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Rt Hon Edward Davey MP
Secretary of State for Energy and Climate Change
Department of Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

4th February 2013

To: Ed Davey, Secretary of State for Energy and Climate Change
CC: John Hayes, Minister of State for Energy

Dear Secretary of State,

RE: Renewable Obligation Certificate subsidies for bioliquid fuels, including palm oil.

I am writing to you on behalf of Down to Earth (DTE) in response to the Department for Energy and Climate Change's (DECC) recent proposals for electricity subsidies for renewable energy, under the Renewables Obligation.

DTE works with partners internationally to promote climate justice and sustainable livelihoods in Indonesia. Our concern is specifically related to the inclusion of a long-term guarantee of Renewable Obligation Certificates (ROCs) which will allow power stations to burn bioliquids, including palm oil.

The negative impacts of large-scale palm oil development on climate change, biodiversity and the people in producer countries, is well documented. The development of oil palm plantations is recognised as the main driver of deforestation and biodiversity loss in Indonesia. Several EU commissioned scientific studies into the carbon footprint of agrofuels show that the burning of palm oil as an agrofuel is worse for the climate than fossil fuels. The need for vast areas of land for agrofuels increases the risk of food crises and exacerbates land-grabbing conflicts across the world. Through its partners in Indonesia, DTE receives first-hand information regarding the devastating impacts on local communities and indigenous peoples whose land and livelihoods have been destroyed to accommodate the growing international demand for palm oil. A further incentive for palm oil production for foreign markets, in the form of subsidies for bioliquids, will significantly exacerbate these issues.

DTE argues that the two key safeguards to limit the impacts of increasing demand for bioliquids proposed by DECC, i.e. sustainability criteria and a cap on the volume of bioliquids eligible for subsidies, are grossly insufficient. Firstly, sustainability criteria as outlined in the RED, fail to address one of the most serious impacts of palm oil development – notably the impacts relating to significant human rights abuses. Robust social sustainability criteria are absent from the RED, despite reliable research by the Nuffield Council report (Biofuels : Ethical Issues- April 2011), which states that

agrofuel production breaches basic human rights when it “endangers local food security or displaces local populations from the land they depend on for their daily subsistence...”.

Secondly, the proposed cap on the volume of bioliquids eligible for the subsidies – up to 500,000 tonnes per year - is high enough to allow significant environmental and social impacts in producer countries. As palm oil is the cheapest bioliquid option available on the market, DTE believes this will become the primary feedstock for bioelectricity plants in the UK. Currently, Indonesia and Malaysia account for over 85% of global production of palm oil. As DECC’s proposal for subsidies does not allow the government to distinguish between the types of bioliquid feedstocks, the only way to stop the negative impacts associated with the further expansion of palm oil development in these countries is to exclude bioliquid fuels from ROC eligibility, entirely.

DTE supports the government’s effort to reduce the UK’s carbon emissions and to increase investment in energy from renewable sources. However, energy production which requires large amounts of land and other natural resources should not be incentivised through subsidies and must be reconsidered as an option for sustainable energy production.

As a member of the European Union, the UK has a responsibility to take the policy actions available to reduce its land and carbon footprint – and the devastating impacts which these incur on the environment and people in countries such as Indonesia. The DECC will shortly be putting a Statutory Instrument for amending the Renewables Order before Parliament under Affirmative Procedure. In light of the concerns presented to you here, DTE urges the UK government to follow the example of Germany, France and the Netherlands by revising the proposals to ensure financial support for electricity from bioliquids is not allowed in the Renewables Obligation, from April 2013.

I look forward to hearing your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Clare McVeigh', with a small flourish at the end.

Clare McVeigh
Down to Earth, International Campaign for Ecological Justice in Indonesia