

dti

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ROCs for Energy from Waste CHP

Energy from Waste

Energy from Waste can contribute to Government's energy policy objectives:

- Relatively low carbon, low cost fuel
- Security and diversity of supply benefits
- No major grid issues

Renewables Targets

- Target of 10% of electricity from renewables by 2010
- Large role in path to 60% reduction in carbon emissions
- Renewables Obligation (RO) is key policy instrument

EfW as a renewable resource

- Biomass fraction of EfW recognised as a renewable resource by EU Renewable Energy Directive
- Also considered by DTI as renewable energy
- *But neither of the above mean Government is required to provide incentives for EfW*

Renewables Obligation and EfW

- Eligibility has been limited to electricity generated from EfW using “advanced conversion technologies”
- “advanced conversion technologies” = gasification, pyrolysis and anaerobic digestion

2005/6 Renewables Obligation Review

Eligibility rules for EfW were looked at again

- Increased recycling since 2001
- New approaches to waste management
- Low uptake of ACT thus far
- Requirements of EU landfill directive

ILEX Study

- DTI commissioned ILEX to examine issues
- Report published alongside preliminary consultation document for the RO Review
- Key conclusion – majority of new EfW should be economic without ROC support

But case for supporting EfW CHP

- Higher capital cost of CHP infrastructure
- Potential for additional carbon savings
- Limited impact on wider ROC market

EfW CHP will be ROC eligible from 1 April 2006

- Assuming successful passage of Renewables Obligation Order 2006 through Parliament
- Must be good quality CHPQA schemes
- Existing and new projects

ROC calculation for EfW CHP

- A) ROCs on biomass fraction of waste and electrical output only
- B) ROC award based on relationship between Qualifying Power Output (QPO) and Total Power Output (TPO) – similar to CCL.
- QPO/TPO based on most recent certificate. But no end of year reconciliation

Examples...

For EfW CHP plant with waste stream which is 50% biomass.

- *If fully exempt from CCL, ROCs on 50% of electrical output*
- *If 70% CCL compliant (QPO is 70% of TPO) then ROCs on 35% of electrical output (ie 70% of 50%).*

Other relevant issues

- Need to measure biomass fraction of waste (RO does not follow CCL 50% assumption for MSW).
- Ofgem guidance. CEN standards provide basis for sampling/measurement approach
- “Biomass” re-defined in RO as fuels over 90% biomass in content.