

BSL Advisory Panel – Final Minutes

Meeting 14

Time and date	11:00 – 15:00, Wednesday 15 th April 2020
Venue	Conference Call
Date of Issue	Wednesday 29 th April 2020

1) Welcome and Housekeeping

The Chair welcomed the Panel Members. The BSL Administrator advised of the teleconference etiquette for the meeting and the Chair confirmed the agenda.

See Appendix A for attendees and apologies.

2) Approval of minutes

The BSL Administrator advised that comments on the Draft Minutes of Panel 13 had been received from the Chair, Ofgem and the Department for Business, Energy and Industrial Strategy (BEIS). Amendments provided had been implemented as version 1.1.

No further comments were received, and the minutes were approved as an accurate record of the meeting.

3) Review outstanding actions

The following updates were provided for the outstanding actions:

Ref	Action	Updates
10-04	The Chair to have a conversation with BEIS to see how the Panel can enable the delivery of value for money.	The ToR now includes the Budgetary Control Officer role, which will be appointed following Budget discussions between the BSL Administrator and BEIS. Action closed.
12-02	BSL Administrator to update the BSL Land Criteria guidance document to include changes to the GFR, noting the changes to the criteria for fuel sourced from countries that increased in risk (once approved by BEIS).	An update is yet to be received. BEIS will request an update from DEFRA and report back to the BSL Administrator.

13-01	Ofgem to meet with the BSL Administrator to discuss the BSL audit referral results.	A meeting has been scheduled for 26/05/20 to discuss this. Ofgem will advise if this date needs to be moved, should the audits not be complete by this time due to activities focused around the COVID-19 response.
13-05	The Panel to circulate the New BSL Structure strawman to industry contacts for comments, with a caveat that this is subject to minister's approval.	One Panel Member shared the new BSL Structure strawman with the REA and will provide an update to the Panel when feedback is received.

4) COVID-19: impact on fuel demand, cost and quality

The Chair commented on the value of the survey and thanked Panel Members for providing their feedback on the impacts being seen, and anticipated, of the COVID-19 (Coronavirus) outbreak on biomass demand and supply chains.

The BSL Administrator presented the results displayed in the initial export of the survey responses (BSL_Panel_14_04 Biomass Supply Chain – Impact due to COVID19 – Appendix 2). The Panel agreed it would be valuable to understand the written text and reasons provided within the survey responses, in addition to the figures. The BSL Administrator agreed to investigate the results (particularly for the numerous questions which had been 'skipped') and to conduct a detailed analysis of the responses to provide to the Panel, BEIS and relevant industry bodies.

The BSL Administrator advised that the summarised responses would be used to create a new survey, which would be circulated in May 2020.

Panel Action 14-01	BSL Administrator to produce a report containing a detailed summary of the first responses from the COVID-19 survey and circulate this to Panel Members, BEIS and relevant industry bodies.
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Panel Members agreed there had been evidence of customers panic buying woodfuel in the first week of UK lockdown. One Panel Member noted the Key Worker status had been an issue, with some workers delivering biomass being stopped by the Police, despite carrying a confirmation letter stating they were Key Workers. It was commented that the decision to continue delivery sits with each company.

Panel Members agreed that the survey responses received aligned with their individual analysis of the impacts of COVID-19 observed so far. Specifically, it appears there has been a small impact on supply chains, however not yet substantial. The Ofgem representative commented that the Regulator has received a similar response through its phonelines where there have been feedstock concerns, however

of no great volume. One Panel Member commented the results would be different if the situation was being experienced later in the year, moving into the Winter period.

One Panel Member noted he is updating the Department for Environment, Food and Rural Affairs (DEFRA) on a weekly basis and it was agreed for the detailed results of the survey to be included in these conversations, as the aim is for them to be shared with the Government and relevant industry bodies.

The Panel discussed whether there has been evidence of diminishing fuel quality and price, and if this should be included as a survey question.

Panel Action 14-02	Panel Members to send additional questions to be included in the COVID-19 survey to the BSL Administrator.
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The BSL Administrator summarised the feedback provided by Panel Members in advance of the meeting (BSL_Panel_14_04 Biomass Supply Chain – Impact due to COVID19 v1.1).

One Panel Member noted that there will not be an increase in timber supply as closed plants and reduced workforces mean limited generators remain open. It was commented that the number of sawmills open has also decreased, with those open doing so in shifts, meaning supply is likely to be reduced. One Panel Member added that its organisation has seen a decline in recycled timber and is working with stock it has brought forward. Whilst timber prices have stayed relatively stable, the organisation is purchasing more timber in the place of recycled wood.

Regarding waste wood, one Panel Member commented that there is expected to be a shortage in upcoming weeks, due to diminishing supply of waste wood from reduced construction taking place. It was advised that DEFRA issued a waste priority index the previous week, and the Renewable Energy Association (REA) is discussing with BEIS and Ofgem around actions to be taken.

The Chair highlighted problems around the inflexibility of the furlough scheme. Specifically, companies are placing engineers on furlough, however experiencing the continued workforce becoming unwell and being unable to end the furlough period for those on the scheme. This significantly impacts the workforce.

One Panel Member commented that the overall impact currently being observed appears to vary across the UK, depending on location and to whom companies are supplying. One Panel Member commented that overseas sawmills have been closing, and there is raised concern regarding the European supply chain. One Panel Member noted that prior to COVID-19 there were already concerns around 2021 supply due to permafrost.

It was concluded that the initial survey responses display that the impact of COVID-19 on biomass supply and demand has not been as negative as initially anticipated. However, it is important to continue monitoring the situation and to consider the impact on the BSL (with there likely to be reduced income from fewer applications) as well as individual suppliers.

5) BEIS update

BEIS reminded Panel Members that both the Domestic Renewable Heat Incentive (RHI) and Non-Domestic RHI Tariff Guarantee will be extended for one year. Other decisions remain in consideration in the lead up to the Post-RHI consultation, including definitions of waste wood and maintenance standards. A workshop on the introduction of the maintenance standard took place in early April and another one is scheduled for later in the month. It was advised that BEIS intends to include the work conducted by the BSL Panel on fuel quality standard in the consultation.

BEIS advised that its current activities are focused on responding to COVID-19 and that feedback from the BSL survey is valuable and will be provided to the Minister.

Regarding Novation, it was advised that it may be too late to complete this before the middle of 2021 when the existing contract with Gemserv terminates. It is likely BEIS activity will move quicker during Summer 2020 when decisions will be made.

In terms of incorporating the fuel quality standard and maintenance standard into the contract, BEIS will work with Ofgem and the BSL Panel to ensure changes to legislation are suitable and auditable in the long term. BEIS confirmed that the maintenance standard covers both domestic and non-domestic boilers.

The Chair commented that the contract between BEIS and the BSL Administrator will need to be considered in advance of the middle of 2021, irrespective of Novation. BEIS commented that lawyers are looking into what the new contract may involve.

The Chair noted that the Panel Members are keen to advise BEIS in such matters, however there are only a few meetings before the contract renewal. BEIS agreed it would be useful to receive the views of the Panel. The Chair suggested sharing the terms and structure of the existing contract with the Panel for information.

Panel Action 14-03	BEIS to consider sharing information about the existing contract between BEIS and Gemserv to the BSL Administrator, to be provided to Panel Members.
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Panel Action 14-04	BSL Panel to consider the future of BSL services post-June 2021 to be fed into a discussion paper for BEIS.
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6) Ofgem update

It was advised that Ofgem activity over the past month had been centred around COVID-19, including managing queries across the RHI, Feed-in-Tariff and Renewables Obligation schemes. Ofgem has supported BEIS in passing emergency Feed-in-Tariff legislation and has been developing responses to

participants including to those enquiring about annual sustainability audit reports. A current key issue is how to support the data submissions when employees cannot attend site and take meter readings. Further guidance will be provided on this in due course.

It was advised that Ofgem has enacted its Business Continuity Protocol and is prioritising activities such as payments to help maximise industry participants' cash flow. The next payment run for NDRHI will be the largest ever payment, with 7,200 payments issued to help numerous businesses. Ofgem noted that its work to support the industry includes liaising with BEIS and providing consultation responses. Additionally, Ofgem is scheduled to speak at a REA webinar on 23rd April 2020 and at a Anaerobic Digestion and Bioresources Association conference on 30th April 2020 to provide updates on Ofgem's response.

7) BSL Administrator update

The BSL Administrator provided a summary of BSL activity to-date. For the helpdesk queries graph, the Chair commented it would be valuable for the trend line to be provided for the past year rather than since the scheme became self-financed. The BSL Administrator agreed this would be included in the report presented at the next Panel Meeting.

The Panel was advised that, since 2017, 2,895 applications have been submitted. The 'Producer' application type contributes the smallest number and applicants are encouraged to submit a 'Producer-Trader' application instead, as this is more flexible and covers more scenarios. It was suggested it could be valuable to withdraw the 'Producer' application option.

The BSL Administrator advised that the total number of authorised applications on the scheme (BSL_Panel_14_07 BSL Administrator update v1.1 – Figure 4) fell significantly in November 2019 due to the completion of a data cleanse and the subsequent removal of BSL suppliers who had not paid their fees. It was confirmed that the increase in Trader applications seen from November 2017 was due to a pellet shortage from permafrost.

The Panel was informed that the finances will be discussed with the relevant Panel Member in his role as Budgetary Control Officer following Budget conversations between the BSL Administrator and BEIS. It was noted it would not be suitable to increase fees at this time.

The quarterly reporting figures (Figure 5) were presented and it was agreed it would be helpful to see Self-Supplier tonnage figures. One Panel Member advised that Ofgem has looked into comparing the tonnage of fuel for RHI with the mega-watts being claimed for; however, installations and companies can use multiple BSL numbers. The BSL Administrator agreed to add the raw tonnage data provided by Self-Suppliers in their applications to the Administrator Update report, as these suppliers do not complete quarterly reporting.

Panel Action 14-05	BSL Administrator to update the Administrator Update report going forward to provide a trend line for helpdesk queries for the past year, and to provide tonnage figures for Self-Suppliers.
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Regarding audits and compliance (Figure 6), one Panel Member suggested the risk-based/random selection approach should be adjusted to draw the focus away from Self-Suppliers as their non-compliance numbers are low. Instead, more audits could be conducted for those suppliers more likely to produce non-compliances.

It was advised that the split between the risk-based and random selection approaches has recently been adjusted to 75% and 25% respectively. One Panel Member commented that Woodsure conducts around seven Self-Supplier and 16 Commercial audits per month.

It was queried whether the data confirming that '19.4% of 3,101 self-suppliers' have been audited is correct. The BSL Administrator agreed to review this and update the Panel.

Panel Action 14-06	BSL Administrator to review the audit numbers of self-suppliers and provide an update to Panel Members.
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8) BSL Traders issues

The BSL Administrator explained the two overarching issues being experienced by Traders, as detailed in the Traders Issues presentation. The first is that there is a single movement of fuel without going to a depot, where Trader A completes delivery for AA and AB. The distance to the customer is already covered by A. The second issue is where a Broker does not have a depot, and for each broker they need to have multiple BSL numbers, although they do not have a depot. This is anti-competitive.

The BSL Administrator presented Woodsure's potential solutions and advised that clear rules and guidance are required.

One Panel Member questioned how the BSL could be changed to work more effectively to prevent these issues and considered whether these changes could be incorporated into a revised scheme. It was suggested it could be valuable to implement each company having only one BSL number. Additionally, retrospective applications could be allowed.

Panel Members discussed the notion of minor versus major infringement addressed previously with Head of RHI at the Panel meeting held in July 2018. BEIS advised that a breach would be regarded by the National Audit Office as major regardless of scale, and that another solution will need to be implemented if these Trader issues produce unplanned Government expenditure. One Panel Member confirmed that none of these issues have caused an increase in RHI payments.

The Panel considered a revised BSL scheme to address these issues, including suppliers having only one BSL number and the portal being easier to use. The BSL Administrator commented that a user having only one BSL number would mean there is less visibility on which fuels are being circulated in the industry. It was suggested it could be valuable to review the fees paid by suppliers, so that the Budget is more certain.

It was agreed for BEIS to consider the definition and actioning of non-compliances within the BSL and confirm if any changes are to be made around minor/major non-compliances.

Panel Action 14-07	BEIS to confirm if there will be any changes to the scheme in terms of non-compliances.
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9) Waste Wood feedback (Part B – Permit Clarification)

It was advised that comments had been received from three Panel Members on the Environment Agency (EA) update to the Waste Wood Part B clarification document. The BSL Administrator and relevant Panel Members explained their comments.

Regarding the reference to ‘panel board’ within waste code 03 01 05, one Panel Member agreed to check if the waste code definition 03 01 05 can be changed.

The Chair commented that clean waste wood can only be monitored by the Environmental Health Officer (EHO) when it was produced on site. It was suggested for the document to be amended to only include clean waste wood from pre-processing, and for any variations to be applied by the EHO within the Part B permits.

Subject to the confirmation from one Panel Member, the Panel agreed with the comments and for the BSL Administrator to provide these to the EA.

The BSL Administrator advised that action 12-03, for Waste Wood guidance to be produced, is on hold until feedback has been received from BEIS regarding the post-RHI consultation.

Panel Action 14-08	Panel Member to confirm to the BSL Administrator whether definitions of waste code can be changed in the EA Waste Wood Part B Permit guidance for the BSL.
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Panel Action 14-09	BSL Administrator to send the comments on the Waste Wood Part B Permit Clarification document to the EA.
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10) Updates to RBRA

The BSL Administrator advised that updates had been made to the UK Risk-Based Regional Assessment (RBRA) template, including corrections and formatting alignments. BEIS had asked for the Panel to review these changes.

Comments on the revised template had been received from one Panel Member. Panel Member explained his comments and raised concerns that the template no longer fulfils its original purpose. The BSL Administrator agreed that the 'Evidence provided' column within Section 5 includes some unsuitable examples.

The Panel agreed for the BSL Administrator to make the changes to the updated RBRA template as provided by Panel Member, before sharing with Panel Members for agreement. The document can then be provided to BEIS for approval, before being issued.

Panel Action 14-10	BSL Administrator to make the agreed changes to the updated RBRA template and share with relevant Panel Members for agreement before sending to BEIS for approval and issuing the document.
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11) AOB

The Chair invited any other business. There were no further items and the Chair thanked Panel Members and closed the meeting.

The next meeting of the Panel will be held on 15th July 2020.