

Response to the UK Department of Energy & Climate Change consultation on Implementing the Emissions Performance Standard¹

Sandbag supports the implementation of current Emissions Performance Standard (EPS) level, setting an equivalent 450gCO₂/kWh limit for new fossil fuel plants. But we believe there are some minor clarifications and improvements that enable the EPS to work more smoothly in future as the level of the EPS evolves.

Particularly important is the inclusion of plants making substantial upgrades for life extension, including the fitting of scrubbers to comply with the EU Industrial Emissions Directive. The regulations currently only include upgrading plants if they fit supercritical technology or replace an existing main boiler.

Penalties

If the EPS is exceeded, the regulator is unable to penalise operators via reduced emissions limit for subsequent years. This is mentioned in primary legislation (the Energy Act 2013) but the only penalties currently proposed in regulations are financial, related to profits from additional electricity produced. Sandbag has previously identified problems regarding the UK's EU ETS penalty scheme,² namely in allowing the regulator discretion over the enforcement of penalties. These problems continue to be apparent in EPS regulation. This can be partially mitigated by guaranteeing transparency of all discretionary decisions, as well as timely transparency over the enforcement of penalties.

Clarifications

The regulations are unclear in how they apply to plant that doesn't export to grid, emissions from associated plant beyond just combustion (e.g. coal pulverisation), and how the EPS might be applied

¹ *Implementing the Emissions Performance Standard (Sept 2014) DECC consultation document*
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/357217/implementing_emissions_performance_standard.pdf

² *Update: Some questions answered in new guidelines on reductions to penalties in UK ETS regulation (July 2014) Sandbag*
<http://www.sandbag.org.uk/blog/2014/jul/1/some-questions-answered-new-guidelines-reductions-/>

About Sandbag

Sandbag is a UK-based not-for-profit thinktank conducting research and campaigning for environmentally effective climate policies.

Our research focus includes reform of the EU Emissions Trading Scheme, the EU 2020 and 2030 climate & energy packages, and the persistence of old coal in Europe. The International Centre for Climate Governance ranks us in the top twenty global climate thinktanks.

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to any plant that is commissioned or operational prior to a Carbon Capture & Storage (CCS) chain becoming operational. In the event of a decarbonisation target range being introduced in 2016, the regulations need to clarify how the EPS review would be conducted.

The regulations currently apply only to emissions produced directly as a result of the use of fossil fuel for the production of electricity. As such, monitoring of emissions for the EU ETS will be more inclusive (covering, for instance, combustion to produce heating directly, or maintenance activities). For simplicity and reduction of regulatory burden, the EPS coverage should be extended to cover all fossil fuel combustion at a plant.

The definition of plants seeking life extensions as currently laid out in the primary legislation and in the draft regulations will have the perverse effect of enabling coal plant to continue operating at very high load factors with low efficiencies for many years whilst deterring upgrading to more efficient supercritical technology. The fitting of non-CO2 abatement technology reduces carbon efficiency and this outcome is precisely when a backstop power such as the EPS is needed. In the event of a upgrading to supercritical, carbon intensity improves and an EPS is not as necessary. We strongly believe the EPS should be extended to apply to all existing coal plant seeking life extensions thought the fitting of emissions abatement technology. The EPS must act as a backstop to ensure old coal is constrained from baseloading at very low efficiency levels, in the likely event that the Carbon Floor Price and EU Emissions Trading Scheme fail to provide significant enough incentive to achieve this. The Government should take advantage of the legislative opportunity provided by the Infrastructure Bill to amend the primary legislation and the regulations.

The Future

As low-carbon gas and biomass Combined Heat & Power options come forward in future, the EPS may need adjusting to cover them. Emission assumptions for Good Quality Combined Heat and Power Plants (GQCHP) are currently based on comparison of avoided emissions versus stand-alone heat production using just gas.

As debated during the passage of the Energy Act 2013, grandfathering of the EPS to 2044 is likely to be incompatible with the meeting of a decarbonisation target on the power sector in 2030 and the trajectory of UK emissions past 2030. This will need to be revisited during the five yearly review.

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