

**The Farmers' Union of Wales submission to the National Assembly's Environment Planning and Countryside Committee's initial discussions on bio fuels and bio energy, 23<sup>rd</sup> March 2006.**

1. The Farmers' Union of Wales welcomes this opportunity to contribute to Committee's work in forming a view on biofuels and bioenergy.
2. The FUW firmly believes that farming can make a significant contribution to meeting the Government's targets for renewable energy, whilst helping to reduce greenhouse gases and other adverse environmental impacts of climate change.
3. Whilst the Union recognizes that renewables are not the panacea for agriculture in Wales, it believes that there are significant opportunities for the development of biomass, providing there is support for the development of the industry.
4. Biomass comprises organic material of either plant or animal origin. Carbon is sequestered during the growing part of the cycle and is then released as energy when used as a fuel. Unlike fossil fuels, the CO<sub>2</sub> released is equal to that absorbed during the growth stage.
5. Biomass can be used for direct heat production, electricity via combustion, biogas from anaerobic digestion, or biofuels such as biodiesel from oil seed rape and bioethanol from potatoes or sugar beet.
6. The UK Government has a target of generating 10.4% of electricity from renewable resources by 2010 and 20% by 2020 (currently around 3%). Additionally, the FUW welcomes the Government's Renewable Transport Obligation, which has a commitment to source 5% of transport fuel sold from a renewable source by 2010.
7. This commitment to the development of biomass is welcomed by the FUW although it is vital to ensure that this embryonic industry receives suitable support from Government whilst the infrastructure is developed.
8. In England, to encourage the development of bio-energy, support has been available since 2000 through the Energy Crops Scheme, which provides grants for the establishment of short rotation coppice and miscanthus. It can also be used for setting up producer groups. In Wales, the only form of support for energy crops is through the Farm Enterprise Grant.
9. The Bio-Energy Infrastructure Scheme was introduced in 2004 to help develop the supply chains required to harvest, store and supply energy crops and wood fuel to end users.

10. The Bio-Energy Capital Grant Scheme provides support for project developers investing in heat and/or electricity-generating projects fuelled by energy crops or biomass feedstocks.

Whilst there have been some small projects funded by the scheme, to date there have been few large projects, although there are a few under development.

11. Biomass in Wales is being spearheaded in Pembrokeshire with the establishment of Pembrokeshire Bioenergy Ltd, a farmer-owned co-operative group established to develop the production, marketing and end use of biomass.
12. Whilst the FUW fully supports the initiative, it believes that unless there is an equivalent Energy Crop Scheme developed to aid establishment of these crops, then Welsh growers will be at a severe disadvantage when compared to those across the border.
13. Pembrokeshire County Council's policy of looking at biofuel boilers for schools is also to be welcomed, and whilst some schools are currently utilizing wood pellets in heating systems, the FUW understands that the Council is currently investigating the possibility of other biomass sources such as woodchip or miscanthus if they can be provided in pelleted form. A number of small businesses in the area have also invested in wood fuelled boilers.
14. Pembrokeshire has two major oil refineries and there is some potential here. A 5% biodiesel blend with 95% fossil diesel can be used without engine modification and this meets vehicle-manufacturing warranties. There are already a number of outlets in the UK selling 5% biodiesel blends, although none is yet produced from a homegrown crop.
13. The demand for energy crops is set to increase substantially in the medium to long term future. There are opportunities for the production of short rotation coppice and miscanthus and also the production of more 'conventional' crops such as oil seed rape and potatoes to produce biofuels.
16. To make a real contribution to meeting both its own and UK targets for renewable energy, the FUW believes that the National Assembly should be looking at what support it can provide both for potential growers in terms of establishment costs, market support and stimulating demand. Whilst there is huge potential for biomass, it currently requires considerable Government incentive and is reliant on technology. To this end, the Assembly should be lobbying Government for support mechanisms through the Department of Trade and Industry, in addition to its own resources.
17. The FUW welcomes the opportunity to contribute to Committee's deliberations today and hopes that any policy agreed will result in an active promotion of biomass production, coupled with financial support for establishment and research and development.