Forestry Commission Scotland

Woodfuel Support Measures
Biomass for Businesses 16th December 2008
Victoria and Albert Memorial Hall

- Ian Cowe
- Biomass Development Officer
- Forestry Commission Scotland

In Partnership with;

Aberdeenshire Council

Scottish Enterprise

Main Forms of Woodfuel

Log -

Wood Chip -

Pellet -

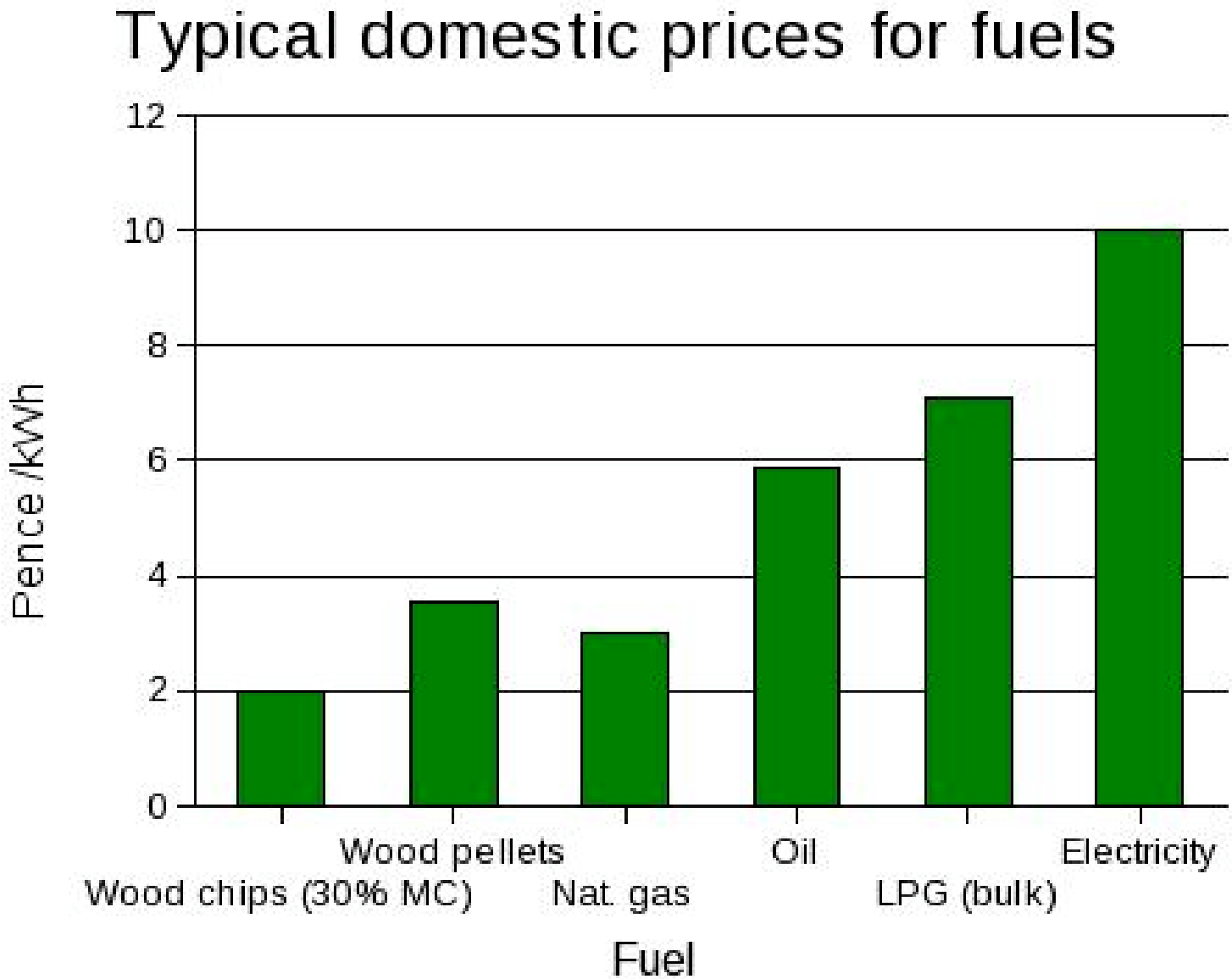
Why use Biomass?

- Cost
  - The establishment of local networks of production and usage, allows financial and environmental costs of transport to be minimised.
- Fuel Security
  - Biomass can be sourced locally, from within the UK, on an indefinite basis, contributing to security of supply.
- Carbon Reduction
  - Correctly managed, biomass is a sustainable fuel that can offer a significant reduction in net carbon emissions compared with fossil fuels
- Rural Benefits
  - UK sourced biomass can offer local business opportunities and support the rural economy.

Why use Biomass? - Continued

- Land Management
  - Woodlands, forestry and agriculture are generally perceived to be an environmentally and socially attractive amenity by the UK population, providing opportunities for recreation and leisure activities.
- Pollution
  - Many biomass fuels generate lower levels of such atmospheric pollutants as sulphur dioxide, that contributes to 'acid rain'.
- Efficiency
  - Modern biomass combustion systems are highly sophisticated, offering combustion efficiency and emission levels comparable with the best fossil fuel boilers.

Comparative Prices



Graph: Courtesy of BiomassEnergyCentre.org.uk

Comparative Prices

Given the right circumstances woodfuel can compete with all other forms of fuel in terms of price and efficiency.

Fuel	Price per unit	kWh per unit	Pence per kWh
Wood chips (30%MC)	£70 per tonne	3,500 kWh/t	2.0p/kWh
Wood pellets	£130-150 per tonne	4,800 kWh/t	2.7-3.1p/kWh
Natural gas	3p/kWh	n/a	3p/kWh
Heating oil	42p per litre	10.2 kWh/ltr	4.1p/kWh
LPG (bulk)	38p per litre	5.8 kWh/ltr	6.6p/kWh
Electricity	10.5p/kWh	n/a	10.5p/kWh

Biomass Funding Options

Main Sources of Funding

- Scotland Rural Development Programme
- Scottish Communities and Householders Renewables Initiative
- Scottish Biomass Heat Scheme - **NEW** - Opens 19th Dec 2008
  - Loans
  - Grants from Industry
  - Tax Relief
  - Low Carbon Building Programme

Biomass Funding Options

Scotland Rural Development Programme benefits;

- Farm Businesses
- Forestry Businesses
- Community Groups
- Non-Land Based Businesses - ie Hotels/Café/Food Processing Industry

Biomass Funding Options - Business

Scottish Rural Development Programme - SRDP

Forestry and **Farm Businesses**

- Supported for boiler technology rated up to **250kw** for their own consumption.

- Forestry grant rate: 40% non - Less Favoured Area
  50% LFA

- Farm Business: 40% non - LFA (50% for young Farmers)
  50% LFA (60% for Young Farmers)

Biomass Funding Options - Business

Scottish Rural Development Programme - SRDP

Rural communities and **small scale business - Non-Land Based**

- Renewable technology up to 250kw is eligible.
- **Grant rate up to 50% of costs** for biomass technology, i.e boilers, boiler house and control equipment.
- Micro renewable energy systems (**45kW for heat**) must be installed by an accredited installer (on greenbooklive.com).
- Small businesses must be a rural micro-enterprise.
  - Less than 10 employees
  - Less than €2 million turnover
  - In community of fewer than 3000 people

Scottish Rural Development Programme - SRDP

- **What is Supported?**
  - Purchase and installation of biomass technology
    - Automated wood fuel boilers/Gasifiers
    - Control Unit
    - Ancillary Equipment - Accumulator tanks etc.
  - Construction or development of infrastructure
    - Boiler house/Fuel Store
    - Access
  - Specialist equipment
    - Specialist harvesting and processing equipment
    - Quality Assurance equipment
  - Supply chain equipment (of a specialist nature)
    - Dryers, chippers, pelletisers
    - Adaptations to standard equipment
  - Commissioning Costs

Biomass Funding Options - Business

Scottish Biomass Heat Scheme

- £2 million Fund
- Maximum grant capped at £100,000
- Opens 19 December 2008
- Registration Closes 27th February 2009
- Project spend must be completed by March 2011
- Project completion by September 2011
- Competitive scheme - early application advised
- Restricted to those businesses not eligible for SRDP support
- Register **NOW** at www.usewoodfuel.co.uk

Biomass Funding Options - Business

Other Business Incentives

- **Business Loans**
  - Loan Action Scotland – Administered by The Business Environment Partnership
  - Loan Action Scotland allows businesses to borrow between £5,000 and £100,000 interest-free and repayable up to 4 years and would be used to help your business to reduce its energy consumption, saving both money and CO2.
  - Same as the Carbon Trust Energy Efficiency Loans Scheme.

- **Business Tax Reductions**
  - Enhanced Capital Allowances
  - Enhanced Capital Allowances (ECAs) enable a business to claim 100% first-year capital allowances on their spending on qualifying plant and machinery - i.e some boiler equipment and CHP units.

Community Group/Business, Charity Options

- **Scottish Communities and Householders Renewables Initiative (SCHRI)**
  - Communities can apply for Technical grants of up to £10,000.
  - Capital grants of up to £100,000 for capital expenditure on installing renewable technology.

- **LEADER (for community groups)**
  - Through SRDP, LEADER is aimed at promoting economic and community development within rural areas. Funding is available for installation of renewables technology, including biomass.

- **Community Grants**

  Community Sustainable Energy Programme (CSEP)
  - The Community Sustainable Energy Programme will provide £8 million to community-based organisations for the installation of microgeneration technologies.

  E.ON SOURCE Fund
  - The SOURCE Fund offers grants of up to £30,000 to community groups and not for profit organisations who wish to consider and implement sustainable energy projects.

Biomass Funding Options - Domestic

Domestic

- **Scottish Communities and Householders Renewables Initiative**
  - Householders: 30% of cost to max £4,000 per renewable - max 2 renewables.

- **BERR – Low Carbon Building Programme**
  - Householders can apply for grants of up to £2,500 per property towards the cost of installing a certified product, this scheme has been extended for applications until June 2010 or as long as funds are available, which ever is sooner.

Further Information

- Ian Cowe - Ian.Cowe@forestry.gsi.gov.uk
- Use Wood Fuel - **usewoodfuel.co.uk**
- Biomass Energy Centre - **biomassenergycentre.org.uk**
- Forestry Commission - **forestry.gov.uk**
- Forest Research - **forestresearch.gov.uk**
- Energy Saving Trust (SCHRI) - **energysavingtrust.org.uk**
- SRDP - **scotland.gov.uk/Topics/Rural/SRDP**