

The outlook for biomass co-firing in the Netherlands

The results of the autumn round of the SDE+ 2016 Dutch renewable auction have been released. Four biomass co-firing projects secured subsidies in the two 2016 rounds, bringing the future of Dutch biomass co-firing into focus.

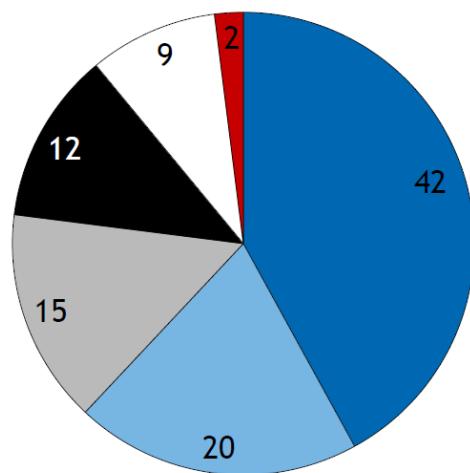
The Netherlands' energy agreement specifies 25PJ of biomass co-firing capacity is required to meet its 2020 clean energy targets. Co-firing projects with 24.8PJ total capacity received subsidies in the two 2016 SDE+ rounds.

RWE's Amer 9 and Eemshaven

- RWE secured subsidies in the two 2016 SDE+ rounds to co-fire 80pc biomass at its Amer 9 unit for eight years*.
- So far, RWE confirmed it will move ahead with co-firing plans at Amer 9. RWE will co-fire over 50pc biomass at Amer 9 this year and move to 80pc by 2020, it said. Amer 9 previously co-fired under the old subsidy scheme.
- Amer 9 will use about 1.1mn t/yr of wood pellets to co-fire 50pc and 1.8mn t/yr to co-fire 80pc, assuming energy efficiency of 39pc, Argus estimates.
- RWE also secured subsidies in the autumn 2016 SDE+ round to co-fire 15pc at its Eemshaven coal-fired plant, but is yet to give a timeline on when co-firing will begin. One unit co-firing 15pc would require around 380,000 t/yr, assuming 46pc efficiency, Argus estimates.

*all biomass co-firing subsidies are for eight years

Allocation of autumn 2016 SDE+ round budget %



Uniper's MPP3

- Uniper secured subsidies in the autumn 2016 SDE+ round to co-fire up to 15pc biomass at its 1.1GW MPP3 unit in Rotterdam. This would require around 530,000 t/yr of wood pellets, assuming 46pc efficiency, Argus estimates.

Engie's Rotterdam

- Engie was awarded under €300mn for co-firing at its Rotterdam coal plant in the spring 2016 SDE+ round, but was unsuccessful in the autumn round.
- Engie will now make a business case and then decide whether to move forward with its co-firing plans, it said.

Company	Coal-fired power plant	Funding in spring 2016 SDE+ round	Funding in autumn 2016 SDE+ round
Engie Electrabel	Rotterdam	€296mn	None
Uniper	MPP3, Rotterdam	None	Successful
RWE Essent	Amer 9	€1.2bn	Successful
RWE Essent	Eemshaven A & B	None	Successful
Vattenfall Nuon	Hemweg 8	None	None

What next?

- The Dutch government said in January it does not plan to close early any coal plants with SDE+ subsidies to co-fire biomass. The government plans to phase out all coal-fired plants by 2030 but has been debating phasing out older coal plants by 2020. Any early closures could render biomass co-firing financially unviable.
- But uncertainty remains about whether this plan could change following the Dutch general election in March.
- The government is yet to release the results of its sustainability verification protocol consultation. Sustainability criteria have been drawn up but no certification exists to help prove compliance. The government is expected to announce soon how users of biomass can prove their biomass meets the criteria.

The biomass industry now awaits final decisions and timelines from Engie and Uniper on their co-firing plans. But RWE plans to co-fire at Amer 9 this year, and the other utilities could follow as early as next year.

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