



## **Unite response to the ORR consultation on the freight specific charge for biomass.**

### **1 Introduction**

- 1.1 This response is submitted by Unite the Union, the UK's largest trade union with 1.5 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, transport, local government, education, health and not for profit sectors.
- 1.2 Unite represents a quarter of a million members in the various forms of transport making it the largest union in the transport sector. Unite is the fourth rail union with membership primarily in rail manufacture, engineering and rail freight. Unite also represents the interests of energy sector workers and 75,000 members in the road logistics industry.
- 1.3 In this response Unite intends to stress the importance of a comprehensive and sustainable transport policy encompassing all transport modes to cope with future demand and the urgent need to reduce carbon emissions.

### **2 Enquiry questions**

Q1. To what extent might higher access charges increase biomass road transport?

- 2.1 The extent to which the volume of biomass will migrate from rail to road haulage would be dependant upon the specific charges increase.

Q2. Should a biomass freight specific charge be calculated on the basis of avoidable costs as was done for the commodities on which caps have already been set?

- 2.2 Unite expressed its opposition to increased specific charges for each load type in its previous consultation response. The increased cost of coal movements has already led some to examine the use of a movement away from rail to road haulage which would result in considerable additional congestion. At the most, a lorry can move 25 tonnes of material

in a single journey. It would therefore take a fleet of 60 lorries to replace just one train service.

- 2.3 Unite is concerned that the movement of biomass by road will significantly increase the carbon footprint of this fuel which would, had it not been for its transport costs, be almost carbon neutral.

Q3. Should the charge be modified, for example to reflect calorific value or exempt small stations?

- 2.4 Unite is concerned that the ORR is straying from its core duties as the rail regulator into energy policy. Decisions over the cost of access should be on the basis of track and infrastructure wear, and power consumption, not a price based on what is being moved. To enforce these regulations fully every shipping container would need to be examined.

Q4. Should freight avoidable costs be allocated to biomass using the same methodology as that used for the other market segments to which a freight specific charge applies?

- 2.5 As stated previously, Unite does not agree that there should be a freight specific charge and, consequently, any methodology which will lead to an increase in the cost of freight movement.

Q5. Is the resulting cap on the freight specific charge, of £4.04 per kg<sub>tm</sub>, for biomass reasonable? How would such a charge affect existing biomass flows and development of future flows?

- 2.6 Unite does not wish to comment on what is and is not a commercially viable charge, only the potential effects of increasing the specific rate for biomass.

Q6. Should a freight specific charge for biomass be phased in? Would it be appropriate to apply the same phasing to a biomass freight specific charge as to the ESI coal freight specific charge?

- 2.7 As highlighted earlier, Unite is opposed to any increase in the cost of biomass logistics. If there is to be a change in the access charges, Unite does not believe phasing in the change would provide any benefits other than to prepare road haulage companies with the opportunity to set a price point beyond which they would be able to provide a cheaper alternative.

- 2.8 Causing the migration of loads from rail to road is a retrograde step in the battle against climate change and will lead to a significant increase in road congestion.

Q7. Should biomass be subject to a freight-only line charge, calculated on the same basis as for other market segments?

- 2.9 Unite does not wish to comment on what is and is not a commercially viable charge, only the potential effects of increasing the specific rate for biomass.

### **3 Conclusion**

- 3.1 Unite believes that the cost of fuel will determine the commercial viability of plans to keep power stations open. The cost of conversion from coal to biomass is substantial meaning that any additional cost could be the straw that breaks the camel's back.
- 3.2 Several of the UK's coal-fired plants are expected to close by 2016 because of the Large Combustion Plant Directive which regulates air quality emissions from coal plants, including sulphates, nitrates and dust. The plants deciding not to reduce emissions will close leaving a significant gap in the UK's power generation capacity. Given the size of the generation capacity that remains, the potential loss of even one additional power plant from the grid would be significant.
- 3.3 Under the circumstances, Unite believes that there needs to be a price set for biomass deliveries and hence track access charges, which are not commercially prohibitive or cause deliveries to be moved from rail to road.

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