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Dear Joe



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## **CONSULTATION ON A FREIGHT SPECIFIC CHARGE FOR BIOMASS**

Thank you for the opportunity to respond to the above consultation launched in February 2013.

UKMPG represents the 9 leading port groups listed below which together handle some two thirds of the UK's international trade by volume. A number of our members' ports (eg Immingham, Bristol and Clydeport/Hunterston) currently handle coal traffic which is moved onwards by rail which may well in due course switch to biomass. So our members have a considerable interest in ORR proposals to introduce a freight specific charge for biomass.

We have one major overall point on the consultation proposals. It is essential that the pricing for rail movement of biomass is realistic and is not set at a level which could discourage a switch to biomass as part of the Government's overall policy to reduce carbon emissions. The price levels proposed in the consultation are significantly above those envisaged in the earlier ORR consultation of May 2012 and have not been factored into the recent RO banding review nor into the strike price setting for Contracts for Difference. Moreover the lower calorific value of biomass means that more biomass will need to be transported to produce the same amount of electricity as coal.

The cumulative effect of these factors is likely to be that some investors will be discouraged from investing in biomass which could increase pressure on the Government's renewable energy targets. Even where investment does take place it is possible that at least some of the biomass will be transported by road which would have adverse consequences for carbon reduction and congestion.

We agree that there is a need for early decision taking to give confidence to the market and suggest that this would best be done by a firm commitment not to introduce a freight specific charge for biomass at least until the next review period

Yours sincerely

A handwritten signature in black ink that reads "Richard Bird".

**RICHARD BIRD**  
**UKMPG Executive Director**

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