

PRESS RELEASE

ENVIRONMENTAL COALITION CALLS FOR UK TO TERMINATE SUBSIDIES TO BIOMASS PLANT IN TEESIDE

MGT Teesside biomass power plant has been beset with problems and is still not up and running; meanwhile, revelations about the true climate costs of burning biomass mount

FRIDAY 10th DECEMBER – On the day that MGT Teesside misses its latest deadline to begin operations, the [Cut Carbon Not Forests](#) (CCNF) coalition warns the Low Carbon Contract Company (LCCC) to reject any further deadline extensions for the biomass power plant. The MGT Teesside plant – which is the largest dedicated biomass-burning power station in the world – will burn over one million tonnes of imported wood pellets a year. The UK Government awarded it subsidies under the Contract for Difference (CfD) scheme in April 2014, and it was to start running by September 2018. However, the plant has faced a string of delays and has yet to produce any electricity. The most recent delay was caused by a multi-day fire on-site in November.

Since the MGT Teesside plant was awarded its CfD, the Government has agreed that this type of power plant does not meet the official definition of low-carbon electricity. If it bid for a Contract for Difference today, MGT Teesside would not qualify. During COP26, Lord Goldsmith admitted the UK had ‘real problems’ with burning wood for electricity. He also promised to look at how trees burnt for UK energy are sourced, as reported by The Telegraph on 6th November.

MGT Teesside’s CfD is also one of the costliest ever awarded at a strike price of £147.56/MWh at current rates. By comparison, the CfD awarded to Hinkley Point C nuclear power station is £106.12/MWh. The most recent CfD auction for offshore wind resulted in a strike price of £46/MWh – one-third of the cost of the MGT Teesside’s award in today’s prices. If the LCCC grants another extension to the Teesside biomass plant, UK billpayers will be forced to subsidise its operation for 15 years.

In 2021, Biofuelwatch, a member of the CCNF coalition, instructed law firm Leigh Day to write to the Department of Business Energy and Industrial Strategy (BEIS) arguing that the subsidy contract for the power plant is unlawful and should be terminated. The [letter](#) argued that the contract was entered into under the Energy Act 2013 for the project to be treated as generating a form of low carbon energy. Yet it has become clear that burning biomass for electricity will not contribute to a reduction in greenhouse gases and thus can no longer be treated as such.

In response to the news that the LCCC could grant MGT Teesside yet another extension, **Phil MacDonald, Chief Operation Officer at Ember** said, “Burning wood for power isn't just a big risk for the climate – it's a big risk for investors too. Utilities across Europe and around the world who are considering biomass should study this project carefully.

“Unlike cheap wind and solar power, biomass power stations can only operate when they are offered sky-high subsidies. But even with huge government support, the Teesside plant shows that biomass can't be relied upon to power the grid or deliver a return on investment. The Low Carbon Contracts Company should stand firm and not offer any further extensions to the project. Recent science shows that biomass isn't zero-carbon energy, and that it's not good value for taxpayer money either.”

In the seven years since the subsidy agreement was made, scientists have warned that the large-scale burning of forest biomass for electricity is undermining both climate goals and the world’s biodiversity. In that time, BEIS has recognised that electricity generated by wood pellets, such as those that would be burned at the MGT Teesside power station, will lead to far greater greenhouse gas emissions than truly low-carbon forms of electricity generation, such as wind power.

If it begins operating, MGT Teesside will import wood pellets from the Southeastern United States. Its key supplier, a company called Enviva, routinely sources whole trees from clearcuts of mature hardwood forests and has a record of polluting the air in the communities where its pellet mills are located.

Almuth Ernsting, Co-Director of Biofuelwatch said, "BEIS awarded MGT Teesside a Contract for Difference over seven years ago, on the basis that the plan would be up and running by the summer of 2018. Since then, they have agreed that this kind of biomass power station no longer meets their definition of low-carbon electricity for the purpose of new subsidy awards. However, for reasons we cannot comprehend, the BEIS-owned Low Carbon Contract Company has given MGT Teesside three years' worth of extensions already. Extending the deadline further would needlessly lock the UK into 15 years of paying for a polluting, inefficient, hugely expensive power station that should never have been built in the first place."

"Here we have yet another example of a dirty biomass plant being built in our region, hugely reliant on Government subsidies," said **Rowan McLaughlin, chair of Stop Incineration North East**. "Those of us in the local area have seen a series of delays with MGT Teesside and been impacted by the recent silo fire. We hope that The Low Carbon Contracts Company listens to us and decides to not extend the project. The science behind biomass is there for everyone to see – it worsens climate change and has an expensive and polluting supply chain. The best use of these Government subsidies would be in wind and solar projects to speed the UK's transition to real clean energy. The Government must choose cleaner air and more jobs in cleaner energy in the North East."

Cut Carbon Not Forests was launched in June 2020. The campaign's goal is to remove subsidies from companies that burn trees for electricity and redirect UK biomass subsidies to real clean energy. It is led jointly by [Biofuelwatch](#), [Stand.earth](#), [Dogwood Alliance](#), NRDC ([Natural Resources Defense Council](#)) and the [Southern Environmental Law Center](#) (SELC).

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