

On 15th of February you asked us to respond to your consultation paper on a freight specific charge for biomass.

The Bristol Port Company's response is as follows:-

- The government has a clearly stated objective to transfer freight from congested roads to rail. Heavy Goods vehicles do not pay an access charge to use the roads. Whilst HGV's pay an annual license fee this is not true of the many continental vehicles running on British roads. The imposition of yet another cost on rail freight will only serve to worsen the already unfair competition between road and rail. Likewise the government has been encouraging the conversion of existing generating stations from coal to biomass. The ORR proposals run directly counter to the government energy policies.
- The calculations done to determine the necessary level of ROCs largely ignored the necessary port and rail investment which have to be reflected in handling and inland freight charges to the generators. Any surcharge on the costs of rail freight with no mechanism to reflect these additional costs in the ROC regime can only make already marginal conversion decisions even less likely.
- Those ports and power stations who intend to invest in biomass facilities have already spent considerable time and money in design and in securing long lead plant. Any introduction of a freight specific charge can only introduce further delay as customers have to reassess their chosen supply routes.
- This additional charge on biomass, following a similar imposition on coal, will distort the generation market in favour of oil and gas and this should not be the role of the ORR. If the government wishes to change the fuel usage pattern in UK generation it has mechanism such as carbon tax, climate change levy and ROCs without the need to ally a distorting rail access charge.
- If, after your consultation, you still intend to apply a freight specific charge to biomass it is essential that the charge is applied on a simple tonnes carried basis. A kilometre/tonne basis would distort the market both in terms of the supply and generation markets.
- Handling of biomass in the major ports has a very high capital cost which, owing to the relatively short term availability of ROC support, must be amortised over an uneconomically short term. There is already concern over available port capacity and any increase in the cost of inland freight can only make port investment less likely thus increasing the shortage of capacity
- The ORR can only levy an increased charge if the " market can bear it". As the market for biomass generation already required support through ROCs this criterion clearly cannot be met.
- The investment in biomass generation is very considerable in Ports and rail as well as directly at the power stations. It is essential that certainty in costs can be secured if these investments are to be made. The concept of a freight specific charge to apply to biomass should be formally removed from the ORR agenda for at least the next two review periods.

For and on behalf of

The Bristol Port Company

Thomas M. Carmichael

Major Projects Director.