



1. The benefits of biogas for farmers, the economy and the environment

More and more farmers are looking to anaerobic digestion (AD) to strengthen their businesses. AD gives farmers an alternative use for their manure and slurries. Instead of spreading them to land, they can use them to generate clean, renewable biogas. They are paid by the Government for the green energy they generate, plus the by-product of AD, digestate, can be used as a nutrient rich, organic soil fertiliser.

AD also creates jobs in plant construction and operation, has a high content of UK-engineered equipment, diverts food waste from landfill, derives value from residues and can deploy in one to two years to help bridge the looming energy gap.

2. The problem with the Feed-in Tariff for on-farm AD

In 2012, the Government adjusted the Feed-in Tariff (FIT) for AD to introduce capacity-triggered tariff reductions and preliminary accreditation for developers. The capacity triggers are designed to prevent an unsustainable boom in the market. The preliminary accreditation is designed to allow developers to fix their tariff, removing the risk that tariffs will reduce while the plant is in construction.

There are two capacity triggers: for plants above and below 500kW. Most on-farm AD is below 250kW. Preliminary accreditations are currently counted towards capacity triggers at the time of registration rather than the time the plant comes online. This is artificially breaching the sub-500kW capacity trigger and causing a 20% tariff reduction in April 2014. This will make AD uneconomical for farmers even though hardly any on-farm plants have been built!

3. The solution for farmers and the biogas industry

It's too late to prevent the April tariff reduction, but it's not too late to save the industry! **We are calling on the Government to announce an urgent review of the AD Feed-in Tariff before Christmas.** This will enable Government to fix the problem in summer 2014 so that our biogas companies can preserve their on-farm projects.



The review should:

- Consolidate the two capacity triggers to give just one overall trigger, and
- Account for pre-accreditations in the capacity threshold for the year the plant comes online, not the year of registration.

We're not asking for more money – we're asking for policy that is fit for purpose to achieve its objectives. For more information, visit: www.biogas.org.uk