

**EXPLANATORY MEMORANDUM TO THE
FINANCIAL ASSISTANCE FOR ENVIRONMENTAL PURPOSES ORDER 2005**

2005 No. 1805

1. This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The instrument gives the Secretary of State the power to make grant payments under the Bio-energy Infrastructure Scheme. The scheme aims to develop the use of biomass as a substitute for fossil fuels in the generation of heat and electricity, thereby reducing the emissions of carbon dioxide, a greenhouse gas.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Background

4.1 The instrument is being made under section 153(4) of the Environmental Protection Act 1990. This section enables the Secretary of State, by Order, to vary section 153(1) by “adding to or deleting from it any description of organisation, scheme, programme or international agreement whose purposes relate to the protection, improvement or better understanding of the environment.”.

4.2 The instrument varies section 153(1) of the 1990 Act by adding the Bio-energy Infrastructure Scheme to the list of schemes that the Secretary of State, with the consent of the Treasury, can give financial assistance to, or for the purposes of. The scheme is a UK-initiative and does not implement European legislation.

5. Extent

5.1 This instrument applies to England, Wales and Northern Ireland.

6. European Convention on Human Rights

6.1 The Lord Bach of Lutterworth, Parliamentary Under-Secretary of State (Sustainable Farming and Food), Department for Environment, Food and Rural Affairs, has made the following statement regarding Human Rights:

In my view the provisions of The Financial Assistance For Environmental Purposes Order 2005 are compatible with the Convention rights.

7. Policy background

7.1 Following the Kyoto climate change conference, the UK Government agreed to legally binding reductions in greenhouse gas emissions of 12.5% below 1990 levels by 2008-2012. The Government also has a domestic goal to reduce carbon dioxide emissions, one of the main greenhouse gases, by some 60% from current levels by around 2050, with significant progress by 2020. The Government has an aspiration to produce 20% of the UK's electricity from renewable sources by 2020.

7.2 One type of renewable energy is that provided from biomass sources such as purpose-grown energy crops and woodfuel arising from woodland management and sawmill residues. These energy sources are virtually carbon neutral over their life cycle and, when used instead of fossil fuels, they have the potential to make a significant contribution to reductions in emissions of carbon dioxide.

7.3 To help achieve the Government's commitments, the Prime Minister announced in March 2001 that an extra £100 million would be made available to support those renewable technologies identified by the Performance and Innovation Unit of the Cabinet Office in its work on the future of UK renewable energy. One of the Unit's recommendations was that £3.5 million should be allocated to develop the physical and market infrastructure for energy crops and woodfuel in the UK.

7.4 The Department for Environment, Food and Rural Affairs, in association with the devolved administrations and the Forestry Commission, consulted nearly 300 stakeholders across the UK on the detailed provisions of the proposed scheme. 58 responded and all but 2 supported the introduction of the scheme. The lowest approval rating for any of the individual aspects of the scheme's structure was 71%. In the light of the comments received, changes were made to: extend the application window; include additional types of woodfuel and grasses; and allow greater freedom for grant recipients to choose how to disseminate information about their project.

7.5 The finalised scheme, the Bio-energy Infrastructure Scheme, offers grant aid to farmers, foresters and businesses to help develop the supply chain required to harvest, store, process and supply biomass to heat and electricity end-users. Eligible biomass is short rotation coppice, miscanthus and other grasses, straw, and woodfuel from forestry, arboricultural tree management and primary processing. Grants are available for specialist machinery, storage and hard-standing, administrative set-up costs for producer groups, and training.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 There is no impact on the public sector.

9. Contact

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