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CLIENTALERT

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Grandfathering Policy for Dedicated Biomass, Anaerobic Digestion and Energy from Waste Projects under the Renewables Obligation -Outcome of DECC Consultation

On the 31 March 2010 the Department of Energy and Climate Change launched a consultation on whether it should adopt a grandfathering policy under the Renewables Obligation Order 2009 for electricity generators powered from Dedicated Biomass, Anaerobic Digestion and Energy from Waste. A number of different proposals were considered under the consultation for each of the above technology types as well as for Advanced Conversion Technologies (advanced pyrolisis and gasification) and Bioliquids. The consultation closed on the 28 May 2010 and DECC's response to the consultation was published on the 27 July 2010.

As a result of the consultation DECC have decided that:

- Anaerobic Digestion and Energy from Waste with CHP will be fully grandfathered (i.e. will have their ROC banding fixed) from the date of accreditation to the end of their respective accreditation periods. There will be no distinction between large and small scale Anaerobic Digestion as had been proposed in the consultation.
- Dedicated Biomass will also be fully grandfathered from the date

of accreditation to the end of its accreditation period. There will be no distinction between ROCs aimed at recouping capital costs and those aimed at recouping fuel costs, as had been proposed in the consultation. DECC have also stressed that existing generators will not be up-banded if there is a future increase in the level of support for Dedicated Biomass. In practice this means that generators will be taking full ownership of the risk of future fuel price increases.

- Advanced Conversion Technologies will also be fully grandfathered at current rates.
- 4. Bioliquids and the Energy Crop Uplift will not be grandfathered.

Further details of how these decisions will be implemented will be considered as part of the banding review to take place in the third quarter of 2010. Currently, stations are not accredited for a particular technology and can switch back and forth between different processes for different periods of operation. DECC will need to consider how grandfathering should work in this context, and in particular at what date and level the banding should be fixed.

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