



Department for Energy Security & Net Zero

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Bill Esterson MP
Chair of the Energy Security and Net Zero Committee
House of Commons
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Dear Bill,

Support for small-scale biomass generators

I am writing to inform you on the government's position on support for small-scale biomass generators. Small-scale biomass generators are those with a generation capacity below 100 MW. This category covers various technologies, including dedicated biomass, biomass combined heat and power, sewage gas, energy from waste, anaerobic digestion and advanced conversion technologies.

The government does not intend to introduce successor subsidy support for these assets as existing Renewables Obligation (RO), Renewables Obligation Scotland (ROS) and Northern Ireland Renewables Obligation (NIRO) accreditation periods come to an end. These assets have different operating characteristics and emissions profiles, and offer a range of costs and benefits, however after assessing these in the round I do not believe the benefits warrant the development of a successor scheme. The support currently provided will begin to expire from 2027 onwards as planned, with different assets reaching the end of their support periods at various points through to 2037. Generators have known from the point of accreditation the period for which they would receive support, and that position has not changed.

This reflects the government's assessment that continued support would not represent value for money, given the relative cost of these assets and the extent of their contribution to the power system. NESO considers that the reduction in small-scale biomass capacity following RO expiry is small in system terms and is unlikely to give rise to unmanageable security of supply risks in central scenarios. The expected reduction in capacity is already reflected in wider electricity system planning and Capacity Market procurement assumptions. Any impact on security of supply will therefore be absorbed by existing market and operational frameworks.

Some small-scale biomass technologies provide environmental benefits, including by offering routes for the treatment or disposal of poultry litter. I am aware of some concerns that, in the event of site closures, excess litter may result in adverse impacts on water quality and the protection of our landscapes and farmlands. However, DEFRA has confirmed that there are well established guidance and regulatory frameworks for the management of these risks. There is also no evidence to suggest that an alternative route for safe and sustainable disposal would not be identified.

I understand that this may be a worrying time for some workers in the sector, as some operators may face commercial challenges when existing support ends. However, I am confident that this is the right approach for UK billpayers. Small-scale biomass generation is relatively high cost compared with other forms of electricity generation, and I do not consider that its power-system benefits are sufficient to justify further billpayer-funded intervention.

The government recognises the potential future value of some assets in providing negative emissions through investment in, and retrofitting of, carbon capture equipment. However, this potential is dependent on project-specific characteristics and must be considered alongside other factors such as impact on consumer bills and energy security. On balance, the government does not consider that this potential is sufficient, by itself, to justify introducing transitional support.

Some assets coming to the end of RO support may be valuable for other purposes and may be supported by specific schemes, such as biomethane capture. However, any such intervention would be bespoke and targeted to deliver its own objectives, and would therefore be distinct from a successor scheme for all small-scale biomass assets currently receiving RO support.

In short, I believe this is the right approach for the Government. It protects billpayers from further high-cost support, while allowing public resources to be focused on interventions that offer stronger value for money and clearer benefits for the energy system.

Best Wishes,

A handwritten signature in black ink, appearing to read 'Michael Shanks', followed by a period. The signature is fluid and cursive.

MICHAEL SHANKS MP
Minister of State for Energy