

Biodiversity pilot projects planned

Insight Investment, a UK-based asset manager, and Washington-based NGO Forest Trends are to run a series of biodiversity offset pilot projects over the next 18 months.

The move follows the recent publication of a report* by Insight and conservation group IUCN on biodiversity offsets – that is, conservation projects designed to compensate for losses in biodiversity through development

elsewhere. “The purpose [of the pilot projects] is to have a go in practice at implementing the things mentioned in the report,” says Kerry ten Kate, director of investor responsibility at Insight.

The two organisations “aim to work with the companies and developers involved in a handful of projects around the world – with different industry sectors and different scales of operation – to help them design and imple-

ment biodiversity offsets,” says ten Kate. But she says that she cannot reveal more details of the projects at this time.

An initial workshop for likely participants was held after the IUCN’s third World Conservation Congress in Thailand in November, says Mira Inbar, associate in the ecosystem services programme at Forest Trends. She says that they hope to run around six projects and have set a timescale of about 18 months. The projects will receive advice from a network of experts and be encouraged to share their experiences with each other, she continues.

News of the pilot scheme comes as the IUCN congress, which takes place every three to four years, gave unprecedented weight to the need to engage business in conservation. Both the incoming and outgoing presidents mentioned the importance of the corporate sector, says Inbar, and business participation was significantly higher than in previous congresses.

“We moved from a ‘dialogue of the deaf’ to a collaboration with entrepreneurs and business:

this shows that biodiversity and sustainability is as important to business as it is to us,” says Josh Bishop, IUCN senior advisor.

Among the papers presented at the conference was a report** by IUCN detailing the economic benefits provided by freshwater habitats. Through a series of case studies, it shows the range of services that these types of ecosystems provide, and argues that these benefits should be given greater consideration in decision making.

Among the examples is the Muthurajawela Marsh in Sri Lanka, which offers the same level of flood protection as a \$5 million infrastructure scheme, and wetlands in Palissa, Uganda, which provide a quarter of the average income of local households, contributing \$34 million a year to the local economy.

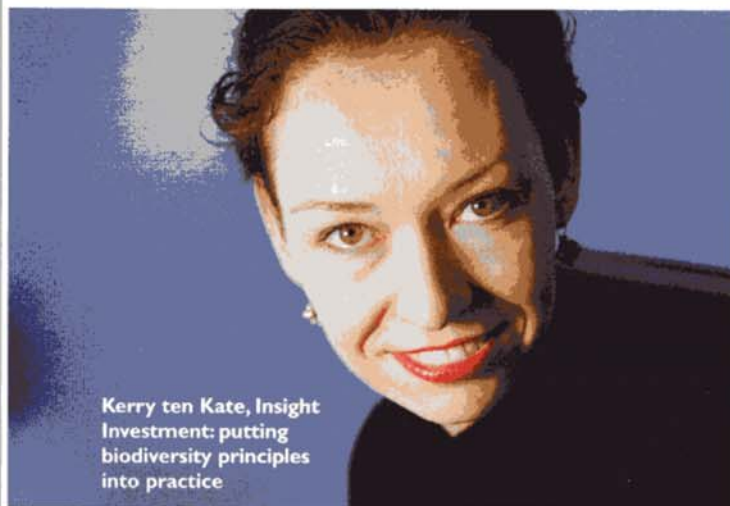
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* Biodiversity offsets: Views, experience, and the business case

www.insightinvestment.com/responsibility/project/biodiversity.asp

** Value: Counting ecosystems as water infrastructure

www.waterandnature.org/pub/value.pdf



Kerry ten Kate, Insight Investment: putting biodiversity principles into practice

UK mulling ‘renewable heat obligation’

The UK government is considering the introduction of a ‘renewable heat obligation’, backed by tradable certificates, in an effort to boost biomass, combined heat and power, and on-site micro-generation. The Department of Trade and Industry is about to award a contract to a consulting firm to carry out a study into potential mechanisms to support renewable heat, due to be completed by April.

“This would be a much more cost-effective way of supporting renewables than the existing Renewables Obligation,” says Stewart Boyle, a director at Wood Energy, a supplier of wood-

fuelled heating systems. “It would take an obligation set at only around £10/MWh to get a lot of projects running.” The renewables obligation is currently costing electricity suppliers around £45 (\$86)/MWh.

Advocates of a renewable heat support mechanism point out that energy for heat accounts for one third of UK demand for energy. However, despite the potential of the sector to make a dramatic contribution to the UK’s climate change plans, the government has no policies in place to support carbon reductions via the uptake of renewable heat.

Seven organisations, including Friends of the

Earth, the Combined Heat and Power Association, the National Farmers’ Union and trade association British Biogen, have put their name to a policy proposal, on the Renewable Power Association website.*

It suggests placing an obligation on heating fuel suppliers to supply an increasing proportion of their customers’ demand for heat from non-fossil fuel sources. Compliance would be measured by the delivery of ‘heat obligation certificates’, which would be awarded to certified renewable heating schemes, which would then sell them on to suppliers.

Eligible schemes could

include: biomass-fired heating boilers; heat pumps and solar thermal systems; heating plants co-firing with biomass or biogas and fossil fuels; and the use of renewable fuels in combined heat and power plants.

As with the existing Renewables Obligation, suppliers would have the option of paying a ‘buy-out fee’, which essentially establishes a ‘cap’ on the cost of the obligation. The proposal suggests that, because the emissions associated with producing heat are roughly one third of those from using the same amount of fuel to produce power, the buy-out price should be set at £10, or one third of the ROC buy-out.

Other countries have support schemes in place for renewable heat, but none are operating one backed by a tradable certificate system, says Boyle.

Mark Nicholls

*See www.r-p-a.org.uk