ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

Wednesday 8 March 2006

Session 2

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ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE
8th Meeting 2006, Session 2

CONVENER

*Sarah Boyack (Edinburgh Central) (Lab)

DEPUTY CONVENER

*Mr Mark Ruskell (Mid Scotland and Fife) (Green)

COMMITTEE MEMBERS

*Mr Ted Brocklebank (Mid Scotland and Fife) (Con)
*Rob Gibson (Highlands and Islands) (SNP)
*Richard Lochhead (North East Scotland) (SNP)
*Maureen Macmillan (Highland and Islands) (Lab)
*Mr Alasdair Morrison (Western Isles) (Lab)
*Nora Radcliffe (Gordon) (LD)
*Elaine Smith (Coatbridge and Chryston) (Lab)

COMMITTEE SUBSTITUTES

Alex Fergusson (Galloway and Upper Nithsdale) (Con)
Trish Godman (West Renfrewshire) (Lab)
Jim Mather (Highlands and Islands) (SNP)
Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)
Eleanor Scott (Highlands and Islands) (Green)

*attended

THE FOLLOWING GAVE EVIDENCE:

Rhona Brankin (Deputy Minister for Environment and Rural Development)
Rebecca Carr (Forestry Commission Scotland)
Richard Earle (Forestry Commission Scotland)
Elaine Hanton (Highlands and Islands Enterprise)
Ken Macdonald (Perth and Kinross Council)
Audrey Martin (Argyll and Bute Council)
Dr Bob McIntosh (Forestry Commission Scotland)
Christine McKay (Scottish Executive Enterprise, Transport and Lifelong Learning Department)
Dr James Pendlebury (Forestry Commission Scotland)

Clerk to the committee
Mark Brough

Senior assistant clerk
Katherine Wright

Assistant clerk
Jenny Goldsmith

Location
Committee Room 6

Scottish Parliament

Environment and Rural Development Committee

Wednesday 8 March 2006

[THE CONVENER *opened the meeting at 10:04*]

Item in Private

The Convener (Sarah Boyack): I welcome members of the public, members of the press and colleagues to the meeting, and I remind everyone to put their mobile phones into silent mode. I have received no apologies from members.

The committee must consider whether to take in private item 4, which is consideration of our approach to the Crofting Reform etc Bill at stage 1. We need to discuss which witnesses to invite and the timescale for taking evidence. It is usual practice for committees to discuss such matters in private but to publish their conclusions. Do members agree to take item 4 in private?

Members *indicated agreement*.

Biomass Industry Inquiry

10:05

The Convener: We move on to the third and final evidence-taking session in our inquiry into the biomass industry. Our inquiry remit is to consider current developments in the industry and to focus on how forestry and agriculture policy can support development. Colleagues know that on Friday the Minister for Environment and Rural Development launched the Scottish Executive's document "A Forward Strategy for Scottish Agriculture: Next Steps", which we will follow up.

I welcome our first panel of witnesses. Elaine Hanton is senior renewable energy manager at Highlands and Islands Enterprise; Ken Macdonald is head of economic development at Perth and Kinross Council; and Audrey Martin is senior development planning officer at Argyll and Bute Council. We received extremely helpful written evidence from the witnesses, as we did from previous witnesses. I will not invite the witnesses to make opening statements. Members may kick off the discussion.

Nora Radcliffe (Gordon) (LD): It was a pleasure to read the witnesses' submissions, which were very positive. It is great to know that good things are happening.

Will the witnesses comment on whether public procurement policy is helpful or sufficiently flexible in enabling people to use biomass?

Ken Macdonald (Perth and Kinross Council): As my submission says, Perth and Kinross Council is keen to further the biomass sector. In the Aberfeldy area, the Breadalbane initiative for farm forestry has been going on for a number of years.

When the council was considering the procurement of new schools through the public-private partnership scheme, we thought that there would be a tremendous opportunity to use biomass fuel. We carried out a study with WWF, which is based in highland Perthshire, to consider the feasibility of using wood fuel in a school in Aberfeldy. The study's findings were positive, and it was clear that there was an opportunity to develop the supply side of the industry locally. It is fair to say that we then encountered scepticism from users of traditional fuel—that happened before the huge hike in energy costs that has taken place during the past 12 months. With Scottish Enterprise, we commissioned a more detailed study of the operational requirements, which again concluded that a fuel supply was readily available.

As a result of those findings the council took the view that we should consider using wood fuel in all six proposed PPP schools. However, our big problem is that biomass was not really on the agenda about three years ago, when Scottish Executive funding for the PPP projects—approximately £7 million per annum—was negotiated. Since then, developments have taken place in the biomass sector and to do with energy in general. However, the Executive has made it clear that we must stick with what was agreed—of course, the Executive must deal with competing bids and funding requirements in other parts of Scotland. We made representations to different ministers on the matter, and in November we pursued it with the Deputy First Minister and Minister for Enterprise and Lifelong Learning, Nicol Stephen, because we realised that funding for biomass initiatives would have to come through the enterprise portfolio.

In the education context, we also discussed whether we could change the PPP rules, but they are set by the Treasury and there seems to be little flexibility. The nub of the problem is that under PPP rules the bidder cannot apply for Government assistance. The council can apply for such assistance, but if we were to do that and receive a grant we would have to own the boilers. The PPP provider wants total control over the facility that it builds—that is understandable, from the provider's perspective—and it is not interested in there being another owner of part of the facility. That is how things stand. The council will probably take a decision on the bidder within the next two or three weeks. Whether we use biomass at all or only in two or three schools will come down to cost. One of the things that we have to look at is the council tax impact.

Nora Radcliffe: You have probably considered this—can the council own the boilers but lease them to the provider?

Ken Macdonald: The provider is absolutely clear that it has to own everything within the curtilage of the facility. That is one of its PPP requirements. I can see the situation from its point of view: if someone else had ownership or control, they could interfere with the provider's running of the facility.

Nora Radcliffe: That is frustrating.

The Convener: MSPs from your area, Ken, have raised that matter regularly in the Parliament. It is one issue that we would like to crack in this inquiry, so it is interesting to hear your points.

Audrey Martin (Argyll and Bute Council): Ten new schools are being built in Argyll and Bute as non-profit distributing organisations—a form of PPP. Negotiations started in June 2003, which was quite a bit in advance of discussions about incorporating renewables in public-private partnerships, as well as in advance of biomass technologies. The council is keen to lead by example, but the timing was not right to incorporate biomass in those new schools.

As Ken Macdonald pointed out, the other issue is that the arrangement of the PPP passes the risk to the contractor. The council has said to the contractor that it is looking for classrooms to be heated to a certain level—I think that it is 20°C—and there will be a penalty if the contractor does not meet that requirement.

The council is looking to use a more traditional fuel, primarily oil. Despite rising fuel costs, there is reluctance to consider biomass because of supply chain issues and so on. It is a question of awareness and having the mechanisms in place to support biomass development. However, there is a need to look at ways of stipulating in PPP contracts that there should be renewable energy technology and energy efficiency components. Obviously, the contracts last for only 30 years and we need to know about the sustainability of the building design.

Elaine Hanton (Highlands and Islands Enterprise): Although we do not get involved in PPPs, we are a commercial property builder in the Highlands and Islands. To date, we have not installed biomass or any other kind of renewables system in our new builds, but we are talking to the Building Research Establishment about how we can use best practice to install renewables in our future build programme.

We deliver the community element of the Scottish community and householder renewables initiative on behalf of the Executive in the Highlands and Islands. Through that, we are supporting some local schools that are looking to install biomass kit. However, those schools are being funded directly by local authorities, as opposed to via the PPP route.

Members might be aware that the Ben Gill report for the Department for Environment, Food and Rural Affairs made a strong recommendation that all public bodies, Government departments and agencies should have targets to reduce carbon emissions and install renewables kit. The Government has still to respond formally to that report, but it might provide a way to encourage increased use of renewables by the public sector.

Maureen Macmillan (Highlands and Islands) (Lab): Obviously, we need to grow confidence in biomass heating so that people who build PPP schools have the confidence to install it. Does the contractor pay the heating bill for the school or does the council?

Ken Macdonald: The contractor pays the heating bill but, at the end of the day, the council pays it to run the facility.

Maureen Macmillan: If we could prove to the contractor that the heating would run more cheaply on biomass than on oil, and if it had confidence in the supply of woodchip, for example, it might be persuaded.

10:15

Ken Macdonald: You are right to suggest that biomass and energy in general does not seem to have the same profile among financiers—at the end of the day financiers decide on PPPs—that it has in other industries. From speaking over many years to people who are involved in more traditional forms of energy, I have found that biomass lacks credibility in some quarters. It is new here, but it is not new in Scandinavia and Austria. It is the core of their energy policies, but such importance is not placed on it here.

Another point of interest for us in Perth and Kinross—where the situation is similar to that in Argyll—is our high level of wood resource and the question of what we will do with it. One option is surely to use it locally as a renewable energy source.

Maureen Macmillan: Have you had any problems with the supply of wood fuel for public buildings that are heated by biomass?

Ken Macdonald: No. Both studies that we commissioned showed clearly that existing local suppliers—some in Crieff and some in the Aberfeldy area—could supply the fuel. One reason why there is a farmers' co-operative in Aberfeldy is so that it can gear up to be a local supplier. That will also provide employment locally. Within Scotland as a whole, supply is not a problem but, nevertheless, the issue has been raised with us persistently over the years. We have not cracked it yet—some people are still sceptical about the supply side.

Maureen Macmillan: I presume that the experience is the same in Argyll and Bute and in Highland?

Elaine Hanton: We part-fund the Highland wood-fuel programme. Rebecca Carr from that programme is on the second panel this morning, so she will be able to provide more details. Through that programme we have established six clusters of activity in the Highlands and Islands. Much of her work has involved working with the supply and demand sides to bring the two together and get the supply chain working. An increasing number of projects that use biomass are operating. There may be some teething problems to begin with but, in the main, they work well and the supply is coming forward.

Maureen Macmillan: Are you concerned that in the future there might not be enough wood supply to service all the possible demand? I am thinking of other demands for wood. For example, there has been speculation that there might be paper making in the Cromarty firth area. How would that impact on the supply of wood fuel?

Elaine Hanton: There is certainly a market now for all the woodchip that is produced in Scotland: there is a home market in the panel industry and an export market—mainly in Scandinavia—in pulp manufacturing for paper.

The forum for renewable energy in Scotland's report and others have recommended that projects be scaled to suit local circumstances, so that they can use local supply. It will probably be more attractive for growers to sell their product to local biomass schemes than to transport it many miles to other markets. At a Scotland-wide level, production forecasts indicate that with the existing usage of wood fuel we might get into a tight supply-and-demand situation. If that were to happen, other fuel options would open up, such as the use of short-rotation coppice or by-products from the food and drink industry or the construction industry. There are ways round the problem.

Ken Macdonald: Both our studies showed clearly that there would not be a supply shortage. In fact, I would turn the question the other way round: we must consider how we can better use the timber resources that come on to the market in the next 20 or 30 years. I am sure that Forestry Commission Scotland will have much more to say about that. The local feedback that I have received is that supply is not an issue.

Audrey Martin: As Maureen Macmillan suggests, the supply chain is key to building confidence in biomass. Core supply chains are being set up in Argyll through the work that has been done by Rebecca Carr, Highlands and Islands Enterprise and Argyll, Lomond and the Islands Energy Agency. Slab wood waste is currently burned at the wood yard on Bute, and a lorry comes up from Penrith to Strachur sawmill and takes the waste back down south, where it is utilised. Often, the resource is not used to the best advantage. Supporting the sawmills and the biomass industry will have economic benefits for our local area because there will be more job opportunities and so on.

The Convener: The supply issue and the clusters issue have been mentioned by previous panels.

Mr Mark Ruskell (Mid Scotland and Fife) (Green): On the supply issue, one of the problems

for Perth and Kinross Council seems to be that you have to install two types of heating systems in schools—gas and biomass—which obviously pushes up the cost. Why is that being specified?

Ken Macdonald: It comes down to confidence. Providers are not confident that biomass will meet the requirements throughout the timeframe. They say that they will put in biomass systems but that there must be a back-up system. Their argument is that that is necessary due to climate changes and so on, yet countries such as Austria work successfully with biomass throughout the year. It is a question of belief in biomass and of credibility. At the moment, many people do not regard biomass as credible. That might be due to a lack of awareness of what is going on in other parts of the world. In the UK, we are perhaps fixated on traditional forms of energy.

Mr Ruskell: What three things should the Executive be doing to encourage confidence and unlock projects in Argyll and Bute and Perth and Kinross?

Audrey Martin: We need fiscal support, the integration of all the different components in the supply chain and capital grant support for boiler installation. Biomass has a higher initial capital cost than traditional heating systems, particularly in cases of retrofit, when traditional heating systems are replaced in older buildings. We also need an education and training programme, because engineers and systems need to be in place to support the industry. A lot of the things that we need are in place, but grant support stops and starts, and we need integration so that people's confidence in biomass is built up.

Ken Macdonald: We need education to get people up to speed on the issues and we also need promotion. In many areas, biomass is regarded as a traditional form of energy and groundbreaking or cutting-edge technology in more esoteric areas has more appeal. Biomass also suffers from not having the private sector strength of more traditional forms of energy. Companies such as Scottish and Southern Energy and Scottish Power are substantial companies that promote their own forms of energy. Biomass lacks the drive and immediacy of other forms of energy.

Mr Ruskell: Are the capital grant support schemes working effectively? If not, how should they be changed?

Elaine Hanton: We are working in a vacuum. The Department of Trade and Industry had a major programme to support biomass projects but it closed for calls in October 2002. About £66 million was allocated to projects under that scheme, but as far as I know only one of them is operating. The DTI has not reopened the scheme and it has not announced whether it intends to do so. Our view is that, for the bigger projects that are now being developed, it is essential for the scheme to be reopened.

The Scottish Executive announced that it is considering setting up a biomass grant scheme for smaller projects. It is considering targeting the scheme at community projects by providing additional funds to the Scottish community and householder renewables initiative. It might also provide funds to medium-scale projects—perhaps those from 1MW to 10MW, although the Executive has yet to define the size.

Mr Ruskell: Would such projects be excluded from a PPP approach because of their private nature?

Elaine Hanton: They may, although none of the eligibility work criteria have yet been published, so there is still an opportunity to influence what they will be. Such schemes are essential. More projects could come forward, but they are being stalled simply because of a lack of support. The work of the Highlands and Islands Community Energy Company and the Highlands and Islands woodfuel development programme, which I mentioned, are targeted at the smaller-scale end of the market.

Ken Macdonald: We put quite a lot of time and effort into considering that option, but a PPP approach would not be eligible to be used because of the current PPP rules.

The Convener: That has come across clearly in the inquiry.

Rob Gibson (Highlands and Islands) (SNP): The witnesses may have copies of the map that shows nitrate-vulnerable zones, areas of potential high nature value farmland and woodlands in Scotland. We are talking about having clusters for biomass development. Should there be a clearer idea of where clusters should be set up? I ask Elaine Hanton to answer that question first because the valuable paper from HIE mentions places that are ahead in the Lochaber area and parts of Argyll. Should many more clusters be set up elsewhere?

Elaine Hanton: We share the view of FREDS and others: it makes sense to use the cluster approach. There are obvious areas in Argyll and Lochaber and in other areas for a cluster approach to target.

The map's purpose was to show areas in which short-rotation coppice growing might take place in the future. Our view is that short-rotation coppice growing is probably not best suited to high nature value farmland areas in the Highlands and Islands because of the environmental and visual impacts that result from growing large quantities of a monoculture, and that it might be more appropriate in nitrate-vulnerable zones. Willow, which is a

deeply rooting plant, could help to soak up pollutants in the soil in such zones.

Rob Gibson: I understand that, but I want to consider in particular the large forests in the north Highlands that do not yet support clusters. Could those forests be expanded to supply people who want to use not only combined heat and power schemes, but direct wood-fuel schemes in public buildings such as the Averon Centre in Alness? Could we extend the current supply and get it easily from our woods to places that could use it?

Elaine Hanton: We would like the Highlands and Islands wood-fuel development programme, which has been in operation for a couple of years, to be extended for at least a few more years, if not longer. That programme represents an ideal way of trying to establish such clusters. Rebecca Carr is working on potential projects throughout the north of Scotland and will be able to give more details about them. We absolutely support such an approach.

Rob Gibson: We will ask Rebecca Carr about those projects. Perhaps the other panel members have an interest in speculating on the potential supply of timber in the future. Some people are optimistic about it, but it has been suggested that there will be competition for the very stuff that is required for biomass use. I do not know whether Ken Macdonald has thought that through.

Ken Macdonald: The second study that we did with Scottish Enterprise considered that matter, which might be an issue in certain scenarios perhaps 20 to 25 years on. Currently, the issue for us is making good use of the resources that we have. We must develop a market for our timber, much of which is quite cheap. Given the energy changes that have taken place in the past 12 months, one of the most obvious markets for heat and fuel must be ourselves.

The obvious place for a cluster approach in Perth and Kinross is highland Perthshire. In such areas, it makes sense for local employment to harness farming and forestry skills. Rather than have one huge area in Scotland that can be drawn on, there is potential to create local employment and several businesses that can add value to the process. A more sensible approach is to have several regional clusters throughout Scotland.

10:30

Audrey Martin: Argyll and Bute Council covers a large number of inhabited islands, many of which have plantations on them that it is not economically viable to remove because of transport issues. We see a need to create a supply chain to meet a local need, particularly in many of our more remote and rural areas, and the clusters that are being worked up work towards that. The Auchencorvie sawmill supplies Kintyre and the mid-Argyll area, and other clusters are being developed, as stated in our paper. We are looking to those developments in partnership with the Highlands and Islands wood-fuel group.

Rob Gibson: Would you agree that there is probably a need for more clusters?

Audrey Martin *indicated agreement*.

The Convener: That was one of the messages that came out strongly last week, when witnesses talked about the need to identify the best possibilities for clusters, to pick up the jobs issue.

Mr Ted Brocklebank (Mid Scotland and Fife) (Con): We have heard evidence on the difficulties of PPPs and of giving powers to local councils to put biomass heating into schools in Perthshire and elsewhere. Somebody mentioned the business of retrofitting biomass heaters in public buildings. What work has been done on that? Is it possible to strip out what has been done previously in public buildings and to put in something to allow people to burn biomass?

Audrey Martin: Argyll and Bute Council has been looking at that. The issue is really one of cost, because to take out an existing system and replace it is often much more costly than putting a new system into a new building, particularly with a dry-heat system, such as an electric one. If it is a wet system, it can be easier. The funding that is available through the Scottish Executive public sector energy scheme is specifically for energy efficiency in existing council buildings, which allows us to consider replacing ineffective heating systems with more sustainable systems, but there is a five-year payback associated with that, which does not really make financial sense for us. We considered making such an improvement at the Corran halls in Oban, by replacing the existing heating system with a biomass system, but the exercise would have been quite costly and would have required additional funding sources.

Such improvements are something that we are considering, because now, for the first time, we have an energy manager, who is funded through the public sector energy scheme. That allows us to consider installing better insulation and reducing heating and lighting costs. We hope to move towards the retrofitting of sustainable systems, and we are considering putting in a biomass boiler at Strachur primary school. However, often the issue is whether the economics stack up in the light of the grant funding that is available.

Mr Brocklebank: Have you obtained estimates of the likely savings of a biomass system, particularly given soaring oil and gas prices?

Audrey Martin: I do not have any specific figures on that, but I am sure that I could obtain

them. I am sure that ALIenergy—Argyll, Lomond and the Islands Energy—will have those figures available.

Ken Macdonald: Perth and Kinross Council is looking to install a biomass system at Pitlochry high school, where the heating system is due for refurbishment. Councils can consider such projects, but they will obviously have a much longer timescale. As for costs and future projections, everything depends on the assumptions that are made, and there is still a traditional view that the rise in oil and gas prices is a short-term blip and that, although the prices may not come down to the levels that they were at two or three years ago, they will nevertheless come down in about 10 years.

Mr Brocklebank: My final question is on short-rotation coppicing, which I think Elaine Hanton mentioned. It has been suggested that that might be a way to proceed in grounds that are identified as nitrate-vulnerable zones. We have heard evidence that suggests that coppicing costs £1,000 a hectare, which will not attract many people. Would the Executive grant be better spent on something other than short-rotation coppicing?

Elaine Hanton: We would agree with others that the initial focus of biomass development should be on using forestry resources. However, there is potential in going down the short-rotation coppicing route. The problem with the nitrate-vulnerable zones—perhaps it is not a problem for those who live there—is that they have the highest single farm payments, so there is inertia about change. The answer might not be to offer higher grants for short-rotation coppicing; it might be more about the alignment between agriculture and forestry policy in the future. Perhaps reviews of agriculture policy in coming years could be used to consider, for example, how farmers can be encouraged to use a percentage of set-aside land for short-rotation coppicing.

The Convener: I have a quick supplementary question. At last week's meeting, one of our witnesses told us that it was not attractive for farmers to go down the forestry route because it knackers their drains. Is that a problem with short-rotation coppicing, or does it have a less negative impact on farmers? Could they do short-rotation coppicing for a time and go back to more traditional farming afterwards, or would they have to make a permanent shift?

Elaine Hanton: I am certainly not an expert on coppicing but, as I understand it, although coppicing does not require the level of commitment that is required to go down the forestry route, it would still require at least three or four years. The plants have deep roots, so it is perhaps not as easy as just turning over the soil and moving to another crop, as it would be with barley or wheat, for example. However, I am sure that we could provide further detail on that.

The Convener: I do not think that time would be the issue; it would be whether using short-rotation coppicing would permanently close off other agricultural options.

Elaine Hanton: I do not think that it would, but I can certainly check that for you.

The Convener: That would be helpful.

Elaine Smith (Coatbridge and Chryston) (Lab): I have a follow-up question for Elaine Hanton on what Maureen Macmillan asked her about. It is to do with issues around costing confidence. Anyone who listened to BBC Radio Scotland this morning, as I did, might be a bit concerned, because the discussion was about wood-fuel prices in the Highlands having rocketed—that was the kind of term that was used. There was a debate about whether wood fuel might have to be imported from Estonia, I think. Can you add anything to the debate that would give people confidence about why wood-fuel prices might have risen? Is the issue transport, or have prices not risen as claimed?

Elaine Hanton: I did not hear that on Radio Scotland, but I think that the comments probably referred to the Caithness project, in which initial estimates for fuel were for short round wood, at about £17 per tonne, I believe, but more recent estimates are for more than £40 per tonne. As I understand it, that is because the initial estimates were based on a specification that was not well defined. For example, it did not include some transport and logistical costs and perhaps did not include details of moisture content, lump size, seasonal variation and suchlike. When a much better-defined specification for the fuel that the project would need has gone back out, more realistic costs have come in. The underlying issue is probably the need to specify clearly what fuel is needed for projects, before going out and seeking prices. Projects should at least be aware that if they cannot define what is needed fully at an early stage, they must allow for variation, depending on which aspects cannot be defined, for example transport.

Elaine Smith: Do you agree that the kind of reporting that I described might affect confidence? Can HIE do anything to change that and to give a more positive image? What is HIE doing in that regard?

Elaine Hanton: Reports such as that certainly knock confidence. That is where the value of the wood-fuel development programme and the community energy company activity comes in. They work directly with projects and people who have an interest in developing projects and they can give advice—for example, that the bottom line

is that the wood-fuel price has not rocketed in the Highlands and Islands. It is a case of continuing to work directly with projects, to give hands-on support to people who want to develop projects and to help them through the difficult stages. It is a learning process. We do not have a huge number of projects in Scotland, so we have a lot of learning to do.

Elaine Smith: Unfortunately, laypeople such as me hear the message that I described, which can knock confidence.

The Convener: Nora Radcliffe had a quick supplementary question—have we lost it or is it still relevant?

Nora Radcliffe: I have two supplementaries now. Audrey Martin talked about the five-year payback requirement. Who imposes that requirement? Did you go so far as to find out what the payback for the Corran halls would have been?

Audrey Martin: I have no information on what the payback would have been, but I could find that out for you.

The Scottish Executive public sector energy scheme imposes the five-year payback requirement. That is a two-year scheme to invest £20 million in energy savings. A slice of the money is given to the 32 local authorities and any measures that they take with the money must achieve payback within five years, so any insulation costs or other costs must pay back within five years. That is why using that money for retrofit is an issue.

Nora Radcliffe: Perhaps that is a question for the minister.

Elaine Hanton is probably the best person to answer my next question. If you are trying to develop the industry, which is new to us, is there a shortage of skills? You said that the ignite programme is one of your training initiatives. Will you say a wee bit more about that and about training and skills shortages in the industry?

Elaine Hanton: The skills that are required to install and maintain biomass plant cover a range of trades, including plumbing and installing—the whole lot. The ignite programme ran successfully in north-east England for a few years, so we have supported its establishment in the Highlands. It will be delivered through a series of seven modules that are aimed at the supply and demand sides. They will tell people what biomass is, how it is installed and where to go for grants—all the basic information that is needed to develop a project. The programme will be delivered in conjunction with the wood-fuel development programme, which will be involved in all the work.

Other training initiatives that operate in the area are aimed more at people who have some experience and who want to take the next step. The range of training initiatives will be important. It all goes back to whether people have the confidence to move into the market. The more training we can provide and the more assurance we can give, the better for the market's development.

Nora Radcliffe: Is funding available for a small independent plumbing business, for example, that wants to free up one or two of its people to go on a training course? That would be a cost to the business. Could it recoup that or obtain a grant towards it?

Elaine Hanton: Support is provided by making the training free—it is funded by us and the European social fund. I am aware of nothing that would allow a business to claim for lost time, for example. We hope that a business would see such training as a business investment.

Nora Radcliffe: That is probably the case, but it is sometimes difficult for a very small business to find the space for, and to fund, training.

The Convener: We have talked a lot about PPP projects, school projects and what can be done to stimulate the market. The other obvious suggestion is work with housing associations, quite a few of which are beginning to take the idea on board. Does scope exist to link the cluster strategy to work with housing associations? I am thinking not just about individual boilers, but about renewable heat from biomass for a cluster of 30 houses—about achieving an economy of scale, rather than providing everyone with their own boiler. Is there scope to link supply with demand and to link that with training? Have any of you undertaken such a project?

Audrey Martin: In Argyll and Bute, a link exists between clusters and housing association developments whose district heating schemes are run on biomass. Much work has been done through the Highlands and Islands wood-fuel development programme. No cluster serves the West Highland Housing Association development in Oban—I think that the nearest cluster is in Fort William—but down in Kintyre, we have a district heating scheme that runs on biomass in Campbeltown, and we also have one in Lochgilphead. Again, that is heated by a cluster from the Kintyre sawmill at Auchencorvie. Therefore, there is a development of clusters based around many of the housing association developments that have gone ahead in Argyll.

Ken Macdonald: I certainly agree with that approach. Perthshire Housing Association has proposed several schemes, one of which was a DTI scheme that was turned down for a local

heating system because there was so much demand on the scheme and on the funds. It is the obvious way to go because, going back to the question of price, one of the big pluses of developing biomass is the impact that it has on rural development as a whole, including employment, the links between local communities and housing and schools, and local facilities that might be maintained by local people. That is very much the approach that is taken in other parts of Europe.

Elaine Hanton: The community energy programme that DEFRA ran for a couple of years was really helpful in stimulating some of those local housing association district heating schemes. A few of those, particularly in the Argyll area, were supported by that programme. The programme is now fully allocated, although we have been told that there is an intention or desire to reopen it. It is important that it should support further housing association projects in the Highlands and Islands as well as further afield in Scotland.

The Convener: That is really helpful. I will take a brief supplementary question from Mark Ruskell.

Mr Ruskell: I am trying to get a sense of the critical mass. Is one school in highland Perthshire enough to kick-start a biomass industry cluster locally or does there need to be two or three schools and a housing scheme? Where do we start? Do we have to start with several schemes or can we start with one school and build from there?

Ken Macdonald: My personal view is that we could start with one school, but there would have to be more than just one school because the housing association and the whole community need to be brought into the scheme. However, we have to start somewhere and public investment has a big part to play by stimulating demand, getting the supply together, getting people to think differently and creating employment.

Mr Ruskell: So you would start with a sawmill or a local business that would start the supply.

Ken Macdonald: Correct.

Mr Ruskell: How easy is it then for such businesses to scale up to meet future demand?

Ken Macdonald: One of the things that we considered in Aberfeldy was the Breadalbane initiative for farm forestry. The farmers involved in that would become a supplier to the school, which is quite achievable, and they would build from there. As in any other market, new opportunities would be considered.

Elaine Hanton: Our experience is very similar; schemes can start very small. Under the wood-fuel development programme, there is a sawmill project on the Black Isle that is already starting to supply a range of other users. Seeing that there is a supply there builds confidence. We can start very small and then build up; that seems to work reasonably well.

The Convener: I thank the three witnesses for giving the committee their submissions in advance. It is really good to hear from people who are at the cutting edge of such ideas. It sounds as if all of you have been ahead of the game for a while and it is useful for us to learn about what works and what does not work in these early stages. I thank you all very much.

The committee will take a couple of minutes to change over to our second panel.

10:48

Meeting suspended.

10:50

On resuming—

The Convener: I welcome our second panel of witnesses. We are very glad to have you with us. In this session, we will consider not the broader policy issues in relation to forestry—we will consider those with our third panel—but what you are doing practically on the ground, what is possible and what your experience is. We want to talk about what you have been involved with. Thank you for your written submission. Our witnesses, who are all from the Forestry Commission Scotland, are Dr James Pendlebury, business policy adviser; Rebecca Carr, wood-fuel project officer; and Richard Earle, business unit sustainability project officer.

Mr Brocklebank: I do not know who is the expert, but perhaps one of you could talk to us about some of the evidence that we heard last week about biofuels. We heard specifically about the production of diesel from oilseed rape. That sounded very attractive, but there would be difficulties with the duty that would be levelled on the fuel and there is also the question whether producing it would be practical. Can you pick up on that?

Richard Earle (Forestry Commission Scotland): The big problem with using oilseed rape as a source of base fuel is the cost of producing the fuel. It costs about 35p a litre to produce the fuel at the farm, then there is an additional 27.1p a litre duty on top of that. At present, with mineral fuels at the pump costing 94p or 95p a litre, including VAT, it is not really cost effective to produce biodiesel from oilseed rape. Most of the biodiesel that is manufactured in the UK at the moment is made from waste vegetable oil. Nevertheless, in the future we will have to move to new forms of rape oil. In Germany

and France, a lot of new oil is used, but they have zero duty on biodiesel.

Mr Brocklebank: So, you are saying that, yes, it is possible and, yes, it is desirable but, under the present duty regime, it is not cost effective.

Richard Earle: No, it is not.

Mr Brocklebank: Okay. This may sound a little odd, but I was at a conference at the weekend at which we talked a bit about the possibility of more oilseed rape being grown, and there was great concern for all the poor people who suffer difficulty breathing in the summer, when oilseed rape grows. Should we concern ourselves with that?

Richard Earle: I am not an expert on agricultural crops, but there is perhaps an issue for people who suffer from pollen allergies. However, in the north-east of Scotland, where oilseed rape will probably succeed best, the weather is such that there should not be many difficulties with high pollen levels.

The Convener: Shall we stick to forestry matters? We will perhaps hold that question for the minister, although Ted Brocklebank can sneak in a question about short-rotation coppicing if he likes.

Rob Gibson: The Forestry Commission is responsible for roughly only half the amount of wood that is supplied in the country, and the number of trees that are being planted is falling. The previous panel of witnesses talked about a potential problem in supplying fuel for biomass 20 years down the line. From each of your perspectives, what do you think that your part of the Forestry Commission can do to help?

Dr James Pendlebury (Forestry Commission Scotland): As we say in our written submission, the industry—along with ourselves—is looking at how we can smooth that potential massive bulge in supply. It is probably not in anybody's interests that we have a sudden peak or trough in supply. Rendering the volumes that are out there sustainable, within the constraints of forest management, wind blow and other factors, is fairly critical.

Production in state-owned forests is set to remain relatively stable over the next period, plus or minus 3,000,000m^3 of timber over bark per annum. Much of that is committed to the existing processing sector. We are working hard with private sector growers to encourage the development of supply chains. In one or two development projects—one in Morayshire springs to mind—the private sector forestry companies are working with private estates and owners to develop supply for the development. There is willingness in the private sector to grab the baton and to develop the supply chain. Where possible, we have supported a number of projects. The Forestry Commission locally offered some timber for a Perthshire project, if it came off. We are amenable to helping many small-scale local projects, because the volume demands are not large and they do not impact on our larger-scale supply contracts.

Rebecca Carr (Forestry Commission Scotland): My role as wood-fuel project officer is to provide support, advice and information to facilitate the involvement of the private sector. We facilitate meetings between the private sector and developers and help the private sector to make available its supply.

Richard Earle: My role is largely with the vehicle fleet, rather than with forestry and planting policy. It is important that we make best use of the timber that is available for small projects with short transport routes. We should use it for heat as well as power generation.

Rob Gibson: I am interested to hear how you could help to create more clusters for the development of the biomass industry. It is clear to me that, because of the committed nature of its contracts, the Forestry Commission Scotland will play a smaller part than others in future developments. In your strategic overview, how will you help us to have more clusters, so that biomass can develop in other areas?

Rebecca Carr: It depends on whether we are talking about small-scale local clusters, which may involve setting up an individual business that will supply local businesses and district heating schemes, for example, or whether we are talking about larger-scale developments, such as the combined heat and power project in Wick, which require a much bigger supply chain of private growers, across a wide area, to be pulled together. Larger-scale developments require much more co-ordination because of the complex logistics of delivery and processing that are involved. They also mean committing to long-term contracts. We can provide information to facilitate the establishment of an individual business, but much more work has to go into pulling together larger-scale supply chains. Some of that work has been taken on by forest management companies, which are familiar with the level of timber supply that is required and are able to take forward such projects. The other option, which is common in mainland Europe, is to set up producer groups or co-operatives, but, obviously, it takes a long time to put such groups together.

Dr Pendlebury: The Forestry Commission has talked to nearly all the major developers—Scottish Coal, Tullis Russell, E.ON UK and Caithness Heat and Power Ltd—about supply. In certain areas, we are committing volume to projects and have made offers, indicating what may or may not be

available. We have worked with most of the developers of larger-scale projects to put them in touch with other potential suppliers. I hate the phrase, but we are often seen as the first port of call for bankable volume. In many bigger developments, firm supply contracts have to be in place to persuade financiers to put up the money. I understand that if the contracts are not in place, people will not talk to the developers.

We provide support, networking and—in some instances, depending on location—supply for smaller-scale projects. Through our support of programmes such as ignite and, especially, the programme with which Rebecca Carr and the other wood-fuel officers whom we employ are involved, we try actively to develop clusters of small-scale end users on the ground. We work with local authorities on what is or is not possible and network with NFU Scotland and people locally to see who could and is willing to supply, and what grant aid or support they may need in order to make that happen.

Rob Gibson: At our previous meeting, we heard about the cart and the horse—particularly in relation to the Wick scheme, where people have been forced to think about getting supplies from Estonia. Given that you transport timber in the north of Scotland, are there not possibilities to support schemes such as the one in Wick? I am thinking particularly about the use of rail.

11:00

Rebecca Carr: Yes, there is potential to use rail. Elaine Hanton spoke about the Wick scheme, but without having a full specification for the fuel and a full understanding of the transport system, the only hard figure available would be the figure for small roundwood. That would be the figure for timber only, without any processing or delivery costs.

A lot of work has to be done on transport, because timber might have to be brought in from within a wide radius. Rail is an option, but it all comes down to costs and infrastructure.

Dr Pendlebury: There is a commitment to support that project as far as possible. Rebecca Carr is correct about the price of small roundwood—prices were not clear initially because the specifications were still being worked out. It is fairly critical to the price of a fuel that people know what they need and in what form they need it.

Work continues on supply infrastructure in the far north. For example, research is being carried out into what I think are called centrally inflated tyre systems on trucks. Those systems will mitigate some of the problems on roads. The Forestry Commission Scotland, private forestry harvesting companies, growers and others are doing a lot of work on finding reasonable transport systems for areas with fragile infrastructures. We are well aware of the problem and are working on it.

Maureen Macmillan: We have been told that timber is grown under a closed-gate system—trees are planted and you do not go back to cut them all down until 20 years later. It was suggested that, if you actively managed the woodlands, you could get a constant crop from them for use in biomass. Does such an approach to management come into your future plans?

Dr Pendlebury: The Forestry Commission Scotland is moving towards continuous cover forestry, which, if you like, is a continually harvested system. For state forests and private sector forests, thinning—the taking off of intermediate crops—has been rendered non-active in recent times because of the economics.

Biomass offers a lot of potential, and we and the private sector are interested in developing the market for thinning. If developments occur in an area, if the specifications are appropriate, if we can work with small-scale or large-scale developers and if we can develop and use appropriate kit, there is no reason why the thinning market could not develop to satisfy need. Everybody in the growing sector would welcome that.

Maureen Macmillan: I also wanted to ask about short-rotation forestry, as opposed to short-rotation coppicing. It was put to us that short-rotation coppicing was a non-starter but that farmers and crofters might be able to embrace short-rotation forestry. In evidence last week, the witness from the Scottish Crofting Foundation suggested that there would be problems in accessing and harvesting short-rotation forestry. It struck me that the trees that grow naturally in the west Highlands would be good for wood fuel, but they might be difficult to harvest.

Dr Pendlebury: Several issues arise. In the biomass sector, the driver for short-rotation coppicing has been the requirement to use energy crops—defined as being material planted post-1989—in order to obtain renewables obligation certificates. That is why there is an interest in short-rotation coppices.

In short-rotation forestry, one grows trees; if you like, short-rotation forestry is an intermediate step between a short-rotation coppice and a full forest. One can harvest 10 or 15 years into the rotation because certain species, planting rates and distances produce fairly high yields.

However, there will be limitations. As far as I am aware, the main driver for short-rotation forestry is the electricity generating sector in England, which is interested in securing the high volumes of

biomass that it urgently requires if it is to meet its renewables obligations. We have produced a report on short-rotation forestry—it might be on our website by now. The study was co-financed with the DTI and DEFRA and considers the implications of the approach over time in the context of climate change. As our climate varies, certain areas will be better able to support certain species. For example, sycamore might be more amenable in the north-east in 10 to 15 years' time. However, there is no hard-and-fast information on short-rotation forestry that considers exactly what we can grow and where in Scotland we can grow it. We will undertake further research on the matter.

The crofters' arguments might be driven by arguments about native woodland, such as birch woods—particularly downy birch in the north-west. Before I joined the commission, my background was in a non-governmental organisation and I was heavily involved in issues to do with birch woods. There is no reason why many of the native woodland schemes that are being set up could not yield biomass for local use on a local scale, provided that there is no impact on the environmental requirements of such schemes. The crofters make a fair point, but the native woodlands that they are being encouraged to plant could be used for biomass, as long as crofters do not try to supply huge volumes for big developments. There might be much potential in local schemes around Bettyhill, for example.

Maureen Macmillan: Argyll, Lomond and the Islands Energy Agency visited the Parliament and showed us two kinds of wood pellet. One was made of sawdust and was produced in the United Kingdom or Ireland and the other was made of wood and came from Russia. I am curious about the Russian wood pellet. Can you shed any light on it? Could we make such pellets here?

Richard Earle: The pellet must have been produced by machining cores out of the wood, which requires a lot of entrained energy. A lot of entrained energy is required even to produce pellets from sawdust, so I do not think that that is the right way to go. I am not familiar with the Russian pellets that you describe; I have come across only compressed sawdust pellets.

The Convener: It is a relief to hear a straight answer to that question, which keeps cropping up. Arguments about using the resource that we have without creating something else out of it—using the resource for heat rather than for electricity generation—raise issues to do with the sustainability of the processes that we use and the methods by which we transport wood. It is important that we think our way through the entire cycle, given the sustainability agenda.

Mr Ruskell: A major focus in the energy debate is on life-cycle carbon costs. Biomass has an impressive record, but what thought is the Forestry Commission giving to the matter in relation to harvesting and soil management? Is there a danger that when we plant in high-carbon soils we might release more CO_2 than we lock up?

Richard Earle: I do not think that any of us is a soil expert.

Rebecca Carr: Actually, I did quite a bit of research on the matter, particularly in relation to carbon sequestration, when I worked for the Edinburgh Centre for Carbon Management before I came to the commission. There is a question about soil disturbance in high-carbon soils, but most concern is about deep ploughing and the drainage of peaty soils. Methods of planting that involve less soil disturbance probably have less impact.

Mr Ruskell: At what level are such matters factored into decision making about where forestry is planned for the future and the role of biomass?

Dr Pendlebury: I do not deal with forestry's contribution to the proposed Scottish climate change programme, but I think that that programme has been fairly well considered in the proposals for the future development of forestry. The carbon balances under the proposed increases in afforestation have been calculated and taken into account. However, I cannot pre-empt something that has not been announced yet.

Mr Ruskell: You say that the matter is recognised in the high-level policy arena but, at the end of the day, the issue is about practicalities, such as deciding whether to extend forestry on a certain type of soil in a certain area.

Dr Pendlebury: That has been taken into consideration in our future strategy.

The Convener: We will test that high-level issue with the next panel.

Rob Gibson: We will see whether the boss knows.

The Convener: In our climate change strategy analysis, soil came up as a big issue for Scotland. We need to think about the disproportionate loss of CO_2 that might arise from disturbing the soil.

Rob Gibson has a brief supplementary question.

Rob Gibson: A map that we have been given shows areas in central Perthshire—they are often grouse moors—between the nitrate-vulnerable zones and the areas of high nature value farmland. In our climate change inquiry, we wondered whether the Forestry Commission supports the potential for more forests in such areas. If we avoid the areas where there are constraints, there are still areas in a band across

the centre of Scotland where there could be a lot more forestry.

Dr Pendlebury: We deal primarily with biomass and bioenergy issues; the planting and forestry strategy is not really my remit. However, the issue of carbon sequestration has been taken into account in the developing forestry strategy and the Scottish climate change programme. I hope that the aspirations as to where expansion could occur address your concerns.

Rob Gibson: The matter is important, because larger numbers of people live close to those areas, which creates a potential for clusters that use local resources. It is imperative that we use that potential.

Nora Radcliffe: If native woodland to be used for biomass is planted, does that conflict with using that woodland for recreation? Practically, can both be done on the same bit of ground? If thinnings and other bits and pieces give a commercial return, with the result that woodland can be managed more intensively, will we get a product that is higher quality and higher value and which can be used more widely than the product that we currently get from our forestry estate? I do not know whether those questions are within the panel members' areas of expertise.

The Convener: I see that Richard Earle and James Pendlebury are desperate to answer.

Dr Pendlebury: Many people who are active in the native woodlands arena recognise that we should have multiple-benefit forestry, unless an environmental imperative arises from, say, planting a species on a particular site. We are creating a native woodland inventory, which involves collecting information on the timber, and timber quality, in native woodlands, with a view to getting a handle on their economic potential. That would mean not blanket harvesting, but small-scale local extraction by the farmer or landowner to support local business. I hope that the inventory will provide that information. Collectively, everyone who is involved is fairly comfortable with that approach.

Historical and classic forest management thinking is that clever thinning practice, which involves taking out poorer trees and managing the distribution of the crop, produces better-quality timber. One hopes that the practice will produce better-quality saw logs and small roundwood, but also many more thinnings, which will support local bioenergy markets. A market for thinnings would be received enthusiastically if it could be developed, because the practice has a final crop benefit and an intermediate financial benefit.

Nora Radcliffe: So there is a genuine synergy that could be exploited.

Dr Pendlebury: Absolutely.

The Convener: I presume that it can be done everywhere.

Rebecca Carr: One of the particular attractions of biomass is the potential to bring underutilised and undermanaged forests back into production, on which we are obviously keen. I am thinking about farm woodlands, for example.

The Convener: I will allow one final supplementary question.

Mr Brocklebank: James Pendlebury mentioned the demonstration project that is being run by Tullis Russell in Fife. It is within the area that I represent and I am trying to visit it, but it would be helpful if you could give us a little more information on it.

Dr Pendlebury: Scottish Coal, through Scottish BioPower, approached the Forestry Commission at least a year ago—perhaps a year and a half ago—for information on potential supply. I am not involved in the project, but I understand that Tullis Russell wanted to replace some coal-fired boilers that were coming to the end of their lives. The company wanted to install some biomass-fired boilers, so it is working with Scottish BioPower on a new boiler system and the supply associated with that. I think that the project is in the region of 48 to 50MW—it is just under the 50MW limit in relation to local planning approval. It will sell surplus electricity to the grid and heat and electricity to the plant. Figures vary but I have heard that 350,000 to 400,000 oven-dried tonnes of material will be required. The company is considering three of four different supplies: lop and top and brash from the Forestry Commission; short roundwood from both the Forestry Commission and the private sector; short-rotation coppice; and the recycled wood stream, although not the waste stream.

Mr Brocklebank: That is useful. Thank you.

The Convener: As a postscript to that, members will be interested to know that Tullis Russell has made a submission to the committee as a result of issues that we raised previously. The submission will be circulated shortly.

Nora Radcliffe has a question on training. Could you put it to the director of the Forestry Commission Scotland instead?

Nora Radcliffe: I just wondered whether the panel members want to say anything about training, skills shortages and the development of expertise.

Rebecca Carr: The training courses that have been mentioned—the ignite programme and the northern woodheat course—are targeted mainly at wood-fuel suppliers. In many projects, a need has

been demonstrated for mutual understanding between the forestry sector and the energy sector. The training courses are directed at suppliers so that they can understand the different types of fuel and learn how to create an efficient and reliable supply chain.

It is important for installers, plumbers, architects and others to understand appropriate design for wood-fuel projects and the types of fuel that they use. For example, there are questions about moisture content. One can get low-value woodchip at, say, £35 per tonne, or higher specification woodchip at as much as £70 per tonne. That sounds like a big difference until one understands the different specification of the fuels. There is a clear need for capacity building and skills development in that sector. At the moment, only a limited number of specialist companies can install biomass boilers. We want them to be a mainstream choice, so there is lots of potential for training.

Nora Radcliffe: Can I ask a wee follow-up to that?

The Convener: It will have to be very short.

Nora Radcliffe: Is there a one-stop shop that people can use to get information about where there is expertise?

Rebecca Carr: We are developing a website—usewoodfuel.co.uk—which should be available fairly soon. The three wood-fuel information officers—me and my two colleagues—have libraries of stuff on biomass.

Nora Radcliffe: So you are in yourself a one-stop shop.

The Convener: I thank the three witnesses for a useful session.

11:18

Meeting suspended.

11:21

On resuming—

The Convener: We move on to our third panel. I welcome Rhona Brankin MSP, the Deputy Minister for Environment and Rural Development; Dr Bob McIntosh, the director of the Forestry Commission Scotland; and Christine McKay from the renewables and consents policy unit at the Scottish Executive. Thank you all for coming and for providing written submissions.

This is the final evidence-taking session of our inquiry. You will probably be aware that many questions have been fired at various witnesses and that, on occasion, we have kicked matters upstairs until the final session, which we have now reached. I invite the minister to make a brief opening statement. I understand that you are slightly under the weather, so I hope that you manage to get to the end of your statement.

The Deputy Minister for Environment and Rural Development (Rhona Brankin): Thank you; I think that I will be able to. I hope that the written evidence that I have submitted has succeeded in setting out the framework within which we have shaped the policies, support measures and programmes to develop a viable bioenergy industry in Scotland.

The committee will be aware that in the ministerial statement on forestry that I made on 26 January I acknowledged that climate change is the greatest environmental challenge that we face, and I am sure that members will agree that it is an issue on which none of us can afford to be complacent. With the support of many partners, we have been working hard to establish a supportive policy framework that will tackle climate change in Scotland and help to develop Scotland's renewable energy sector.

The revised Scottish climate change programme—which, as members will know, is due to be published shortly—will recognise the vital role that the agriculture, forestry and land-use sector can play in delivering emissions savings. As I said in my statement, it will include a commitment to develop a biomass action plan for Scotland and, for the first time, will set an ambitious emissions savings target for the whole of the forestry sector. In addition, "A Forward Strategy for Scottish Agriculture: Next Steps", which was launched by Ross Finnie last Friday, acknowledges the importance of climate change and identifies as specific action points the need to promote research into the commercial viability of alternative crops and biomass and to disseminate business information on such opportunities.

The report, "Promoting and Accelerating the Market Penetration of Biomass Technology in Scotland", which the forum for renewable energy development in Scotland published in January 2005, gave a boost to the development of the biomass sector in Scotland. Many of its recommendations—for example, that we should increase the level of support that we offer to people who grow energy crops—have already been implemented. Others, such as that on reconvening the FREDS biomass energy group, will be adopted soon. That group is due to meet on 17 March to consider specifically what is needed to promote more generation of renewable heat from biomass. That is particularly timely, given the recent publication of a number of documents that highlight the opportunities for wood-fuel heating in Scotland.

As well as carrying out the necessary policy work, my officials and those in other departments, such as the Enterprise, Transport and Lifelong Learning Department, are already providing considerable financial support for the sector's development. The recipients of that support range from the small-scale wood-fuel suppliers who benefit from the Forestry Commission Scotland's farm woodland energy grant scheme to new community and householder renewables schemes, the development of which is helped by the ETLLD's Scottish community and householder renewables initiative.

That work is beginning to be effective. There are now more than 40 heat-only projects throughout Scotland, including several community heating schemes, which have consumed just over 4,000 oven-dried tonnes of biomass each year. When that is combined with existing large-scale industrial users of biomass for heat and electricity generation, including coal firing, we estimate that over 300,000 oven-dried tonnes of biomass are already being used each year in Scotland.

It is worth noting that much of the current large-scale industrial use is based on the use of both recycled fibre and imported wood pellets. Current use notwithstanding, interest is still growing and we are aware of at least a further 49 projects that are under development throughout the country, ranging from small-scale heat to larger-scale electricity generation. We intend to build on that initial success by developing our support for the sector in those areas that still need it, such as renewable heat.

Mr Ruskell: Minister, there is a lot of frustration in local authorities, such as Perth and Kinross Council, about the problems of public procurement, PPP, the difficulties of specifying biomass heating systems and the need for capital grants. What are your solutions? What are your civil servants coming up with?

John Swinney and I have been asking questions about those matters for a couple of years. I sat down last night and worked out that I have asked eight ministers about the issue, many of whom have now moved on to other jobs. I have asked education, enterprise and environment ministers. How can we move forward? The new schools and other public buildings that are being built in Scotland offer an opportunity to use those biomass clusters and develop a successful industry, but we are still stuck at stage 1. How can we break through the public procurement problem constructively?

Rhona Brankin: I do not want to give the impression that it is all doom and gloom out there. As I said in my opening remarks, many publicly funded projects are using biomass. We recognise the PPP problem and we have looked at procurement in PPP. Information about that will be available as part of the Scottish climate change programme.

We are well aware of the PPP situation in Perth and Kinross and have been working with that council on the detail of its plans and potential funding opportunities. However, we want to be able to ensure that we can support increased use of biomass within European Union state aid rules and get biomass projects into PPP.

I will meet Tom McCabe to discuss that issue because of my responsibility for the Forestry Commission Scotland. The matter has to involve the Scottish Executive right across its portfolios and Tom McCabe has responsibility for procurement. You will find information about that in the Scottish climate change programme that will released in the spring, and specific actions will be taken on procurement.

Mr Ruskell: The concern is about the timescale. Although the climate change programme will report on the matter—and I welcome that—if we start building public buildings now that will last for 40 or 50 years, we are setting in place the energy systems that will be used in the decades ahead; that will impact on our climate change strategy.

If 340 new schools are being built in Scotland and only a couple of them have biomass heating systems, that is a huge wasted opportunity. My concern, along with that of Perth and Kinross Council and many other local authorities, is that those councils are coming to the end of their PPP processes right now. If schools are being built without biomass systems right now, that is it for the next 30, 40 or 50 years—we cannot do anything else. Whatever is in the climate change programme could be irrelevant because we will already have set in stone the heating systems that our public buildings will be using for the next 40 years.

Rhona Brankin: As I said in my opening remarks, there are now more than 40 heat-only projects across Scotland. Schools in Motherwell and Shotts use biomass energy. Clearly, there are school building programmes that are not part of PPP. However, we need to be able to ensure that, whatever method of procurement is used, biomass heating schemes can be incorporated. I assure you that that is the policy intention of the Executive.

11:30

Mr Ruskell: Are you hopeful that that timescale will fit in with the timescale of local authorities' development of their PPP contracts? Are we beyond that stage or is there still time?

Rhona Brankin: As I have said, we are looking at developing a biomass action plan. Public procurement will be an integral part of that. More information will come out as part of the Scottish climate change programme. Ministers are acutely aware of the issue.

The Convener: Can we expect the biomass action plan to be published with the Scottish climate change programme or subsequent to that?

Rhona Brankin: The action plan will be published after the Scottish climate change programme.

Richard Lochhead (North East Scotland) (SNP): I am trying to pin down exactly what the obstacles are to having more biomass and renewable energy systems in buildings that are funded from the public purse. All over Scotland, buildings are being built, with public funding, that do not have renewable energy or biomass energy systems. Why is that? What are the obstacles to at least getting some feasibility studies carried out for every building that is built with public funding to see whether it is possible to use those systems? Do you have any statistics for how many buildings that have been publicly funded in Scotland in the past few years have had renewable energy systems installed in them? Do you keep a track of that?

Rhona Brankin: I understand that you have had information from Argyll and Bute Council. I do not know—

The Convener: We received information from Argyll and Bute Council and Perth and Kinross Council. We discussed many of the associated obstacles first thing this morning.

Rhona Brankin: Argyll and Bute Council has been proactive in the field of biomass fuels. Obviously, the SCHRI has made funding available and there has been other United Kingdom funding from DEFRA. As part of our biomass action plan and our developing renewable heat strategy, ministers need to bring together the rather disparate set of incentives into one strategic approach. We need to ensure that, as well as having incentives for local authorities, housing associations and so on, we make available a range of mechanisms to ensure that we have a supply chain. We need to ensure that we have a range of incentives for farmers and land managers to produce biomass to meet the demand. At the moment, a large amount of the fuel that is being used is imported.

Dr Bob McIntosh (Forestry Commission Scotland): In a general sense, the barriers are partly to do with a lack of knowledge of the technology. It is new and people are not sure about using it yet. That applies across the sector. Further, there is the cost of installing wood-fuel heating at the initial capital investment end. That is being addressed through grants.

The issue is to do with building confidence and having some good exemplar projects across the country, as much as anything else.

On the issue of public buildings, I can speak only for the Forestry Commission, which has an assumption that any new building, or old building that gets a new heating system, will use wood-fuel heating.

Richard Lochhead: The point that I am trying to get at is that a new village hall, for example, will open in north-east Scotland and it will have oil-fired heating. In the 21st century, we are supposed to be promoting renewable energy and biomass; yet here we are, building brand new buildings, with public money, that use oil or whatever. What I am trying to get at is the extent to which ministers measure and monitor that.

Rhona Brankin: As part of the new Scottish climate change programme that is coming out there is a commitment across the Executive. You are absolutely right; it is a matter not just for me, but for the Minister for Communities and the Minister for Enterprise and Lifelong Learning. There has to be a commitment across ministerial portfolios. A lot of work has been done by housing associations to develop community heating schemes. Ministers right across portfolios must be signed up to climate change targets, and that will be one of the ways of ensuring that we are able to deliver a more sustainable Scotland at a local level.

I agree that we need to get more of an overview of what is happening on the ground. We have some information, but we need to ensure that local authorities are able to set targets and consider the part that they have to play in this. We need to ensure that we have the range of support mechanisms that enable that to happen. Clearly, if we are going to monitor success, we need targets, and a new set of targets is being set out across the portfolios in the revised Scottish climate change programme, which will enable us to monitor, for the first time, what is happening and what progress has been made. In the past, because we have not had that suite of targets, there has been difficulty in knowing whether we have been making progress.

Richard Lochhead: Many people in the biomass sector, and others, bemoan the fact that—as we heard today, from a previous witness—although the DTI has set up a capital grants scheme for biomass projects of around £60 million over the past few years, only one project has proceeded, in the witness's view. Many people to whom I speak outside the committee are asking who is investigating why that money has

not been spent, what Scotland's share of it is, and why ministers have not demanded that Scotland's share should come to Scotland for ministers here to allocate, given that the current scheme seems to be failing.

Rhona Brankin: We are working with the DTI to ensure that Scottish interests are considered if a decision is made to redistribute funds. We have to work closely with Government departments such as the DTI and DEFRA, as there are a range of incentives. That is one of the reasons why we need to develop a biomass strategy to bring the range of support mechanisms that are available into a more strategic view. We are aware of the issue and we are working with the DTI to ensure that Scottish interests are considered.

Richard Lochhead: Do you agree that, in future, such schemes should be run from Scotland and that people should not have to apply to the DTI, which has clearly been dragging its feet over deciding the criteria for what qualifies and what does not? Should we not have our own policies?

Rhona Brankin: I am not going to pre-empt decisions that will be taken as part of the biomass action plan. A range of schemes are available, and we must ensure that they are properly targeted. Given the fact that, although energy is not devolved to Scotland, renewable energy is a devolved matter, there is a crossover between the Scottish Parliament and Westminster. We need to work closely with our Westminster colleagues when money is available in UK schemes. That is the kind of issue that will be considered under the biomass action plan.

Nora Radcliffe: I have a couple of questions about money and one about forestry. We heard earlier from Argyll and Bute Council that the money that was given to local authorities for energy saving schemes or carbon emissions schemes had a five-year payback requirement. It was mentioned that one scheme could not proceed because it could not fulfil that criterion.

Has any work been done on whether the requirement to achieve payback within five years is inhibiting full take-up of those grants? If that is not the case because other projects are using the grants, that is fine. However, if the requirement is inhibiting full take-up of the money, we perhaps need some appraisal of whether greater flexibility in the payback period would be desirable. Perhaps the minister can respond to that at a later date.

What is the current position on the Scottish community and household renewables initiative? Can the minister provide us with an update on that grants scheme?

I will let the minister reply to those questions before I ask about forestry. On the five-year payback, I ask the minister only that she look into the situation.

Rhona Brankin: Can we be given more information on that?

Nora Radcliffe: I am a bit woolly about the issue myself, but I gather that the money was given to local authorities to invest in projects that met a five-year payback criterion.

The Convener: The scheme in question was the Scottish Executive's energy efficiency scheme.

Nora Radcliffe: After the matter was raised this morning, it occurred to me that the five-year payback requirement should be reconsidered if it is inhibiting the full take-up of the money. However, if there has been full take-up of the money because many other projects are able to meet the requirement, that is fine.

The Convener: Part of the point was that people do not believe that energy prices will remain at current levels and they certainly do not believe that prices will rise. A change to future estimated energy costs could bring biomass into the timescales, but a rigid five-year payback requirement perhaps leaves biomass sitting slightly outside the requirements and, as a result, biomass does not count for such moneys.

Rhona Brankin: I do not have that information to hand, but I can get the relevant minister to provide information about that.

Nora Radcliffe: I ask the minister to follow up the issue in case the five-year payback requirement needs to be reconsidered.

Rhona Brankin: On your question about the SCHRI—it was set up in 2002 and was allocated £5.9 million. The scheme has been extended to 2007-08, with £6.6 million investment. More than 600 projects have been allocated funding under the scheme and more applications are being processed. An important issue is that the scheme is helping to raise awareness of the benefits of renewables.

An interim evaluation of the scheme was completed in November last year. The findings show that, as members will be aware, the SCHRI has been successful in helping the development of the small-scale renewables sector in Scotland, but it will need to evolve if it is to remain successful and effectively focused. Ministers are considering the results of the review and an announcement will be made shortly. However, no decisions have yet been taken on what will happen.

Christine McKay may be able to say more about the scheme.

Christine McKay (Scottish Executive Enterprise, Transport and Lifelong Learning Department): We are hopeful that a decision will be made in weeks rather than months.

Nora Radcliffe: I think that the value of the scheme has been recognised.

Christine McKay: Yes, the scheme has been very successful and, in some respects, perhaps too successful.

Nora Radcliffe: We need more schemes like it.

My other question relates to forestry. The potential biomass market changes some of the parameters for the growth and management of forestry. Has the Forestry Commission taken that into account in its forward planning and replanting schemes? What sort of long-term guarantees would need to be in place before the commission could confidently change some of those parameters?

Rhona Brankin: The Scottish forestry strategy review, which we launched earlier this week, has come at a helpful time. The fact that forestry will have its own major target in the climate change programme is a recognition of the important part that forestry will play in achieving the climate change target. It also plays an important part by producing timber for use in construction and as wood fuel. Therefore, we have to think about what a revised target for timber production might look like. The potential demand for timber is huge and we have a massive resource in Scotland as a result of the planting strategies that were implemented in the 1960s and 1970s, but we need to think carefully about the scale and kind of planting because of other policy imperatives. We need to increase timber production for biofuels, construction and to develop carbon sinks for carbon sequestration, but we also need to think about our policies on, for example, native Scottish woodlands and biodiversity. There is a big challenge for timber production, and I ask Bob McIntosh to expand on that.

11:45

Dr McIntosh: If I understood correctly, Nora Radcliffe was asking whether we needed to change our forestry practices to be able to supply the biofuel market.

Nora Radcliffe: I can see why they might need to be tweaked slightly. You have to think long term, so you need long-term certainties. You also need to do a bit of forward thinking about what demand is likely to be and where the best added value is likely to be.

The Convener: We have also talked about what the appropriate target would be on climate change and what is possible with the existing forestry resource. We spent a bit of time this morning talking about thinning woods and forests as a way of increasing forestry production and getting biomass out effectively in local areas. In a sense, we kicked upstairs to you the strategic vision, how it fits into biomass and how it relates to climate change. We are all interested in that.

Dr McIntosh: We will not need to make too many changes to forestry practice because of biomass and climate change. Forests produce a range of products. At the lower-quality end, the material that is produced can be used for biomass or for making pulp, paper or panelboard; it is just a question of which market wants to use it. It is not a question of radically altering how forests are managed or grown to ensure that material is available for biomass, although it might be different with climate change. On that, we must consider carefully the balance between maintaining forests in the long term, which locks up carbon, or felling them and converting them into products. What happens to those products can make a difference to the carbon balance. We are trying to work through such issues now with some studies that examine the effect of different forestry practices on the carbon balance.

Nora Radcliffe: An ancillary part of the equation is how much the construction industry uses timber to displace other more carbon-intensive materials.

Dr McIntosh: Absolutely.

Rhona Brankin: You will be aware of the wood for good programme. We need to include such programmes in the revised strategy to ensure read-across. The climate change programme will begin to reinforce such connections across Government. The revised forestry strategy for Scotland will also have to address challenges on the extraction of timber, such as the carbon cost of taking timber from remote areas, which is a live issue in many parts of Scotland. That all involves a complex set of policy drivers with which we will wrestle over the next few months.

Maureen Macmillan: Will you expand on your policy on native woodlands? We have heard evidence about the possible use of native woodlands for short-rotation forestry because native trees such as birch can be ready for harvesting in seven to 10 years. Is there any room in that for the use of land management contracts or agri-environment schemes? Perhaps you could also say something about the potential role of forest crofts.

Rhona Brankin: There is a debate about short-rotation forestry. I do not know whether the committee has had much evidence on it, but it is the cultivation of fast-growing trees, which are cropped between eight to 20 years after planting. There is increased interest in growing such trees for use as biomass. The Forestry Commission Scotland and DEFRA commissioned a study on the issue, which I think has been published on the Forestry Commission's website. We think that a

number of issues need to be addressed, including impacts on biodiversity, archaeology and landscape.

The recommendation would be that before a large-scale move to short-rotation forestry, we would need to ensure that a code of practice was in place that would give guidance for growers. We would need to ensure, for example, that there were no perverse impacts on local biodiversity. We can address such matters in our discussions on land management contracts and what can go into tier 3. We are interested in the issue, but additional work needs to be done on it. Dr McIntosh might want to say more on that.

Dr McIntosh: I think the minister has covered it.

Rhona Brankin: On forest crofts, I know that several members have been interested in the concept for a long time. The concept has huge potential for remote rural and island communities to use forests or woodland. As members will be aware, there is a scheme that allows communities to acquire forests or woodland for use, for example, as a resource for heating and wood crops. I am more than happy to supply the committee with more information about forest crofts, which I think are a hugely exciting prospect. Obviously, biofuels and bioenergy are hugely important for the communities to which I referred.

Maureen Macmillan: What kind of woodland do you envisage the communities growing or acquiring? Would it fit our usual idea of what forest is—for example, cypress and spruce? If not, would it be native woodland?

Rhona Brankin: It would depend on the community and the kind of land; it could be native woodland or it could be cypress and spruce. Dr McIntosh might want to say more about that.

Dr McIntosh: It could be either—it would depend on individual circumstances.

Rhona Brankin: It is for communities to assess the possibilities and to come forward on that basis. We will work with them and consider any projects that come to us.

Mr Brocklebank: Can we consider biodiesel briefly? You will be aware that a number of witnesses have talked to us about the possibility of growing oil-seed rape and, using crushers, to produce biodiesel. There is also the possibility of producing biodiesel from certain types of grain. The Executive needs initially to provide imaginative support for that. Can you say anything about the Executive's approach to that?

Rhona Brankin: As members will be aware, funding is available for growing oil-seed rape for energy purposes. The figures that I have before me are 4,100 hectares under the energy crop scheme and 5,300 hectares under the non-food, set-aside option of the single farm payment. In 2005, about 9,400 hectares of oil-seed rape were grown for energy purposes. As members know, oil-seed rape is the energy crop that is most likely to be grown in Scotland.

Members will also be aware of the regional selective assistance grant that was made available to Argent Energy Ltd to develop a plant for producing biodiesel from raw materials, including used cooking oil and animal fats. The plant is co-located with an animal by-products processing plant, which we would commonly refer to as a rendering plant. Biodiesel is produced from animal by-products. Some 50 million litres of biodiesel will be produced each year from tallow and recycled cooking oil.

It is clear that the main opportunity for Scottish farmers lies in growing oil-seed rape, so we need to ensure that farmers have access to information about that opportunity, and support. A key issue for us is in providing support to farmers to make such a change. As with short-rotation coppice, for example, there is an onus on Executive ministers to provide support to farmers to make the necessary changes.

Mr Brocklebank: The point that has been made to us is that oil-seed rape can be grown throughout Scotland, from the Borders right up to Orkney; such a crop therefore has massive potential. However, local crushing plants are required. There is no point in producing the stuff and then driving it many miles to a central crushing plant. Is the Executive fully aware of the need to develop local plants? Does it support such developments?

Rhona Brankin: Bob McIntosh might want to say something about economics and the size of plants. There is a helpful Scottish Agricultural College study of biodiesel production from oil-seed rape in north-east Scotland, and the Forestry Commission and the Scottish Executive Environment and Rural Affairs Department have been working with the NFU Scotland to consider the opportunities that are available to farmers. I accept what has been said about crushing plants. Bob McIntosh may want to give an update on where we are with respect to where those crops go and local provision.

Dr McIntosh: Several organisations are considering where to set up a crushing plant, but the issue comes down—as such issues often do—to striking a balance between the size of plants that are needed in order for them to be economical and the number of plants that can exist. I understand that the feeling is that the decision will come down in favour of there being a few very large plants to get round the economic issues to do with the costs of running such plants.

Mr Brocklebank: That sounds like a contradiction in terms. If there are a small number of large plants, the stuff will have to be transported to and from them. How will that help the economics?

Dr McIntosh: It will be interesting to try to strike the balance. As far as I am aware, there is currently no concrete proposal for a crushing plant in Scotland, although I understand that one or two proposals are being discussed in other parts of Great Britain.

Mr Brocklebank: The final point that I want to make is vital. The process will not become economical until we start to do something about fuel duty, which will have a skewing effect however cheaply products are produced. The Executive cannot deal with that matter, of course, but will you make representations on it?

Rhona Brankin: Yes.

I refer to the renewable transport fuel obligation. Members may be aware that there was an announcement in November that there will be an obligation on transport fuel suppliers to ensure that, by 2010, 5 per cent of all fuel that is sold on United Kingdom forecourts consists of biofuels. That is clearly an important measure to ensure that there will be a market. People need certainty if they are going to make changes—they need to be sure that there will be a market. Officials from the Transport Department are members of the renewable transport fuel obligation implementation board.

We must work closely with the UK Government and consider the implications for Scotland. We are aware of the need to develop a network of crushing plants throughout the UK: I take your point about the transport implications, which we are aware of.

We need to encourage demand and to instil confidence throughout the chain. For example, all Forestry Commission vehicles are to run on biofuels—I do not know whether Bob McIntosh wants to talk about that. We need to consider such measures throughout the Executive.

12:00

The Convener: Does Bob McIntosh want to talk briefly about that initiative? We have heard a bit about it.

Dr McIntosh: I think that the previous panel covered the matter.

Rhona Brankin: Another problem is that biodiesel is available from only 25 filling stations in Scotland. We need to address a range of issues throughout the supply chain. We must consider the mechanisms to stimulate demand and, as I said, we need to examine the whole supply chain and work with our UK colleagues.

Rob Gibson: We are interested in the creation of clusters to promote the full potential for jobs, to develop the saw-log, pulp and wood-fuel sector and to reduce the distance that fuels must travel. Will you say more about the potential for more clusters in areas such as the north of Scotland and parts of the middle of Scotland that are not served by the clusters that have grown up in areas where there is the highest forestry concentration?

Rhona Brankin: We need to consider developing the cluster model as part of any action plan. I do not know what evidence the committee has heard on that, but we see it as providing a key opportunity for communities that are remote from the main transport infrastructure, for example. Exciting opportunities are also available to develop so-called unplugged communities—I am sure that members are aware of the pilot project in Shetland, which concerns housing developments that do not use the national grid or the conventional waste water infrastructure. There are huge opportunities for innovative thinking and massive opportunities for cluster projects in rural Scotland. We are keen to develop them.

Rob Gibson: I will take that a bit further. We have heard about some of the issues that concern the duty on biofuel. In relation to biomass, do European Union procurement rules make the situation difficult for people who are tendering contracts because they must offer contracts throughout Europe? The result is that people in Wick are talking about taking imports from Estonia to meet the needs of the combined heat and power plant in Wick. Do you have a view on that?

Rhona Brankin: As part of the Scottish climate change programme, we need to consider what, within state-aid rules, we can do in procurement and what we can do to examine accreditation issues. We are conscious that importing wood for wood fuel and wood chips could raise sustainability issues. Members will be aware that there are unsustainable logging practices in other countries, so we want to consider the possibility of developing an accreditation programme. Procurement is a major issue. As I said, we will consider it as part of the Scottish climate change programme.

Rob Gibson: I am interested in the provision of wood to urban areas and the development of timber resources relatively close to them. I asked the previous panel about the development of the forestry strategy in areas closer to the large centres, so that there would not be so much distance between the place where the biomass for fuel is grown and the place where it is used.

Rhona Brankin: We agree strongly that that should happen. One of the key issues that we are considering in the review of the strategy is where the forest estate is located at the moment. We are also asking whether we are growing the right kind of trees in the right places. We take the view that we need to consider repositioning the forest estate, to support both the policy driver of promoting biomass and renewable energy and other policy drivers of which members are aware—physical fitness, access to the countryside, provision of areas for play and green-space issues. We would welcome the committee's thoughts on the review of the forestry strategy. We are clear about the fact that the issue is not straightforward. Few things are carbon neutral, but we need to ensure that our revised forestry strategy places carbon and climate change at the heart of forestry policy.

Rob Gibson: I have a short follow-up question.

The Convener: It will be your third supplementary, so be very brief.

Rob Gibson: My question relates to the Scottish strategic timber transport fund and its use for the transport of timber by rail, which might aid some urban areas. I am concerned that money that was spent at Forsinard in Sutherland does not seem to have worked: the railway wagons did not fit, a stance was built but not used and contractors who transport timber by lorry lost out badly in the process. The issue ties in directly with the creation of clusters in the north of Scotland and other places where there is a railway. Was money from the fund used for that purpose? What report will we get on its impact?

Rhona Brankin: We see the timber transport fund as being hugely important because of issues that we have discussed, such as how we get timber out of forests in the most sustainable way possible. I invite Bob McIntosh to comment on the specific issue that Rob Gibson raised.

Dr McIntosh: No money from the timber transport fund has been spent yet—it is just about to come into being.

Rob Gibson: Good.

Dr McIntosh: Schemes such as the one at Kinbrace, which Rob Gibson mentioned, were funded through other Executive support schemes. We are keen to support more use of sea and rail transport for the movement of timber, which is why money has been invested in schemes such as that at Kinbrace. The difficulty is that many such schemes are economically marginal, which was certainly true of the Kinbrace scheme. The rail operator's desire to increase its operating costs made it difficult for the other people who were involved to make the figures stack up. However, we are hopeful that the scheme will be resurrected.

Rob Gibson: The Minister for Transport and Telecommunications may be able to get Transport Scotland to look at such issues. I hope that the Deputy Minister for Environment and Rural Development will speak to him about that.

Rhona Brankin: I will be more than happy to emphasise the point to the Minister for Transport and Telecommunications. He will need to consider the issue in the context of transport's contribution to meeting climate change targets. Members will be aware that £13 million over five years has been set aside for strategic timber transport, so we are aware of the importance of the issue. I know that colleagues in Dumfries have expressed concerns about particular problems in the south-west of Scotland.

The Convener: I have a final short question about guidelines on biomass, which has cropped up in my constituency case work. There is a great deal of confusion about smoke-control areas, planning regulations and which boilers people may buy and use in urban areas. People are happy to buy such boilers, but they are required to import them, so a big opportunity is being missed. That is a big obstacle, not just for local authorities but for individuals who want to go down the biomass route in their houses.

There is also the issue of waste management, licensing and whether we define as waste wood that is not used, or whether we regard it as a useful product that could be used in another way. Are you discussing such matters with other ministers and with regulatory agencies to tackle seemingly minor issues that can stop development in certain areas?

Rhona Brankin: I do not know whether the committee has spoken to the Energy Saving Trust. Are you suggesting that adequate information on biomass is not currently available?

The Convener: Absolutely. A small number of people have done their own research; it is possible to find the information, but regulatory issues still need to be dealt with, so even when somebody has found a boiler that does the job they might not get permission to install it from their local authority, which is an issue that we raised with Ross Finnie. There is real confusion about the matter; guidelines from the Executive would help people to wade through the morass of not knowing what they are allowed to do.

Rhona Brankin: That is a helpful comment about exactly the kind of thing that we need to pick up on in a biomass strategy, because it covers a range of departments across the Executive. We must also consider building regulations, for example. A review of building regulations is

currently examining energy issues. I accept that there are barriers to people going ahead with biomass. The SCHRI has clearly been successful, and communities and individuals have successfully completed their own projects, but we accept that we have not yet got biomass sufficiently integrated and supported within those projects. That is something that we are keen to do, and there is a clear imperative to do it. Under the umbrella of the Scottish climate change programme, we can bring that work together with the biomass action plan.

The Convener: I think that we have exhausted ourselves at this end of the table. I know that Rob Gibson would have asked more questions, but I will not allow him to. We now have to reflect on the whole range of evidence that we have heard and on all the issues that have been raised. I thank the minister and her officials for their evidence.

12:12

Meeting suspended.

12:19

On resuming—

Subordinate Legislation

Foot-and-Mouth Disease (Slaughter and Vaccination) (Scotland) Regulations 2006 (SSI 2006/45)

TSE (Scotland) Amendment Regulations 2006 (SSI 2006/46)

Sea Fish (Prohibited Methods of Fishing) (Firth of Clyde) Order 2006 (SSI 2006/51)

Temporary loss of sound.

12:21

Mr Brocklebank:—broadly speaking, we support the suggestion that cod spawning areas should be closed. That is no different from previous years. However, I hope that an end will come to the thought that cod is God and that everything else has to be suspended because of one species. That is something on which we will have to seek more evidence, because there is now increasing evidence to the effect that cod are elsewhere for reasons other than overfishing.

Two areas are outlined; people will still be allowed to fish for nephrops in area 1, but in area 2 there is to be no dredging for nephrops, although people will still be allowed to go scallop fishing. I am interested to hear why area 2 is different from area 1.

The Convener: Those are specific questions and points of concern. I suggest that we capture the questions that Rob Gibson and Ted Brocklebank have asked and pass them to the minister for a written response. I do not think that you are questioning our handling the statutory instrument, are you?

Mr Brocklebank: No.

The Convener: Your concerns are more about the rationale behind the instrument and about questions that you have been asked.

Rob Gibson: That is correct.

The Convener: Is it therefore agreed that we make no recommendation to Parliament on the latter two regulations, and that we consider the other one next week?

Members *indicated agreement*.

12:23

Meeting continued in private until 12:50.

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