



OVER IMPLEMENTATION OF BIOMASS PROJECTS AND FUEL SECURITY

CASE STUDY/INSIGHT

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When Kyoto Protocol was signed in 1997, there was growing interest in implementing biomass power plants and cogeneration plants in the developing countries. As a result many investors and project developers came forward to invest in such projects and many biomass based power plants were built in Asia. From the renewable energy investment point of view, it was a good initiative. However, in several areas, there was over capacity additions of biomass power plant projects.

When so many biomass power plant projects came up in the same zone, these projects competed among themselves for biomass fuel. As a result, there was an increased competition for all types of biomass fuels including bagasse, rice husk, wood waste, saw dust, corn cobs, , coconut shells and husk, demolished wood, tree cuttings, etc. Some projects were forced to buy biomass fuels at higher rates, since they had no other option for running power plants.



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Due to heavy competition for biomass fuels, the prices went high in several countries like India, Thailand, Malaysia and many other places. It is the responsibility of government to implement some strict regulations while giving licences for such biomass power plants, which are located close to each other. This will ensure that there is fuel supply security for the power plants. In addition, before issuing licence to the power plants, government can insist the power plant to prove fuel security for the project that is to be implemented. This will create a balanced fuel supply security system for the operation of biomass power plants.

The lessons learnt from the experiences show that such oversights should not be repeated in future. The assessments need to be carefully done so that the investors can earn profit from the money they have invested in the biomass power plant projects.

