

The Andersons Centre – Latest News Update

January 2009

Renewables Boost

Over the last couple of months there have been a number of policy moves that are likely to boost the renewables sector.

Firstly, EU Leaders agreed a 'Climate and Energy Package' during their December Summit that sets new targets for the use of renewable energy. The whole package is known as '20-20-20 by 2020' and has three elements;

- A 20% cut in greenhouse gasses compared to 1990 levels by 2020 (rising to 30% if there is a global deal including other nations).
- Increasing the share of renewables to 20% of total energy production by 2020. *(The overall 20% target has been broken down into variable targets for each Member State, depending on the current amount of renewable energy already being produced, and a country's economic wealth. The UK has a target of 15% (a big increase on 1.3% in 2005).*
- Cutting energy consumption to 20% below projected 2020 levels by improving energy efficiency.
A separate renewables 'sub-target' refers to biofuels. This will require 10% of transport fuels in every country to be biofuels by 2020.

Domestically, the Energy Act 2008 received Royal Assent on the 26th November 2008. This confirms the new banding for Renewable Obligation Certificates (ROCs), which will boost technologies such as anaerobic digestion (AD), as they will now receive additional support through 'double ROCs'. [See the Economic Assessment of AD Technology report](#)

The Act also opens up the possibility of 'feed-in tariffs' being introduced. This uncomplicated mechanism simply guarantees a premium price for electricity that is produced from small-scale renewable energy schemes. It is widely used on the Continent, and has, for example, contributed to far higher numbers of AD plants in countries such as Germany. Lastly, the Act allows the Government to set up a scheme to encourage renewable heat generation. This would give a boost to producers of biomass (timber, miscanthus etc.) where it is being used for heat generation. The same support would be available to biogas plants producing heat.

The Bio-energy Capital Grants Scheme has been re-opened. Available in England, this supports the installation of biomass-fuelled heat and combined

heat and power projects in the industrial, commercial and community sectors (i.e. not households). Grants will be paid up to a maximum of 40% of the difference in cost compared with installation of the fossil fuel alternative. There is no minimum grant and the maximum is £500,000 per installation minimum. The deadline for applications is the 30th April 2009.

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