

# Benchmarking of Voluntary Schemes and the Renewables Obligation Order

We have benchmarked a number of voluntary schemes against our criteria for audit quality<sup>1</sup> as well as the sustainability criteria set out in the Renewables Obligation Order 2009, the Renewables Obligation (Scotland) Order 2009, the Renewables Obligation Order (Northern Ireland) 2009 (“the Orders”) as well as the Renewable Energy Directive 2009/28/EC (“the RED”).

Our benchmarking originally aimed to assess whether operators could use existing voluntary schemes to demonstrate compliance with the specific legislative sustainability criteria. Our sustainability and audit criteria<sup>2</sup> and assessment approach is based on:

- these Orders;
- the Renewable Transport Fuels Obligation (RTFO); and
- an EC Communication that sets out audit requirements for voluntary schemes.<sup>3</sup>

When we originally benchmarked the schemes against the sustainability and audit criteria, no scheme met all of the requirements. We understand that this may be for several reasons:

- the benchmarked schemes were developed before the RED and the Orders came into force;
- the RED was designed for biofuel feedstocks, whereas these schemes were developed primarily to implement good forest management; and
- schemes sometimes operate within the context of national and provincial or state legislation, particularly North American schemes.

On this third point, we understand that the primary legislation itself in a third country may set robust requirements for the conservation of certain ecosystem types, such as high biodiversity areas, wetlands or peatlands. In such cases, the voluntary schemes therefore may not include particular criteria as it is already set out in the primary legislation and the primary legislation takes precedence over the voluntary schemes. It is important to note that compliance with all laws (and standards, manuals, programs and policies) is the basis for voluntary scheme certification in these countries. Our

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<sup>1</sup> See Assessment Protocol, *Renewables Obligation Sustainability Criteria for Solid and Gaseous Biomass for Generators* (greater than 50 kilowatts) <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=329&refer=Sustainability/Environment/RenewablObl/FuelledStations>, see appendix 3.

<sup>2</sup> Ibid.

<sup>3</sup> EC Communication from the Commission on the practical implementation of the EU biofuels and bioliquids sustainability scheme and on counting rules for biofuels (2010/C 160/02). (COM 2010/C 160/01): [see http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:160:0008:0016:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:160:0008:0016:EN:PDF).

benchmarking focuses on the principles and criteria covered by the schemes themselves, but, when sourcing biomass, operators may wish to take into account the national context for which a voluntary scheme was created.

Notably, some schemes did not cover areas specified in the RED (for example, they are silent on conversion of a wetland or peatland). This could be for the reason that they are not relevant in the respective environments for which the schemes are tailored.

During the public consultation period for the guidance, stakeholders submitted that they saw value in using the voluntary schemes benchmarked. They asked to see the benchmark results in order to understand how the schemes comply in order to continue to use and rely on them. For the purposes of publishing the benchmarking results in our guidance document for operators, we have been working closely with the schemes. Notably, one updated scheme now meets all of the criteria. The other seven schemes now partially comply with the sustainability criteria and all six forestry schemes fully comply with the audit quality criteria.

We encourage operators using these existing voluntary schemes to seek additional information from their feedstock suppliers to demonstrate full compliance with the criteria under the Orders. For wetlands and peatlands, the purchaser needs to secure proof from the supplier that applicable legislation and policy as well as the accompanying standards and programs of the particular province from which the biomass is being sourced, assure sustainability of wetlands and peatlands.

We recognise scheme owners may be updating their schemes based on our results and their own internal processes. We will attempt to update this text when we receive notice from the schemes of these changes.

Our aim in publishing the benchmarking results is to enable operators, where possible, to make practical and efficient use of these existing voluntary schemes. **Table 1** below provides an overview of the benchmark results to enable operators following their request to see how they can effectively use the schemes. A green box indicates that the scheme fully covers a criterion and a red box indicates that a criterion is not specifically covered by the scheme. A yellow box indicates partial compliance, and we have noted what an operator would need to do in addition to using the scheme.

Please note that these are only Ofgem's findings and not necessarily the opinion of the scheme owners. We have shared these findings with the scheme owners who have consented to us publishing this information.

**Table 1: Overview of benchmark results and key aspects that generators would need to check in addition to using the scheme**

Voluntary scheme name		ATFS	CSA	FSC	GreenGold Label	Natural England	PEFC	SFI	UKWAS**
Benchmarked version		ATFS (2010-2015 Standard)	CAN/CSA Z809-08	1996 (amended 2002)	GGL v2010.1	Energy Crop Scheme 2009	PEFC ST 1003:2010	SFI (2010-2014 Standard)	UKWAS (Second Edition, Nov 2008)
Benchmarked by/date		Ofgem (2012)	Ofgem (2012)	DfT/RFA (2009)	Ofgem (2012)	Ofgem (2012)	Ofgem (2012)	Ofgem (2012)	Ofgem (2012)
RED Article	Criteria								
<b>Land criteria</b>									
Article 17(3)(a)	Conservation of primary forest and other wooded land	No reference date	No reference date, Conversion permitted if "ecologically appropriate"			No reference date, No specific reference to primary forest (relies on protected areas)	Reference date of 31 Dec 2010, Conversion permitted under "justified circumstances"	No reference date	
Article 17(3)(b)	Conservation of protected areas	No reference date	No reference date	No reference date for non-wooded areas		No reference date	No reference date	No reference date	No reference date for non-wooded areas
Article 17(4)(a)	Conservation of wetlands *	No reference date, No specific reference to conversion of wetlands	No reference date, Criteria focus on water quality and quantity	Not covered		No reference date, No specific reference to wetlands (relies on protected areas)	No reference date	No reference date	No reference date, No specific reference to wetlands (relies on protected areas)
Article 17(4)(b)	Conservation of continuously forested areas	No reference date	No reference date			Not covered	No reference date	No reference date	No reference date
Article 17(4)(c)	Conservation of "10% to 30%" forested areas	No reference date	No reference date			Not covered	No reference date	No reference date	No reference date
Article 17(5)	Conservation of peatlands*	Not covered	Not covered	Not covered		Not covered	Not covered	Not covered	Not covered

Audit, certification and accreditation										
n/a	n/a					3rd party verification required Annual surveillance audits required				

\* We note that North American schemes work within the context of their legislative framework which may set robust requirements for the conservation of certain ecosystems, such as wetlands or peatlands.

\*\* We note that UKWAS 2<sup>nd</sup> edition (2008) was the version benchmarked. We understand UKWAS 3<sup>rd</sup> edition has been publically available since 1 December 2011.

As **Table 1** above sets out, we found that there were three main areas of the UK and European legislation where the schemes' criteria often do not match. These include: a specific reference date, information on conversion of wetlands to cultivate biomass and conversion or drainage of peatlands.

First, schemes often do not include a reference date of 1 January 2008 (or earlier) because many of the schemes were developed before the RED came into effect in 2009. In practice, the absence of a reference date may not be a risk for conversion in the short term. This is because any forestry feedstocks harvested today are likely to be from land which was already a forest in January 2008.

Our benchmark results show that few of the schemes specifically deal with conversion of wetlands or drainage of peatlands to cultivate biomass in the same way as the RED or the ROO. Stakeholders noted that conversion of a wetland or drainage of a peatland to plant a forest is not common practice. Therefore schemes do not always cover these issues.

Forest management requirements within a voluntary scheme apply to all forest types, including forested wetlands and forested peatlands. Therefore there is little risk that these areas will be converted if they are managed under a forest voluntary scheme.

Operators have to demonstrate that their biomass does not come from a former continuously forested area. However, neither the RED nor the ROO specifically prescribe how to demonstrate this if the feedstock that is being used is derived from the forest. Operators using forestry feedstocks should seek assurance that forestry management practices are being conducted in a way that ensures future productivity of the forest. Forest voluntary schemes are one way to do this.

In addition, if a biomass producer is certified to a voluntary scheme, it is likely to have sufficient paperwork and processes in place which would enable a UK-based generator to collect any additional information to satisfy whether or not that biomass meets any ROO sustainability criteria that the voluntary scheme does not directly cover.

**Table 2** below provides examples of what an operator would have to demonstrate for each of the main issues not addressed directly by the voluntary schemes.

**Table 2: Examples to demonstrate compliance**

Issue with voluntary scheme	What an operator has to demonstrate	Examples of how an operator could demonstrate compliance with ROO
No reference date (or reference date <u>after</u> 1 January 2008).	An operator has to demonstrate the status of the land from which the feedstock was harvested on 1 January 2008.	<ul style="list-style-type: none"> <li>• Operators should seek evidence, such as:               <ul style="list-style-type: none"> <li>○ proof of land status in January 2008, via aerial or satellite photos etc; or</li> <li>○ proof that the land has been continuously certified to a forestry voluntary scheme since January 2008 (or earlier).</li> </ul> </li> <li>• For forestry feedstocks, the land from which feedstock is harvested today is likely to have been a forest in January 2008, due to the growing time required for forests. However, operators will still need to provide additional information.</li> </ul>
Scheme does not cover conversion of wetland.	<p>An operator has to demonstrate that their biomass feedstock was not obtained from land that was wetland in January 2008.</p> <p>These provisions do not apply if the land has the same status today as it had in January 2008 (e.g. if feedstock is being harvested from a wetland, without damage to the wetland status).</p>	<ul style="list-style-type: none"> <li>• Operators should seek evidence such as:               <ul style="list-style-type: none"> <li>○ proof of land status in January 2008, via aerial or satellite photos etc; or</li> <li>○ check global database of wetlands<sup>4</sup> to see if there is a risk that their forest was in or near a wetland area.</li> </ul> </li> <li>• For forestry feedstocks, the land from which feedstock is harvested today is unlikely to have been a wetland in January 2008.</li> <li>• Forested wetlands managed under a forest voluntary scheme will have low risk of having been converted after January 2008, as they are subject to the same management criteria as other forested areas.</li> <li>• For non-forestry feedstocks being harvested from a wetland, operators would need to seek assurance that there is no damage to the wetland. This may require an onsite assessment by an expert.</li> </ul>
Scheme does not cover conversion of peatland.	<p>An operator has to demonstrate that their biomass feedstock was not obtained from land that was peatland in January 2008.</p> <p>An exception is possible if evidence is provided that the cultivation and harvesting of that feedstock does not involve drainage of previously undrained soil.</p>	<ul style="list-style-type: none"> <li>• Peatland is a property of the soil. Land could therefore feasibly be peatland and have a biomass feedstock (e.g. a forest) growing on it.</li> <li>• Operators should seek evidence such as:               <ul style="list-style-type: none"> <li>○ proof of land status in January 2008, via aerial or satellite photos etc; or</li> <li>○ check global database of peatlands to see if there is a risk that their forest was in or near a peatland area.</li> </ul> </li> <li>• For any feedstocks being harvested from a peatland area, operators would need to seek assurance that the peatland has not been drained compared to January 2008. This may</li> </ul>

<sup>4</sup> For further guidance on where to find global databases of wetlands or peatlands, see for example: Ecofys et al. (2011), report for the European Commission, "Inventory of data sources and methodologies to help Economic Operators identify land status: Relating to EU sustainability criteria for biofuels and bioliquids." Available from:

[http://ec.europa.eu/energy/renewables/biofuels/doc/2011\\_bsc\\_inventory\\_of\\_data\\_sources\\_and\\_methodologies.pdf](http://ec.europa.eu/energy/renewables/biofuels/doc/2011_bsc_inventory_of_data_sources_and_methodologies.pdf)

		<p>require an onsite assessment by an expert.</p> <ul style="list-style-type: none"><li>• Forested peatlands managed under a forest voluntary scheme will have low risk of having been converted after January 2008, as they are subject to the same management criteria as other forested areas.</li></ul>
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