We are a Scottish Enterprise and industry supported initiative, which aims to grow and promote the sector.

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Roots for Future Growth

• A strategy for Scotland’s Forest and Timber Industries 2011 - 2014

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March 2011- the RHI was finally announced…………..

“The RHI scheme is the first of its kind in the world. It will provide long term support for renewable heat technologies, from ground-source heat pumps to wood-chip boilers” (= end of grants)

20 year indexed linked payments

To the owner for schemes installed after July 2009 (grants paid back)

Paid quarterly by Ofgem from July 2011

Payments based on metered heat outputs

Tariff related to boiler size (1314hrs x capacity) and run hours for rest
Timetable as we know it:

Detailed Regulations laid before Parliament on Monday 20th June

Ofgem will publish the guidance ‘later this week’

Debate in Parliament in July

Scheme starts in September
RHI- Tariffs and fuel costs in £/MWh – Forecast 2012: Public sector
Existing wood fired heat installations in England and Scotland – (2010 figures)

Number of Installations

- North West
- North East
- Yorkshire and the Humber
- East Midlands
- East of England
- South East
- London
- South West
- West Midlands
- Scotland
How much wood does RHI need?

Demand – 2020
The RHI suggests a third to a half of the RES heat is wood by 2020

• Target is 68TWhs of RES a year/current RES is 10TWhs
• So an extra 58TWhs needed by 2020

Based on this we can INFER **RHI needs 7.72 to 11.6 million tonnes by 2020**

UK wood use in all existing non energy markets will be 15 million tonnes

UK wood for renewable electricity -7.72 million tonnes if UK RES policies are achieved

Supply - 2020
UK wood supply c20 million tonnes (demand 10 to 14 million tonnes imports?)
How much wood will RHI use?

Assume 7.7 million tonnes pa by 2020 (low end of policy)

Requires 9,177MW installed by 2020

Requires 1,147MW a year

Means annually to 2020:

£764 million capital spend -for 8 consecutive years

3400 schemes (at 333KW) built -for 8 consecutive years

(total schemes 3,249 so far!)
Conclusions

• 5 to 8 year paybacks – limited scope for higher wood prices in that period

• Rapid ‘policy and RHI driven growth’ constrained by sector capacity – supply and demand ok till 2020?

• By 2020 users with boilers that have paid back their capital will have big scope to pay more for wood

• In the meantime many, many more suppliers in a competitive sector may hold prices?