

**Renewable Energy: Reform of the Renewables  
Obligation**



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**The UK Cement Industry**

1. The UK Cement Industry. The British Cement Association is the trade and research organisation that represents the interests of the United Kingdom's cement industry in its relations with Her Majesty's Government, the European Union and relevant organisations in the United Kingdom. The members of the BCA (Castle Cement, Lafarge Cement UK, CEMEX UK Cement and Tarmac, Buxton Lime and Cement) are the major domestic manufacturers of Portland Cement producing over 90% of the cement sold in the UK. Additionally, BCA supplies services concerning climate change issues to Quinn Cement.

2. Energy represents an increasing proportion of the variable costs of cement manufacture (>35%) and it is therefore a primary concern of the industry to take all cost effective measures to improve energy efficiency and thereby reduce its emissions of carbon dioxide.

3. The cement industry supports the principle of emissions trading. Through their parent companies, Lafarge Cement UK, Castle Cement, and CEMEX are committed to carbon reductions through the World Business Council for Sustainable Development Cement Sustainability Initiative, (WBCSD CSI). In addition, Tarmac Buxton Lime and Cement has undertaken to adopt the commitments within the WBCSD CSI.

**4. The Cement Industry and Renewable Energy**

4.1. The cement industry uses a range of alternative fuels that include; solvents, tyres, paper/plastic packaging waste, refuse derived fuel (RDF), waste oils, processed sewage pellets (PSP) and meat and bone meal (MBM). MBM and PSP are 100% biomass and other such wastes such as tyres, RDF and packaging waste contain biomass fractions.

4.2. In 2006 the UK cement industry replaced around 15% of its fuel use with alternatives to coal and petcoke. This saved around 250,000 tonnes of coal equivalent. However, biomass use in the cement industry is presently low at 2.2% of thermal input.

**5. The Renewables Obligation and the UK Cement Industry**

5.1. The cement industry broadly supports renewable energy development in the UK and it appears sensible to categorise the type of renewable technology but not according to their development stage as the consultation suggests, rather in terms of their overall carbon footprint based on a life cycle analysis.

5.2. The current status of the RO means that co-firing biomass is incentivised only in the electricity supply industry (ESI) and as such this distorts the supply/demand of potential co-firing fuels. The proposed changes in the consultation document does not analyse the changes to the renewables obligation and their potential impact on industries such as cement, that have the potential to use biomass as a replacement for fossil fuels.

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- 5.3. The RO therefore places a market restriction on the use of biomass fuels in the cement industry which could impede its ability to meet targets under Climate Change Agreements and EU Emissions Trading Scheme in the future.
- 5.4. These impacts could be far reaching because alternative fuel handling takes significant investment which could be diverted elsewhere by the multinational parent companies of the UK cement producers.
- 5.5. As such prior to the introduction of any proposed changes to the RO and in order to carry out a full review of the RO, Government should analyse the impact of biomass co-firing in the energy intensive non-ESI sectors in terms of cost, abatement potential and loss of potential investment.