessary plant maintenance investments. This could undermine the ability for biomass generators to continue generating, delaying the UK's much-needed transition to BECCS.

3. **Are there additional factors we should consider?**

It is important that government recognises the wider benefits that biomass power provides including vital grid services like Black Start, should the GB transmission system partially or completely shut down. Similarly, every thermal generator in the UK system spins at 3,000 rpm, has inertia, and generates electricity at a frequency of 50 Hz. This system inertia helps to keep the frequency response stable, balance the grid, and support variable technologies like wind and solar. These vital grid services highlight why maintaining biomass power generation is so important for the whole GB electricity system, supporting other important renewable and low carbon technologies keep the lights on and boost our domestic energy resilience.

Any support mechanism should also consider the ease of transitioning to BECCS. This includes procuring fuel supplies consistent with BECCS, as well as the operational characteristics of the plant. For example, on the latter, any support mechanism should be flexible enough to support generators with multiple generation units under a single generating station and their ability to covert to BECCS on a unit-by-unit basis.

4. **Do you agree with the options above being included as preferred options? If no, please articulate why the option is not suitable and provide evidence where appropriate.**

Yes, we believe government has identified the correct options, though as set out previously, options which can be rolled out quickly would be preferable. That is why we don't believe that option three – an availability payment – or option four – a regulated margin – are appropriate.

The availability payment is not fully defined and could mean many different things with various operational and cost implications as a result. It would not incentivise generators to generate, which as set out in response to question two, would have implications for fuel procurement as well as engineering and operational implications for biomass generators. In addition, any reduction in biomass generation would likely be replaced by gas, undermining the UK's ability to meet its Carbon Budgets or net zero targets. This would also have a knock-on impact on the sector's ability to start operating negative emissions technologies like BECCS on current timelines.

Maintaining biomass fuel contracts consistent with BECCS operations would require availability payment contracts to be put in place with suppliers with cost implications even if biomass fuel isn't being brought into the UK for generation. This would severely limit the ability of biomass generators to respond to power market volatility, for example, in the event of another gas supply crisis. Finally, as it is a relatively novel mechanism, it's highly unlikely to be delivered this year.

Option 4 (regulated margin) contains two sub-options, both of which are interventionist and novel meaning they would take more time and resource to design and administer over the life of the contract. As both options are relatively vague in terms of how their design might work, it is difficult to comment on any specific impacts of the mechanism. However, the biggest issue with sub-option 1 is that there is no suitable index for benchmarking biomass fuel costs over the medium to long term. Establishing such an index would take a significant amount of time.

Sub-option 2 is very interventionist and as such likely to be the most time consuming to set up. It could also have perverse impacts on generation. Under this option generators may not generate in higher priced periods as the risk of an unexpected outage is much higher. Ordinarily, generators do generate in risky periods as the returns are higher, but if those returns are removed, generators are likely to target less risky periods instead, for example, periods when biomass generation might not be required due to high variable renewable generation. This would not align with the government's identified success factors.

There is also a risk associated with adjusting the strike price annually. For example, in one year a generator may make high returns because of higher market prices, which could see the strike price lowered in the next year. If prices then fall back to lower levels, there is a risk that the generator loses revenue and stops generating altogether.

5. **Do you prefer one of the options as described above? If so, please provide your reasoning and any evidence to support.**

Yes, we believe the first two options (unconstrained CfD or CfD with generation collar) would work for industry while also supporting government's success factors and overall objectives for providing a support mechanism.

Option one – unconstrained CfD - is the most familiar and therefore the simplest and quickest to implement, which considering time constraints would be favourable. CfDs also have an excellent track record of supporting low carbon generation. In addition, because they're tried and tested, we are confident they would facilitate biomass generation under normal market conditions, maintaining the associated benefits of biomass generation. For example, if prices are lower because of high variable renewables generation, biomass generators may buy back power and use the fuel at a different time. However, the CfD with a generation collar is likely to offer more flexibility in this instance. The unconstrained CfD is likely to incentivise very high load factor, which would result in higher support costs.

Option two – CfD with generation collar – has the same benefits of an unconstrained CfD and if set across an entire generation station, rather than individual units, would provide a greater level of certainty over biomass generation than the unconstrained CfD. Generators would likely target generation in periods of low variable renewables generation due to higher prices available in these periods, reducing the risk that biomass generation displaces variable generation, thereby supporting government's stated success factors. While slightly more complex, industry recognises that this option also helps government protect consumers from higher costs.

A generation cap could be aligned to expected BECCS volumes (bilaterally agreed with government) while a generation floor could be aligned to winter peaks but with appropriate mitigation for outages plus force majeure fuel supply events.

The two CfD options are also preferred as they are already well designed, with existing CfD legislation in place, meaning that a completely new mechanism would not need to be designed. This also has the advantage of being well understood and preferred by investors, helping to speed up financial decisions and attract private investment.

The reasons for discounting options three and four are set out in response to question five.

Lastly, we are working on the assumption that the government's chosen mechanism and subsequent requirements will be the same and apply to all eligible generators (as currently defined by government), subject to bilateral discussions. Should the eligibility be extended to include sub 100 MW generation, then we recognise that a different support option may be more appropriate, but we would expect this would apply to sub 100 MW generation only, ensuring that all large-scale generators are supported under the same scheme. As set out previously, any changes to eligibility criteria should not undermine the need to progress a support mechanism for large-scale generators this year.

6. **Do you have views on approaches we should consider as part of our options to ensure generators are not overcompensated?**

We believe option two could achieve the government's success factors by introducing a cap to protect consumers from higher costs. This in turn would ensure that generators are not overcompensated during the transition period. However, this cap will need to be carefully designed so that sites are still sufficiently compensated to operate and so that it does not undermine the ability of the scheme to meet its overall objective of providing a pathway to BECCS delivery.

7. **Do you have any other material comments relating to the mechanics of each option or the outline evaluation as articulated? If so, please provide details.**

On option two – the CfD with generation collar could be designed to recognise grid services and the role biomass generation has in providing firm capacity, valuing power production when it is most valuable to the grid, and encouraging generation at those times. To continue to provide a strong market signal and maximise generation when appropriate, merchant generation above the cap should be allowed to continue and is likely to be determined by system need.

Any cap on volumes would also need to reflect the risks to the generator when it comes to the strike price within contracts, to ensure that the costs of hedging, at least the minimum output, are incorporated. This would include margined and/or non-margined costs. Government could consider including a 'safety value' on any generation collar to ensure that the generator is protected should they be unable to hedge due to extreme market volatility, outages, and/or illiquidity as seen in 2022. This would allow for a recalibration of pricing where the generator has acted as a reasonable and prudent operator, but for reasons beyond its control, been unable to effectively hedge its output. We would also encourage government to ensure that any cap be designed with the anticipated operating regime and fuel sourcing requirements of future power BECCS business models in mind, so that there are no contradictions between the bridging mechanism and operation of BECCS.

As an overall principle, it is essential that government and any counterparty (e.g., LCCC) have agreed clear cap and floor levels with generators for the lifetime of the contract, limiting ability for adjustments to be made during the contract term. This would provide generators with greater certainty and ensure generation when most valuable to the grid. However, recognising market volatility, there should be a mechanism to allow for potential changes in feedstock supply or costs. As such, consideration should be given to adding a fuel price reopener clause within the contract, mitigating risk while providing generators with the certainty needed to keep generating. This should apply to both options one and two.

As set out in response to question five, we support one option being chosen for all generators. We would not support an approach that applies different options to different generators as this would add complexity, confusion, and potentially time.

Government should also consider any interaction with the Electricity Generator Levy (EGL) particularly in the case of option one where generation may operate above a cap. It is assumed that any new CfD support would be excluded from the EGL, as is currently the case. This should however be made explicit. If not, government should be aware that the first few months of a potential transitional arrangement will have a different cost base until the EGL ends in 2028, as currently legislated. In addition, more detail on the design and deployment of the proposals set out in the government's response to the Review of Electricity Market Arrangements consultation is also needed and should be considered when developing this support mechanism.

8. **Do you agree that these options should be discounted and considered as nonpreferred? If not, please provide rationale and any evidence.**

We agree with the rationale for discounting the non-preferred options. While we recognise that early deployment of the CfDe is not viable given the timing, it is critical that the work to develop the dual payment mechanisms for large-scale power BECCS continues at pace and in parallel this year, given that the overall goal of the bridging mechanism and business model are the same: supporting biomass generation to have a pathway to transition to BECCS.

9. **Do you agree with the eligibility criteria and assessment process set out? If no, how should they be adapted to be more suitable?**

Sub 100MW generation

As set out previously, given the proposed 100 MW threshold, government must now make clear how it wishes to ensure that sub 100 MW generation is also maintained once existing contracting arrangements under the RO start to come to an end. Sub 100 MW biomass power sites account for more than 1100 MW of capacity in the UK, making a significant contribution to low-carbon energy supplies, while also providing important grid services and, in many cases, essential waste management capacity diverting waste wood and other biogenic waste streams from landfill. Further low carbon generation is also at risk in the form of landfill gas, energy from waste and other renewable generation all coming to the end of their RO contract arrangements in the next few years. Many of these sites also have the possibility to retrofit BECCS and deliver sizable amounts of negative emissions. Without clarity in the next 12 months such sites could start decommissioning engines and disbanding operations teams. Meeting government's carbon budgets and decarbonised power grid targets will be substantially harder, and more expensive, if this capacity is lost.

As such, the REA would support seeing eligibility criteria for the proposed transitional arrangements expanded to include biomass generators of all size, not just those with 100 MW or above capacity. Just like the large-scale generators, they too need confidence to make investment decisions that will enable them to retrofit BECCS units on their sites. Without a bridging mechanism or some form of support, they simply won't be able to make this a reality.

Government should also recognise the contribution these generators make not just to the power system, but wider value chain. For example, many of the small and medium sized generators use feedstocks, predominantly sourced domestically, including waste wood and innovative biomass feedstocks. Much of this locally sourced sustainable waste biomass is no longer able to be re-used or recycled. As a result, use of waste wood for biomass power sees three million tonnes of waste wood diverted from landfill annually. Accordingly, these generators deliver both domestic energy security and a circular economy, avoiding waste biomass being exported or going to landfill. Maintaining this capacity will become increasingly important following proposals from government to achieve the near elimination of biodegradable waste disposal in landfill by 2028 and consulted on by DEFRA in 2023.

However, recognising the time constraints, changing the eligibility criteria must not come at the expense of time and delay the process of designing and implementing a support mechanism for large-scale biomass. If government deems this particular mechanism unsuitable for small and medium sites (less than 100 MW) then we would encourage them to rapidly consider what equivalent support can be introduced for those sites as quickly as possible.

Support options for generators not within scope of this consultation

The REA is also following workstreams within government on the development of a repowering CfD. We have been disappointed that the current consultation on proposed changes to the AR7 is only considering repowering CfDs for onshore wind projects, excluding the 400 MW of landfill gas capacity, who will be amongst the first to come off RO contracts. If a bridging mechanism for wider low carbon generation is not forthcoming, then a wider repowering CfD offer should be developed for all forms of low carbon generation coming to the end of existing contracting arrangements. This should be signalled to the market as a matter of urgency.

A further alternative that should also not be dismissed would be an extension to the current RO for small-medium generators which could potentially be a fairly straightforward approach.

Landfill gas generation

Around 87% of current landfill gas generation capacity loses RO support in April 2027. The industry has provided substantial evidence to the department to show that ongoing operation will not be financially viable if it is reliant on power sales alone.

As well as providing renewable electricity, generation of electricity from landfill gas converts methane to CO_2. This is a critical environmental service that is not recognised if value for money is only considered on the basis of £/MWh electricity generated. The level of emissions at stake is very significant. In 2021, emissions from landfill were 18.7MtCO_2eq – 75% of total emissions from the waste management sector.[1] Support under the RO has enabled the industry to invest to maximise capture of methane from landfills. Independent analysis commissioned by the REA - which has been shared with the department - shows that a 1% increase in the % of landfill gas captured means avoided emissions between 2028 and 2037 of 1.1MtCO_2eq. Using treasury green book values for carbon, this gives an undiscounted financial value of £461m over the period.[2]

Another alternative for some landfill sites could be to support landfill biomethane generation, which would allow landfill operators to continue mitigating methane emissions, greening the gas grid, and ensuring security of gas supply in the UK. Converting landfill gas into biomethane can provide renewable power with higher efficiency yield, for example Combined Cycle Gas Turbine plants have an efficiency of about 50%[3]. Carbon capture on landfill biomethane plants is also relatively straightforward as the biomethane process includes the separation of methane and carbon dioxide. Extending transitional support to biomethane carbon capture would see some projects live as early as 2026, as the technology already exists.

This shows the scale of the opportunity if the right policy is in place. It also highlights what is at risk, as the same values would apply if policy inaction leads to an equivalent increase in methane emissions.

Anaerobic Digestion (AD) and BECCS

In addition to large-scale biomass power generation, there are also a broad range of socioeconomic and environmental benefits offered by different BECCS technologies. AD, for example, manages local feedstocks to generate green gas, decarbonise agricultural practices, restore soil health, and recycle organic wastes. Biogas is a gaseous mix of biomethane and bio-CO_2, and during the upgrading process (when biogas is split into its component parts), a pure stream of CO_2 can be readily captured. This gas can then be immediately liquefied, ready for geological storage. As a result, carbon, capture and storage from AD is well recognised as an efficient and no-regret option for GGR delivery. Government should consider how delivery of negative emissions from the AD sector could

[1] Landfill figure from: https://assets.publishing.service.gov.uk/media/642337b32fa8480013ec0de4/final-greenhouse-gas-emissions-tables-2021.xlsx - table 1.2. Overall waste sector value for 2021 is 25MtCO_2eq – 6% of the UK total, taken from Climate Change Committee progress report to Parliament (June 2023): https://www.theccc.org.uk/wp-content/uploads/2023/06/Progress-in-reducing-UK-emissions-2023-Report-to-Parliament-1.pdf

[2] Using central carbon values from the 2021 green book: https://assets.publishing.service.gov.uk/media/6567994fcc1ec5000d8eef17/data-tables-1-19.xlsx

[3] https://www.statista.com/statistics/548943/thermal-efficiency-gas-turbine-stations-uk/

be supported, along with its interaction with other policy developments in this area, like this transitional arrangements consultation.

Other considerations

The eligibility criteria also refers to the potential for sites to provide net negative emissions, and states that projects would be expected to provide a lifecycle analysis (LCA) and proposed methodology including a monitoring, reporting and verification (MRV) plan. In principle, generators will be able to provide this information, but it will take time to pull such data and reports together, so clarity is needed about what exactly is intended to be included in an LCA and MRV.

Clarity on timing is also needed. The consultation states that any generator who thinks they might be eligible for transitional support contact the department by 31 March 2024. We assume this is not also the deadline for submitting LCA and MRV plans, to confirm eligibility. However, explicit clarification would be welcome. We would also encourage the department to agree on and provide a framework for LCA plans, to ensure consistency across generators as soon as possible.

As set out in response to question two, we would not support the inclusion of a winddown period, which could severely limit the certainty on contract length as generators consider it a de facto contract end date. This would have a knock-on impact on long-term fuel contracts which a generator may struggle to secure if a contract winddown clause can be invoked at any time.

10. **During a transition period from biomass electricity to power BECCS, do you think that the GHG criteria should be strengthened? If so, how? Please provide evidence to support your views.**

No, we suggest the current GHG criteria as set out under existing Contract for Difference arrangements for biomass generators be maintained, until power BECCS is operational, and the business model can be applied. The 29kgCO_2/MWh threshold, set out in current CfD standard terms, and implemented when biomass conversion stations were deemed to be a transitional technology would be unworkable for biomass generators at present. Grandfathering arrangements from existing biomass CfD contracts would be more appropriate. This will also allow government to consider GHG criteria as part of the Cross Sectoral Sustainability Framework, as committed to in the Biomass Strategy, which is the appropriate place for sustainability governance arrangements to be considered.

Industry welcomes the review of sustainability governance arrangements, however, also needs clarity and consistency within contracts, and would not want to see piecemeal changes made during the contract term. There is a particular risk that this could happen given the parallel work being undertaken on the power BECCS business model and Cross Sectoral Sustainability Framework and the likelihood that these will not be ready at the same time – as evidenced by the rationale for discounting the CfDe model as an option for this support mechanism.

11. **As part of the proposed transitional support arrangements for large-scale biomass generators that plan to transition to power BECCS, do you think that we should increase the minimum percentage of woody biomass that must be obtained from a sustainable source? If so, what should be the minimum percentage be set at? Please provide evidence to support your views.**

Because of their ongoing commitment to sustainability and transparency, and to comply with various sustainability requirements, large-scale generators already source their woody biomass from sustainable resources. As such, we believe industry would be able to meet requirements to

demonstrate 100% sustainable woody biomass sourcing. However, given the complexity of supply chains, and possibility of things going wrong outside of the generators control, we suggest that a 5% allowance for operational tolerance also be provided. In addition, if government does introduce a 100% sourcing requirement, then the current penalty regime will need to be adjusted. Non-compliance with current requirements (70% sourcing requirements) are severe but workable however this would need to be adjusted for a 100% target as there would be no leeway for even minor things going wrong outside a generators control. We feel this would be a pragmatic way of strengthening existing requirements, and further improving supply chain transparency.

As with question 10, any change here should also be consistent with what is considered in the Cross Sectoral Sustainability Framework. This will need to consider all biomass supply chains and how requirements will apply to both domestic and imported feedstocks.

12. **Are there any additional sustainability criteria we should consider strengthening specifically as part of the proposed transitional support arrangements?**

No. The UK's bioenergy sustainability governance arrangements are regarded as some of the most comprehensive in the world. As well as complying with various sustainability requirements set out in existing government supported schemes, many REA members also choose to go further, using voluntary independent certification schemes like the Sustainable Biomass Program (SBP) certification scheme. This provides a comprehensive set of requirements covering carbon, environmental, social, and economic criteria and includes over 30 forestry specific indicators designed to ensure that forests are maintained or increased, biodiversity preserved, and that forests of high conversion value are protected.

In addition, government has already committed to develop a Cross Sectoral Sustainability Framework which will further ensure the same sustainability principles are followed across all bioenergy sectors. However, if the Cross Sectoral Framework is not published before transitional support contracts are signed, then it should not be implemented after the fact. The purpose of any support arrangements is to lock in biomass fuel supplies to maintain generation and enable a transition to BECCS. To secure fuel contracts, generators need to understand the rules associated with the contract (including sustainability requirements) from the outset. If they are faced with (currently unknown) risks of sustainability changes after contract signature, this makes it difficult, if not impossible, to agree fuel contracts. Instead, if the Cross Sectoral framework is agreed after transitional arrangements are implemented, then it should apply from the start of power-BECCS contracts.

13. **Do you have any comments on the proposed amendment to the definition of an eligible generator to specify that generating stations which are already generating electricity are eligible generators?**

We support the need to amend the definition, especially given our preference for Options 1 and 2 which would need to build on existing CfD legislation.

14. **Do you have any comments on the proposed amendment to the definition of an eligible generator to specify that biomass conversion stations are an eligible generating station?**

We would highlight that the definition will need to recognise that a generating station could be made up of several generating units, so the definition of an eligible generator should be broad enough to recognise and capture this.

15. **Do you agree with the government's proposal to enable the Secretary of State to issue a direction to a CfD counterparty to modify any section 10 contract to reflect updated sustainability objectives?**

We understand that the Secretary of State already has the powers to make these changes so we would not oppose this. However, as set out in response to question 10, the 29kgCO_2/MWh threshold, set out in current CfD standard terms, should not apply to any transitional support contracts. Grandfathering arrangements from existing biomass CfD contracts would be more appropriate.

16. **Do you have any comments on the proposal to make amendments to Contracts for Difference legislation consequential to the design of the support mechanism?**

It is important that government considers how any changes to Contracts for Difference legislation might interact with other support mechanisms relying on CfD legislation in its current form, for example, power BECCS and GGR business models, hydrogen production, and the Industrial Carbon Capture Contract for energy from waste. In addition, consideration should be given to contract length and how bilateral negotiations, as suggested in this consultation, might interact with repowering CfDs, currently being consulted on as part of the CfD Allocation Round 7.