

From: [Montgomery, Paul](#)
To: [Crozier, Lorraine](#)
Subject: FW: Biomass cost
Date: 06 January 2017 09:17:45

For info

From: Montgomery, Paul
Sent: 06 January 2017 09:16
To: Sterling, David; Murphy, Shane
Subject: RE: Biomass cost

David,

Many thanks for this.

We would intend to review all the assumptions as part of the next stage of the process. For this stage we have assumed a running cost for Biomass Boilers of 4.01p per kwh, which is in line with the NIAO report.

Paul

From: Sterling, David
Sent: 06 January 2017 08:13
To: Montgomery, Paul; Murphy, Shane
Subject: Biomass cost

Paul/Shane

The reference to biomass cost I mentioned yesterday was in the attached Slugger article from someone called Mark Anderson who I don't know but seems to be a lecturer on biomass at UU. He says:

"From speaking to a few who purchase pellets regularly, the cost to produce heat, including conversion efficiency, is now as low as 3.8p/kWh. At this rate, it is now a lucrative "business" to burn fuel regardless of the need for heat."

I have no idea about the veracity of this but, if true, it would surely raise a question about the need for inflationary uplifts in the tariff and indeed the level of the tariff itself (recognising that the tariff is designed to do several things).

David

<http://sluggerotoole.com/2016/12/19/a-reliable-guide-to-the-rhi-issue-without-the-hot-air/>

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