



"Working for our members to be the voice of government on waste minimisation and recycling issues"

LOCAL AUTHORITY RECYCLING
ADVISORY COMMITTEE

RHI Team
Department of Energy & Climate Change
Area 4A
3 Whitehall Place
London
SW1A 2AW

26 April 2010

Dear Sirs/Mesdames,

Consultation Response – Renewable Heat Incentive – Consultation on the proposed RHI financial support scheme

I am writing to present the LARAC response to the above consultation, which is given below, and I thank you for the opportunity to respond to the above consultation.

The comments below are sent on behalf of the Local Authority Recycling Advisory Committee (LARAC). LARAC is an association of 90% of the 440 local authorities across England, Scotland Wales and Northern Ireland whose waste management and recycling professionals co-ordinate and operate waste management services. Membership is drawn from all types of authority including statutory Waste Collection (WCA), Waste Disposal (WDA) and Unitary.

We have limited our response to the consultation to those areas that are of concern to local authority recycling and waste management officers, and where we are best placed to offer an expert opinion. This means that we have not responded to a number of the questions.

The RHI is an ambitious measure that encompasses a wide variety of different technologies and scales of application. Because of the resulting complexity unintended consequences and market distortions are bound to occur. As a result of this, we support proposals for early review of the RHI, but not early degression of tariffs on large scale schemes, as these will be essential to de-risk investment in large scale projects. It would not be helpful to develop a partnership, agree on a delivery body, embark on design, carry out environmental assessments, pursue funding options, obtain planning permission, get agreement to an outline business case – and then have the goal posts changed before funding was secured. The larger the scale of the project to be supported, the more important it is for tariffs to be fixed for a long term (or increased, but not reduced).



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Our interest is particularly in how the RHI will help to stimulate investment in projects involving biogas (including gas from source-separated solid biowastes) and treatment of mixed wastes (such as Municipal Solid Waste (MSW)) to generate Secondary Recovered Fuels (SRFs) (that are mainly deemed to consist of 50% renewable material under the Renewables Obligation (RO)). The development of Combined Heat & Power (CHP) plant is essential for the (carbon) efficient generation of energy from waste; and the development of networks for distributing heat is essential for establishing CHP. This is essential in turn for developing the "zero waste" or "resource efficient" economy that is needed for the waste management industry, working in partnership with local authorities, to fulfil its obligations under the Waste Framework Directive and the Climate Change Act.

The RHI will be a very important element of funding for these projects. We would urge the Government to look beyond the immediate issue of Renewable Heat tariffs and seek additional ways of enabling public and private sector bodies to borrow large sums (hundreds of millions or billions of pounds) to invest in heating schemes that can compete with established systems based on distributed gas, where the investment has already been made in the distribution infrastructure. A large district heating scheme may only attract a limited subsidy on that part of the heat that is supplied from energy from waste, and then only on 50% of that heat. However the environmental benefits of the more efficient use of heat (including, in some cases, low grade industrial heat) through district heating would far outweigh the value of a renewable heat tariff on the "renewable" part. In contrast, the RO has already stimulated projects to construct very large power stations with CHP that will burn imported wood as biomass, that may not need any further subsidy, and do not contribute to the more sustainable management of waste.

We have used the template you provided to answer some of the questions in the consultation, which is attached.

If you have any queries on this response or would like to discuss the matter further then please contact me on (phone) or (email).

Yours faithfully,

Andrew Craig
Principal Policy Officer