

WOOD PANEL INDUSTRY FEDERATION

WRITTEN SUBMISSION

Low Carbon Scotland: Meeting our Emissions Reduction Targets 2013 - 2027

The Wood Panel Industry

The Wood Panel Industries Federation (WPIF) represents all UK manufacturers of wood-based panels; the industry is the second largest processor of UK-sourced wood, annually consuming some 4.5m tonnes. There are six manufacturing sites across the UK, including three in Scotland (based in Inverness, Cowie and Barony), and the industry has a combined annual turnover of over £550m, directly employing approximately 2200 people. Taking account of related businesses upstream and downstream, there are approximately 7900 FTE jobs dependent upon the wood panel industry. These are mostly based in rural areas, therefore providing a vital source of employment in areas where job provision is often limited.

Reducing energy demand and emissions

The wood panel industry is an energy intensive industry but has made significant efforts to reduce its energy demand and emissions in line with Scottish and UK-wide reduction targets. This is a green industry which uses FCS certified small roundwood, sawmill residues, recycled wood and sawdust to make its products. These are wood types that previously had no viable alternative use but the industry has evolved the technology to reengineer these previously unused sources into its products thus enhancing the valuable carbon sequestration properties they possess.

Renewable energy – electricity and the promotion of the use of heat from renewable sources

The WPIF welcomes the Scottish Government's statement in the report that biomass 'should be used in the most efficient and beneficial applications at a scale that is appropriate to make the best use of finite bioenergy sources i.e. heat-only or CHP applications'. The industry is also pleased by the Scottish Government's recognition of the finite nature of woody biomass feedstocks and the need to take into account the needs of existing wood users in biomass policy. The WPIF welcomes the Scottish Government's plan to cap support for dedicated biomass at 15MW and, although the industry would have preferred a 10MW cap, we remain supportive of the Government's position. The WPIF also supports the Scottish Government's policy to promote the use of biomass plants for heat or CHP as opposed to electricity generation. This is a far more efficient use of the finite woody biomass resource, although we would like to see the Scottish Government go further and only support the most efficient CHP (c.75% efficiency) rather than the 35% efficiency which is currently subsidised.

Although the Scottish Government's position on biomass is positive the WPIF remains concerned about the impact of the demand from biomass plants in the rest of the UK for Scottish wood. Energy generators in England and Wales will still receive a subsidy to burn wood in large-scale electricity plants, and there are currently no restrictions to prevent them from purchasing this wood from Scottish

forests. Given the significant price differential between imported and UK-sourced wood, energy generators will target domestic sources to keep their costs to a minimum. This could have a serious impact on the wood panel and other forestry industries in Scotland, despite restrictions on biomass in Scotland.

The WPIF would also welcome a review of the blend of support for biomass conversions and co-firing. The WPIF welcomed the Scottish Government's previous announcement that it would consider how planning regulations can be used to restrict the development of large-scale conversions and co-firing. The speed at which these plants can come on stream and the amount of wood they would require is very concerning to the wood panel industry. The WPIF supports efforts to restrict this level of development and this should be included in RPP2.

The wood panel industry is the largest industrial generator of renewable heat in the UK and therefore makes a significant contribution to Scotland's renewable heat targets. Around 55% of the industry's heat demand is satisfied by its own renewable process-derived fuel. An independent analysis conducted by SKM Enviros on behalf of the wood panel industry established that three Scottish panel mills generated 714,097MWh in 2008. The industry works hard to produce this heat in line with the Waste Hierarchy which shows that the most sustainable way to use wood is to burn it only at the end of its useable life. Processing wood first allows its carbon sequestration properties to be maximised.

Fuel prices

The report states that 'Wood fuel use for energy production has more than tripled in the last five years.' This significant increase in wood use for energy generation has been of considerable concern to the wood panel industry. It is therefore positive that the Scottish Government has recognised this increase, but in order to maintain the wood panel industry in Scotland more must be done to mitigate the impact of rising wood prices on existing wood users. Although the subsidy levels for energy generators to purchase wood to burn for electricity have been reduced it is important to remember that wood travels over borders. As a result high English biomass subsidies remain a threat to Scottish wood fuel prices and availability and action to address this should be considered by the Scottish Government.

Climate change governance and energy efficiency in housing

As RPP2 states the Forestry Commission Scotland (FCS) has been working on increasing the timber used in construction and refurbishment since RPP1 and 'The Committee on Climate Change has identified timber in construction as a cost effective carbon abatement technology and in its Bioenergy Review it published a carbon hierarchy which placed timber in construction at the top of that hierarchy.' Using wood in construction is a far more sustainable and environmentally friendly use of this finite resource than burning it for energy generation and the WPIF welcomes the Scottish Government's recognition of the importance of wood as a construction product.

The WPIF supports the work being done by FCS, Scottish Enterprise, Edinburgh Napier University and a range of SMEs on a Wood Products Innovation Gateway research programme to develop and commercialise wood products, processes and

systems in order to exploit the market opportunities of wood as a low energy building material, for example 'exploring the potential for manufacturing cross-laminated timber panels using Scottish soft wood.' This is further positive recognition of the benefits of using wood in construction and the WPIF supports these research efforts.

Land use and resource use

The WPIF also welcomes RPP2's new woodland creation target of 100,000 hectares of new woodland by 2022 and the benefit this will have in terms of utilising the important carbon sequestration properties of forests. Woodland creation is very important to the wood panel industry as well as the wider forestry sector, particularly in light of the current competition for domestic wood from the energy sector.

It is also positive that the report highlights ongoing research to improve the accuracy of the Greenhouse Gas Emissions Inventory in estimating emissions from land use. This should also take into account emissions from Land Use Change and Forestry. The European Commission is already looking at this and the need to include the carbon stock in harvested wood products when calculating emissions; this is something that the Scottish Government should also consider.

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