

From: [Montgomery, Paul](#)
To: [Marten, Lucy](#)
Cc: [Coyne, Terence](#); [McMurray, Stephen](#); [McAdams, Jonathan](#)
Subject: RE: Fuel vs oil costs over time
Date: 24 February 2017 16:29:01

Lucy

I think it would be useful to send in order to explain the changes in the composition of the estimated tariff over time i.e. why fuel costs have a negative impact when the tariff was originally set in 2011/12, but added to the tariff when the Tier 2 tariff was introduced in 2015

My only concern would be the inconsistency with other material

In particular, the CAFRE paper refers to a wood pellet cost of 4.16-4.66 p/kWh and a wood chip cost of 3.81-4.28 p/kWh for July 2015.

The NIAO report comes up with different figures for total wood pellet costs of 4.01p/kWh compared with 4.8p/kWh in the CAFRE paper.

Paul

From: Marten, Lucy
Sent: 24 February 2017 16:09
To: Montgomery, Paul
Cc: Coyne, Terence; McMurray, Stephen; McAdams, Jonathan
Subject: Fuel vs oil costs over time

Year	Biomass fuel costs pKwH (wood chip)	Biomass fuel costs pKwH (wood pellets)	Oil/fuel costs pKwH	Tariff (medium biomass) per kWh
2011-12	3.27	3.83	5.52	5.9
2012-13	3.42	3.83	5.58	6.1
2013-14	3.6	4.15	5.23	6.3
2014-15	3.6	4.16	4.37	6.4
2015-16	3.6	3.36	2.81	6.4

Paul

Please see above table. I'm not sure if it's of any possible help but I wondered if you felt it should also go to Kevin for our Regs hearing. It clearly shows how the oil costs have decreased over time but the wood pellet and chip costs have remained much more stable. It also shows how, at all times, the tariff exceeded the fuel costs but it doesn't, clearly, take into account any operating costs.

Grateful for your thoughts.

Lucy

Lucy Marten

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