Consultation on proposals for the levels of banded support under the Renewables Obligation for the period 2013-17 and the Renewables Obligation Order 2012

Please use the table below as a template to respond to the consultation. It will help us to record and take account of your views.

Also, please provide evidence for your answers and comments where possible.

PERSONAL DETAILS
Respondent Name: The All-Party Parliamentary Group for the Wood Panel Industry Email Address: fiona@ranelagh.info Contact Address: One Ranelagh Road, London, SW1V 3EX Contact Telephone: 020 7828 1603 Organisation Name: The All-Party Parliamentary Group for the Wood Panel Industry Would you like this response to remain confidential? ~~Yes~~/No (Delete as appropriate) If yes, please state your reasons:
CHAPTER 3: ONSHORE WIND
Q1: Do you agree with the Arup assessment of costs and deployment potential for onshore wind? Please explain your response with evidence. Agree/Disagree Comments:
Q2: Do you agree with the proposed level of support of 0.9 ROCs/MWh for onshore wind? Please explain your response with evidence. Agree/Disagree Comments:
CHAPTER 4: OFFSHORE WIND

Q3: Do you agree with the Arup assessment of costs and deployment potential for offshore wind? Please explain your response with evidence. Agree/Disagree Comments:
Q4: Do you agree with the proposed level of support of 2 ROCs/MWh for offshore wind, stepping down to 1.9 ROCs in 2015/16 and 1.8 ROCs in 2016/17? Please explain your response with evidence. Agree/Disagree Comments:
CHAPTER 5: HYDRO-ELECTRICITY
Q5: Do you agree with the Arup assessment of costs and deployment potential for hydro-electricity? Please explain your response with evidence. Agree/Disagree Comments:
Q6: Do you agree with the proposed level of support of 0.5 ROCs/MWh for hydro-electricity? Please explain your response with evidence. Agree/Disagree Comments:
CHAPTER 6: MARINE TECHNOLOGIES
Q7: Do you agree with the analysis on wave and tidal stream by Arup (2011) and their

primary source Ernst & Young (2010)? Please explain your response with evidence. Agree/Disagree Comments:
Q8: Do you agree with the proposed level of support of 5 ROCs/MWh for each project up to a limit of 30MW for wave and tidal stream (and 2 ROCs/MWh above that limit)? Please explain your response with evidence. Agree/Disagree Comments:
Q9: Do you agree that 30MW is an appropriate level for the project cap? Please explain your response with evidence. Agree/Disagree Comments:
Q10: Do you agree that the proposed level of support will help to drive deployment for the pre-commercial and early commercial deployment phases? Please explain your response with evidence. Agree/Disagree Comments:
Q11: Do you agree with the analysis on tidal range by Arup (2011) and their primary source Ernst & Young (2010)? Please explain your response with evidence. Agree/Disagree Comments:
Q12: Do you agree with the proposed level of support of 2 ROCs/MWh for tidal range, stepping down to 1.9 ROCs in 2015/16 and 1.8 ROCs in 2016/17? Please explain your response with evidence.

Agree/Disagree Comments:
CHAPTER 7: GEOTHERMAL AND GEOPRESSURE
Q13: Do you agree with the Arup assessment of costs and deployment potential for geothermal and geopressure? Please explain your response with evidence. Agree/Disagree Comments:
Q14: Do you agree with the proposed level of support of 2 ROCs/MWh for geothermal, stepping down to 1.9 ROCs in 2015/16 and 1.8 ROCs in 2016/17? Please explain your response with evidence. Agree/Disagree Comments:
Q15: Do you agree with the proposed level of support of 1 ROC/MWh for geopressure? Please explain your response with evidence. Agree/Disagree Comments:
CHAPTER 8: SOLAR PV
Q16: Do you agree with the Arup assessment of costs and deployment potential for solar PV? We would particularly welcome UK-specific evidence on costs and deployment potential. Agree/Disagree Comments:
Q17: Do you agree with the proposed level of support of 2 ROCs/MWh for solar PV, stepping down to 1.9 ROCs in 2015/16 and 1.8 ROCs in 2016/17? Please explain your

response with evidence.

Agree/Disagree

Comments:

CHAPTER 9: BIOMASS ELECTRICITY

Q18: Do you agree that we should not exempt existing generators from future changes to the UK's sustainability criteria for solid and gaseous biomass? Please explain your response with evidence.

Agree/~~Disagree~~

Comments:

While we fully support the drive towards sustainable renewable energy sources, the current Renewables Obligation subsidy for biomass is not ensuring the sustainable use of wood. On the contrary it is in fact incentivising energy generators to use the UK's wood supply inefficiently.

Plants that generate electricity from wood biomass must be considered as part of any evaluation of the sustainability of wood supply if the assessment is to be at all effective. DECC has predicted that demand for domestic wood from energy generators will reach 80-100m tonnes per year under the current Renewables Obligation subsidy. This level of demand is 8 to 10 times the current annual UK wood harvest, and therefore cannot be met sustainably from domestic supplies of wood.

The Renewables Obligation subsidy has distorted the market for wood and made the resource increasingly scarce for existing wood users – consequently, the price of wood has increased rapidly. The fact that domestic wood prices have increased by 71.2% over the past five years clearly demonstrates that demand from energy generators is putting immense pressure on wood supply. Existing generators must not be exempt from changes to the sustainability criteria for wood biomass, when the forest industries are constantly having to adapt to new sustainability legislation.

Other industries that use UK wood do so in an environmentally-conscious way; the wood panel industry has long been committed to sustainability of supply and emits five times less CO2 in its production than do energy generators using wood.

Q19: Do you consider that the 90% biomass purity threshold is still appropriate? Please explain your response with evidence.

Agree/Disagree

Comments:

Q20: Do you agree with the Arup assessment of costs and deployment potential for biomass conversion? Please explain your response with evidence.

~~Agree~~/Disagree

Comments:

The Arup report predicts that demand for biomass feedstocks will reach 8 to 10 times the UK wood harvest by 2030.[1] This clearly shows the UK's inability to meet demand for wood from biomass generators; indeed, the Arup report acknowledges that 90% of biomass will have to be imported to meet demand.[2] However, even if this is the case, the 10% of biomass derived from UK wood would comprise the entire UK wood harvest. This demonstrates how misguided the Government's biomass generating targets are. The Adam Smith Institute (in their report "Renewable Energy – Vision or Mirage")[3] supports this argument, recognising that there "simply is not enough"[4] biomass to burn.

While the Arup report shows the reality and extent of the problem for the forest industries, the Renewables Obligation policy appears not to have taken these real issues into consideration.

The Department has cited under-utilised woodlands as a source of availability for extra biomass feedstocks. The quantity of wood available from such woodlands would not even scratch the surface of the level of feedstocks required. The Forestry Commission estimates that at most, bringing these forests into better management could bring on stream an extra 2-3 million tonnes – less than 5% of the wood forecast to be required.

This wood is spread thinly across privately owned woodlands. It would not be suitable for large scale electricity plants, which are interested in bulk purchasing. Bringing under-utilised woodland into better management is a positive policy aim, but that wood has a future in supporting local heat and power demands, or the wood processing industries, and not large scale electricity plant.

[1] Arup, *Review of the generation costs and deployment potential of renewable electricity technologies in the UK* (Department of Energy and Climate Change).
[2] Arup, *Review of the generation costs and deployment potential of renewable electricity technologies in the UK*, p.111.
[3] Hugh Sharman, Brian Leyland and Martin Livermore, *Renewable Energy: Vision or Mirage?* (The Adam Smith Institute: December 2011).
[4] Sharman, Leyland and Livermore, *Renewable Energy*, p.63.

Q21: Do you agree that 1 ROC/MWh is an appropriate level of support for biomass conversions? Please explain your response with evidence.

~~Agree~~/Disagree

Comments:

In supporting the conversion of existing plants to biomass plants, without making any amendment to the subsidy regime to safeguard domestic supply, the Government will exacerbate the threat biomass poses to UK wood supply. Given that these plants already exist, it will take less time for them to become fully-functional biomass generators than the time it would take to construct new biomass plants. This therefore further exacerbates the immediacy of the threat facing the UK's forest industries. Therefore, the subsidising of biomass conversions will distort the UK wood market to an even greater degree, and in a shorter time scale.

Arup has identified that the eleven power stations which have been put forward to be converted[5] would altogether use more than the entire UK wood harvest in its operations. It would be therefore be short-sighted and incredibly damaging for the Renewables Obligation to subsidise biomass conversions. Stocks of domestic wood are already limited and sustainability of wood threatened by the subsidisation of new large-scale biomass plants. The UK wood supply cannot sustain, on top of that, eleven biomass conversions.

Q22: Do you agree with our proposal for what should constitute a former fossil fuel generating station? Please explain your response with evidence.

Agree/Disagree

Comments:

Q23: Do you agree that all former fossil fuel generating stations which convert their entire generation to biomass before April 2013 should be transferred to the biomass conversion band? Please explain your response with evidence.

Agree/Disagree

Comments:

[5] Arup, *Review of the generation costs and deployment potential of renewable electricity technologies in the UK* p.136.

Q24: Do you agree that support under the biomass conversion band should be grandfathered at the rate set from 1st April 2013? Please explain your response with evidence. Agree/Disagree Comments:
Q25: We would welcome evidence on the differential in generation costs, the costs of making biomass conversion economically viable for industrial auto-generators, and deployment potential for auto-generating coal to biomass conversion. Comments:
Q26: Do you agree with the Arup assessment of costs for enhanced co-firing? Please explain your response with evidence. Agree/Disagree Comments:
Q27: Do you agree that 1 ROC/MWh is an appropriate level of support for enhanced co-firing? Please explain your response with evidence. Agree/Disagree Comments:
Q28: Do you agree that generating stations should generate at least 15% of their electricity from biomass in order to qualify for the enhanced co-firing band? Please explain your response with evidence. Agree/Disagree Comments:
Q29: Do you agree that generators should meet this minimum 15% threshold on a monthly averaged basis? Please explain your response with evidence. Agree/Disagree

Comments:
Q30: Do you agree that support under the enhanced co-firing band should be grandfathered? Please explain your response with evidence. Agree/Disagree Comments:
Q31: Do you agree with the Arup assessment of costs and generating potential for standard co-firing of biomass? Please explain your response with evidence. Agree/Disagree Comments:
Q32: Do you agree with the proposed level of support of 0.5 ROCs/MWh for standard co-firing of biomass? Please explain your response with evidence. Agree/Disagree Comments:
Q33: Do you agree that standard co-firing of biomass should continue not to be grandfathered? Please explain your response with evidence. Agree/Disagree Comments:
Q34: Do you agree with the Arup assessment of costs and deployment potential for dedicated biomass? Please explain your response with evidence. Agree/Disagree

Comments:

Q35: Do you agree with the biomass fuel price assumptions for domestic and imported fuel from AEA, and the use of a 10:90 domestic to imported ratio for average fuel costs for large (>50MW) dedicated biomass and 90:10 for small (<50MW) dedicated biomass based on the Arup report? Please explain your response with evidence.

Agree/Disagree

Comments:

Q36: Do you agree with the proposed level of support of 1.5 ROCs/MWh for dedicated biomass? Please explain your response with evidence.

Agree/Disagree

Comments:

Q37: Do you agree that the support level proposed for dedicated biomass manages the risk of locking supplies of feedstock into this sector? Please explain your response with evidence.

Agree/~~Disagree~~

Comments:

The APPG for the Wood Panel Industry agrees that the current levels of Renewables Obligation subsidy will lock supplies of feedstocks into the biomass sector. We find this prospect incredibly concerning in terms of further undermining other UK industries that use wood in manufacturing, and lock in its carbon for decades.

The Renewables Obligation creates an unfair advantage for energy generators in the wood market by subsidising their purchasing of UK wood. This distorts the market and there is a very real threat that other industries using wood will be priced out of the market as a direct result. This will lead to all of the limited stocks of UK wood being used in the generation of energy.

An independent report by CarbonRiver has found that the displacement of the wood panel industry in favour of woody biomass would increase net CO2 emissions in the UK by 6

million tonnes per year.[6] Therefore, the locking in of wood supply to the biomass sector would have severe environmental consequences, as well as the consequence of considerable UK job and investment losses.

Q38: Do you agree with the Arup assessment of generation costs and deployment potential of bioliquids, and the bioliquid fuel prices as set out in the Impact Assessment? Please explain your response with evidence.

Agree/Disagree

Comments:

Q39: Do you agree that support for bioliquids should be the same as for solid and gaseous biomass under the dedicated biomass, biomass conversion, enhanced co-firing and standard co-firing bands? Please explain your response with evidence.

Agree/Disagree

Comments:

Q40: Do you agree that 'fossil-derived bioliquids' should receive the same level of support as other bioliquids? Please explain your response with evidence.

Agree/Disagree

Comments:

Q41: Do you agree that a cap should be put in place on the amount of electricity generated from bioliquid that suppliers can use to meet their renewables obligation? Please explain your response with evidence.

Agree/Disagree

Comments:

[6] *An Analysis of Carbon Emissions for Different End of Life Scenarios for Virgin, Recycled and Low Grade Wood Fibre* (CarbonRiver: May 2010), p.4.

Q42: Do you agree with the level of the cap being set at 4% of each supplier's renewables obligation, broadly equivalent to a maximum level of generation of 2TWh/y in 2017? Please explain your response with evidence. Agree/Disagree Comments:
Q43: Do you agree that from 1 April 2013, bioliquids should be treated in the same way as solid and gaseous biomass for the purposes of our grandfathering policy? Please explain your response with evidence. Agree/Disagree Comments:
CHAPTER 10: ENERGY FROM WASTE WITH CHP
Q44: Do you agree with the Arup analysis on costs and potential on EfW with CHP, including the estimates of gate fees used? Please explain your response with evidence. Agree/Disagree Comments:
Q45: Do you agree that 0.5 ROCs is an appropriate support level for EfW with CHP? Please explain your response with evidence. We would particularly welcome evidence relating to levels of gate fees received by generators and additional capital costs relating to heat offtake. Agree/Disagree Comments:
Q46: In addition to municipal solid waste, do you consider that there are any other types of wastes which could benefit from provisions deeming their biomass content or benefit from more flexible fuel measurement and sampling procedures? If so, please specify and provide evidence on how we might determine accurately the renewable content of these

wastes. Comments:
CHAPTER 11: ANAEROBIC DIGESTION
Q47: Do you agree with the Arup analysis on costs and potential on AD and AD with CHP, including the estimates of gate fees used? Please explain your response with evidence. Agree/Disagree Comments:
Q48: Do you agree with the proposed level of 2 ROCs/MWh for Anaerobic Digestion, stepping down to 1.9 ROCs in 2015/16 and 1.8 ROCs in 2016/17? Please explain your response with evidence. Agree/Disagree Comments:
CHAPTER 12: ADVANCED CONVERSION TECHNOLOGIES (GASIFICATION AND PYROLYSIS)
Q49: Do you agree with the proposal to replace the standard and advanced pyrolysis and gasification bands with two new ACT bands? Please explain your response with evidence. Agree/Disagree Comments:
Q50: Do you agree with the eligibility criteria for the new standard ACT and advanced ACT bands? Please explain your response with evidence. Agree/Disagree Comments:
Q51: Do you agree with the proposed levels of support for the new standard ACT and advanced ACT bands? Please provide evidence on the relevant technology capital and

operating costs (including levels of gate fees) to support your comments. Agree/Disagree Comments:
Q52: We would welcome evidence on the generation costs, deployment potential and gates fees for the ACT technologies falling within the two new ACT bands proposed above. Comments:
Q53: We would welcome information on the nature and scale of actual or potential air emissions produced in the generation of electricity from pyrolysis oil. Comments:
CHAPTER 13: LANDFILL GAS
Q54: Do you agree with the Arup assessment of generation costs and deployment potential of landfill gas, and the gate fee assumption of zero? Please explain your response with evidence. Agree/Disagree Comments:
Q55: Do you agree that RO support for new landfill gas generation should end from 1 April 2013? Please explain your response with evidence. Agree/Disagree Comments:
Q56: We would welcome evidence on new technologies that can increase the technical potential of landfill gas in the UK, particularly from older landfill sites. Information on the costs, potential and viability of new technologies would be particularly valuable. Comments:
CHAPTER 14: SEWAGE GAS

Q57: Do you agree with the Arup assessment of generation costs and deployment potential for sewage gas, and the zero gate fee used in the analysis? Please explain your response with evidence. Agree/Disagree Comments:
Q58: Do you agree that 0.5 ROCs/MWh is an appropriate level of support for electricity generated from sewage gas? Please explain your response with evidence. Agree/Disagree Comments:
Q59: We would welcome evidence on new technologies that can increase the technical potential from sewage gas in the UK. We are also interested in whether there is potential cogeneration. Information on the costs, potential and viability of new technologies would be particularly valuable. Comments:
CHAPTER 15: RENEWABLE COMBINED HEAT AND POWER (CHP)
Q60: Do you agree with the Arup assessment of generation costs and deployment potentials for CHP technologies, and with the fuel prices used in the analysis? Please explain your response with evidence. Agree/Disagree Comments:
Q61: Do you agree that 2 ROCs/MWh is an appropriate level of support for dedicated biomass with CHP? Please explain your response with evidence. Agree/Disagree Comments:
Q62: Do you agree that 2 ROCs/MWh is an appropriate level of support for dedicated energy crops with CHP? Please explain your response with evidence.

Agree/Disagree Comments:
Q63: Do you agree that 1 ROC/MWh is an appropriate level of support for standard co-firing of biomass with CHP? Please explain your response with evidence. Agree/Disagree Comments:
Q64: Do you agree in principle that 1.5 ROCs/MWh is an appropriate level of support for standard co-firing of energy crops with CHP? It would be helpful if you could provide evidence on costs and deployment potential to inform our decision. Agree/Disagree Comments:
Q65: Do you agree with the arrangements for transition from the CHP uplift to RHI support as set out in this chapter (i.e. no RHI for projects accrediting under the RO; one-off choice between RHI and CHP uplift for projects accrediting between April 2013 and March 2015; no CHP uplift for projects accrediting after that date, unless the RHI is unavailable for that technology on 1 April 2015)? Please explain your response with evidence. Agree/Disagree Comments:
Q66: Do you agree that we should adopt a policy of grandfathering the CHP uplift for eligible projects from 1 April 2013? Please explain your response with evidence. Agree/Disagree Comments:
Q67: Do you agree in principle that we should consider extending the CHP uplift to the new biomass conversion and enhanced co-firing bands until 31 March 2015? It would be helpful if you could provide evidence on costs and deployment potential to inform our

decision. Agree/Disagree Comments:
Q68: Do you consider it would be appropriate to introduce a CHP uplift into the RO for ACTs? If so, please provide evidence on capital and operating costs of plant operating in CHP mode, together with likely deployment potential between now and 2020 and, if possible, 2030? Agree/Disagree Comments:
CHAPTER 16: ENERGY CROP UPLIFT
Q69: Do you agree that we should narrow the definition of energy crops to limit its scope to only the short rotation coppice and perennial grass species as described above? Please explain your response with evidence. Agree/Disagree Comments:
Q70: Do you agree that we should grandfather the energy crop uplift from 1 April 2013, but only for those crops meeting the new definition? Please explain your response with evidence. Agree/Disagree Comments:
Q71: Do you agree with the proposed level of 2 ROCs/MWh for dedicated energy crops, stepping down to 1.9 ROCs in 2015/16 and 1.8 ROCs in 2016/17? Please explain your response with evidence. Agree/Disagree Comments:
Q72: Do you agree with the proposed level of 1 ROC/MWh for standard co-firing of energy

crops? Please provide evidence on costs and deployment potential. Agree/Disagree Comments:
Q73: Do you consider that we should extend the energy crop uplift to the new biomass conversion and enhanced co-firing bands? It would be helpful if you could provide evidence on costs and deployment potential to inform our decision. Agree/Disagree Comments:
CHAPTER 17: CO-FIRING CAP
Q74: Do you agree that the co-firing cap should be removed completely from 1 April 2013? Please explain your response with evidence. Agree/Disagree Comments:
Q75: If you think that the cap should be increased (i.e. to allow more co-firing) or restricted to standard co-firing of biomass, please state what an appropriate level for the cap would be and why? Please support your response with evidence. Comments:
CHAPTER 19: GRACE PERIODS
Q76: Do you agree with our proposals for a time-limited and strictly defined grace period as described above, including scope, time limit and criteria? If you wish to suggest a different scope, time limit or criteria, please explain why. Please support your response with evidence. Agree/Disagree Comments:
CHAPTER 20: MICROGENERATION TECHNOLOGIES
Q77: Do you agree with the proposed level of support of 2 ROCs/MWh for those

microgeneration technologies eligible for support under the RO, stepping down to 1.9 ROCs in 2015/16 and 1.8 ROCs in 2016/17? Please explain your response with evidence.

Agree/Disagree

Comments:

CHAPTER 21: EMR TRANSITION

Q78: In addition to the specific questions asked throughout this consultation document, do you have any other comments on any aspect of our proposals?

Comments:

The All-Party Parliamentary Group for the Wood Panel Industry was set up to raise issues of concern to the industry in Parliament and seeks to provide a forum for discussion on the effect of Government legislation on the industry; its employees, suppliers and customers. The All-Party Group is sponsored and advised by the Wood Panel Industries Federation, the trade body representing the industry across the UK.

The APPG for the Wood Panel Industry believes that the Renewables Obligation is threatening valuable UK industries that use wood in their products. The main source of biomass in the UK is wood: the Renewables Obligation is distorting the competitiveness of the forest industry and compromising security of domestic wood supply. We therefore believe that the whole policy of subsidising biomass electricity generation needs to be reassessed, and that the Government should level the playing field between energy generators and the wood panel industry.

The APPG is fully supportive of a sustainable renewable energy policy. However, by subsidising biomass, the Renewables Obligation is not subsidising a sustainable renewable energy technology, nor is it subsidising an efficient or environmentally beneficial generation method. Rather, it is risking the future of the wood panel industry, which is a valuable investor and employer in the UK, and which uses the valuable wood resource in a much more carbon-friendly manner:

- The wood panel industry processes virgin fibre and recycled wood into useful products that lock carbon in for their lifetime. The lifetime of these products is extended when they go on to be recycled again.
- Wood-burning biomass plants ignore the Waste Hierarchy, incinerating wood before it reaches the end of its useable life and often burning virgin fibre.
- The wood panel industry is the single largest generator of renewable heat in the UK.
- Electricity-only biomass plants are only 30% efficient: the Renewables Obligation is subsidising a technology which effectively squanders the vast majority of the natural

resource it is burning.

It is environmentally unsound to subsidise the burning of wood for electricity, when doing so damages more environmentally-friendly means of processing that wood. Wood panel production releases considerably less carbon – less than 250kg of CO2 per tonne of wood consumed – than burning wood for electricity generation, which typically produce 1,770kg of CO2 per tonne of wood. CarbonRiver has stated that displacing the wood panel industry in favour of biomass energy generation would lead to an increase in CO2 emissions of 6 million tonnes annually.[7] Moreover, burning UK softwood will not achieve carbon neutrality for 35 to 40 years. The majority of products produced by the wood panel industry will store carbon for at least this period.

The Committee on Climate Change's recent Bioenergy Review[8] has supported the role that wood-based products have to play in construction, and the environmental benefits these bring. They say "the use of woody biomass in construction (rather than as an energy source) should be a high priority, given that this generates negative emissions through a very efficient form of carbon capture".[9]

The APPG supports the Scottish Government's decision to consult on the removal of the RO subsidy from new large scale biomass electricity plant, a position which is also supported by the Committee on Climate Change. We encourage DECC to move towards the same position.

The Wood Panel Industry

There are seven wood panel manufacturing sites in the UK, providing 8700 FTE jobs. The industry has an annual turnover of around £520 million.

The wood panel industry is reliant on small round wood and sawmill co-products – exactly those products being targeted by biomass energy companies. Wood represents around one third of total production costs. Any changes to the price of wood have therefore significant effects of the wood panel industry, let alone the dramatic 71.2% price increase seen over the past five years.

The fact that wood is the principal source of energy for the UK's biomass plants had severe consequences on the wood panel industry, and on the constrained supply of UK wood. Quite simply, there is not enough wood for the targets set for biomass to be met, even if one sets aside the wood panel industry altogether.

The Renewables Obligation subsidy is incentivising energy companies to buy up UK stocks of wood, which are relatively cheap compared to importing wood from abroad. By not

[7] *An Analysis of Carbon Emissions*, p.4.
[8] *Bioenergy Review* (Committee on Climate Change: December 2011)
[9] *Bioenergy Review*, p.8.

differentiating in the subsidy paid for UK and for imported feedstocks, the Renewables Obligation subsidy is leading directly to an increase in price which is the result of distortion, rather than market forces. As such, the Renewables Obligation is pricing the wood panel industry out of the market. Aside from the job losses and wasted opportunities for investment that would be caused by this, there would also be severe environmental consequences (as detailed above).

The wood panel industry is contributing towards the environmental goals of carbon reduction through both its products in the marketplace and its manufacturing processes. The wood panel industry makes a significant contribution towards the UK's renewable heat targets through the use of its own process-derived biomass fuels. The sector generated 2.4TWh in 2008, falling to 1.6TWh in 2009 on account of reduced manufacturing during the recession. Installed capacity within the industry exceeds 3TWh.

The wood panel industry's 8700 FTE jobs are predominantly focused in rural communities – those that tend to suffer from high levels of unemployment. The pricing out of the wood panel industry from the market for wood would therefore have a disproportionate negative impact on areas that are already facing harsher side-effects of other economic changes. However, the effects will not be limited to those currently employed in the wood panel industry. The Renewables Obligation subsidy is impacting across all forest industries, which are worth a total of £18 billion per year and which employ nearly 150,000 people.