

**OAKESHOTT MOTION BRIEFING: RATIONALE FOR OPPOSING CHANGES TO THE RENEWABLE ENERGY (ELECTRICITY) AMENDMENT REGULATIONS 2011 (NO.5) WHICH WOULD INCLUDE USING NATIVE FORESTS IN WOOD FIRED ELECTRICITY GENERATORS**

1. If Mr Oakeshott's motion succeeds it will open the door to subsidies for burning native forest wood for electricity generation<sup>1</sup>, starting with one project which has already been rejected as "Green Power" by the Australian Competition and Consumer Commission and all major NSW electricity retailers.<sup>2</sup>
2. As "renewable" electricity, eligible for a limited number of Renewable Energy Certificates (RECs), woodchip power would be competing against genuine renewables such as solar, wind and tidal power. This is because under Australia's 'capped' scheme, there is a ceiling on the total amount of renewable energy to be included in the scheme.
3. Woodchip power is greenhouse gas intensive and wasteful. If the whole life cycle of the fuel is taken into account, including the CO2 emissions from the logging, it generates many more times the GHG emissions of coal fired power. Further, 75% of the heat produced goes up the chimney and is not used.
4. This is not about "waste." The motion is based on a misunderstanding that only "waste" will be used, but does not take into account the fact that without the ongoing woodchipping of millions of tonnes of native forest

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<sup>1</sup> The former regulation would again apply. In essence, it is:

***Native forest wood waste***

29. Paragraph 8 (1) (e) stipulates that biomass from a native forest must meet all of the requirements in subregulation 8 (2) to be eligible.

30. Paragraph 8(2)(a) clarifies that where the wood waste is sourced from a native forest, the biomass used for energy production, if it is to be eligible under the Act, must be sourced from a harvesting operation for which the primary purpose of the harvesting was not to source biomass for energy production.

31. Subparagraph 8(2)(b)(i) clarifies that the wastes must be a by-product from a harvesting operation where the primary purpose of the harvesting is a high value process. High value processes producing high value products from native forests are defined in subregulation 8(4) as sawlogs, veneer, poles, piles, girders, wood for carpentry or craft uses or oil products. Subregulation 8(4) also contains a definition of ecologically sustainable forestry management (ESFM) principles. This definition has been changed to reflect the definition in the National Forest Policy Statement 1992.

32. To meet the high value test, the person claiming renewable energy certificates in respect of native forest biomass must be able to demonstrate that the harvesting produced higher rates of financial return from the high value products than for products not defined as high value products, as required by subregulation 8(4). That is, 51% of the revenue from the products of the harvesting operation must be gained from the specified high value products in order for the wastes to be eligible.

[http://www.austlii.edu.au/au/legis/cth/num\\_reg\\_es/rear20073n336o2007582.html](http://www.austlii.edu.au/au/legis/cth/num_reg_es/rear20073n336o2007582.html)

<sup>2</sup> Proposed Wood fired power station at the Nippon Paper owned Eden woodchip mill, currently seeking approval from the NSW Department of Planning.

each year, there would be no “waste.” Using the example of Eden, it would require the woodchipping of approximately one million tonnes of native forest trees each year to generate just 5.5MW of electricity.

The woodchipping industry was founded upon the myth that it would use “waste.” In the Eden Region now, 95% of the wood removed from State Forests is officially “waste” and ends up at the Eden woodchip mill, now owned by Japan’s biggest paper manufacturer, the Nippon Paper Group. In the Eden region trees are felled solely for woodchipping and a living, growing tree, standing in the forest can be classified as “waste.”

5. Virtually all woodchipping mill residues are already used in ways which are far more climate friendly than burning, producing income for the mill and helping sequester carbon in the soil. It is simply wrong to say that all this material is currently disposed of by incinerating for no useful purpose.
6. Mr Oakeshott's rationale (in part, at least), is that electricity will be generated only from the:  
*the five per cent of a pulplog or the 15 per cent of a saw-log that currently is burnt on the ground, is left to rot on the forest floor, is buried or becomes a bushfire risk*

It is currently illegal in NSW to burn logging residue for electricity generation and the industry has stated that it does not want this changed. It says it would be too expensive to collect this material from the forest floor anyway. It is also essential to retain logging debris in the forest in the interests of ensuring the future fertility of the soil for the regrowth forest.

7. There are many planned projects around Australia poised to take advantage of RECs subsidies if Mr Oakeshott’s motion succeeds. They are not viable without this subsidy. This would mean that electricity consumers will be unwittingly subsidising the ongoing destruction of Australia’s native forests. They would be paying higher prices for electricity in order to help breath new life into an industry that has had its day. The paper industry market place has already decided that, by and large it does not want native forest woodchips.
8. The few safeguards in the old law, to be restored if Mr Oakeshott’s motion succeeds, are unworkable, especially where underpriced woodchips are the primary industrial product from native forests.

The *high value test* (see footnote 1) will have little if any impact, especially since the NSW State Government responded to its Auditor General’s revelation of losses on native forest logging losses which have actually now gone up to almost \$15 million a year by increasing royalties of sawlogs only, but NOT increasing the price of pulp logs destined for woodchipping.

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