REA Biogas Progress Report No. 45
for meeting of 4th June 2018

A report setting out the key activities underway that are relevant to the anaerobic digestion sector.

It includes updates from:

1 UK anaerobic digestion deployment

The Fifth Annual Report on anaerobic digestion (AD) deployment in the UK was released by NNFCC in April this year. The report can be purchased here. Please find below a key summary from the report, kindly provided by NNFCC.

Development of AD in the UK has come a long way in recent years, with a total of 550 plants outside the sewage treatment sector now operational. 80 of these plants inject biomethane into the gas grid, with the remainder being CHP plants with a total electrical capacity of almost 400 MWe.

Operational facilities

- There are currently 473 operational AD plants in the United Kingdom (excluding biomethane plants) totalling 392.7 MWe of electrical installed capacity. 329 are farm-fed (cumulative installed capacity of 170.9MWe) and 144 are waste-fed (cumulative installed capacity of 221.8MWe).
- Of the AD plants operational in the United Kingdom, 118 are small scale plants (cumulative installed capacity of 18.1MWe), 154 are medium scale plants (cumulative installed capacity of 72.4MWe) and 115 are large scale plants (cumulative installed capacity of 232.4MWe). There are a further 80 BtG plants in operation with a cumulative electrical installed capacity of 69.7MWe and biomethane capacity of 48,000 Nm^3/hr biomethane.
- AD plants currently operational in the United Kingdom cumulatively require 1,932,000tpa of manure or slurry, 3,789,000tpa of crops, 3,777,000tpa of food waste, 460,000tpa of crop waste and 2,322,000tpa of other waste feedstocks.
- The estimated cropping area required by operational AD plants in the United Kingdom is 84,000 hectares.

Projects under development

- There are 326 AD projects under development in the United Kingdom (excluding biomethane plants) totalling 224.6 MWe of electrical installed capacity. 226 are farm-fed (cumulative installed capacity of 102MWe) and 100 are waste-fed (cumulative installed capacity of 142.6MWe).
- Of the projects under development in the United Kingdom, 104 are small scale plants (cumulative installed capacity of 15.7MWe), 79 are medium scale plants (cumulative installed capacity of 38.5MWe) and 91 are large scale plants (cumulative installed capacity of 166.9MWe). There are a further 47 BtG projects under development in the United Kingdom with a cumulative electrical installed capacity of 17.9MWe and biomethane capacity of 26,000 Nm^3/hr biomethane.
- AD projects under development in the United Kingdom are anticipated to cumulatively require 1,453,000tpa of manure or slurry, 1,876,000tpa of crops, 23,90,000tpa of food waste, 305,000tpa of crop waste and 1420,000tpa of other waste feedstocks.
- The anticipated cropping area that would be required by AD projects under development in the United Kingdom is 42,000 hectares.

2 Heat

2.1 Renewable heat incentive

2.1.1 Non-domestic Renewable Heat Incentive Regulations 2018

After being debated in the Commons and the Lords, the long awaited RHI reforms 'Package 2' were finally signed off by ministers. The Non-domestic Renewable Heat Incentive Regulations 2018 were

made on 21st May 2018 and came into effect on 22nd May 2018. Applications for Tariff Guarantees opened at 10 am on the same day. The text of the regulations can be found here.

Here is a short summary of the requirements included in the Non-domestic RHI regulations:

- Introduction of tariff guarantees – amount of heat covered limited to 250GWh per year;
- Removal of wood fuel drying, waste drying or processing, and domestic swimming pools on Non-domestic premises as eligible uses of heat (for new projects, or where the participant begins to use the heat for drying on or after the date the regulations come into effect);
- Introduction of shared ground loop regulations for ground source heat pumps – payments for heat pumps linked to domestic properties will be made on basis of deemed heat rather than metering;
- Changes to efficiency thresholds for solid biomass Combined Heat and Power plant (implementation of 20% power efficiency threshold, up from 10%);
- Uplift to biogas/biomethane tariffs (see new tariffs below);
- New biogas/biomethane feedstock requirements closely linked to the higher biomethane and biogas tariffs (ie payments to owners of installations generating heat from biogas and to biomethane producers will be reduced where less than 50% of the biogas produced derives from waste or residue);
- Removal of digestate drying as an eligible heat use (for new projects, or where the participant begins to use the heat for drying on or after the date the regulations come into effect).

Other changes affecting both, Domestic and Non-domestic schemes, are:

- Revision of degression thresholds out to 2020/21;
- Amend degression mechanism methodology;
- Operational administrative changes to give Ofgem (scheme administrators) further powers;
- Clarification that any grant funding received post-accreditation is to be deducted from future payments;
- Clarification of powers to withhold payments for a Metering Monitoring Service Package (MMSP) in cases of non-compliance;
- Clarifying Ofgem powers to reject applications where it is not fully satisfied that the plant will operate in line with ongoing obligations;
- Amending enforcement provisions to make it clearer where Ofgem may impose sanctions, including putting a greater onus on participants to evidence that they are in compliance;
- Introducing new powers where Ofgem has been refused access to a site;
- Enabling Ofgem to ban applicants from the scheme where they have misled Ofgem;
- Reducing the period of dormancy (when applications are with applicant pending further information or clarification) from a minimum of 12 weeks to a minimum of 4 weeks;
- Clarifying in regulations that Ofgem may conduct an unannounced audit.

The new tariffs for biogas and biomethane are shown in the table below.

New RHI rates (from 22nd May 2018, inflation uplift included, as per Schedule 6 of new regulations)

Biogas heat	RHI tariff (p/kWh)
0-200 kWth	4.64p
200-600 kWth	3.64p
≥ 600 kWth	1 .36p

Biomethane	RHI tariff (p/kWh)
Tier 1 (first 40,000 MWh of eligible biomethane)	5.60
Tier 2 (next 40,000 MWh of eligible biomethane)	3.29
Tier 3 (remaining 40,000 MWh of eligible biomethane)	2.53

Ofgem revised guidance to tariff guarantees can be found here. All revised guidance documents can be found here.

A full history of the reforms and a summary of all REA's related actions can be read in Appendix B.

2.1.2 Further amendments consultation (RHI reforms 'Package 3')

The Government response to the Non-Domestic RHI Further Proposed Amendments consultation was published on 29th May 2018 and can be found here.

The consultation was released last autumn and the REA & WHA response to this consultation can be found here. The associated negative regulations were laid before Parliament today and can be read here.

Summary of Government decisions

Provisions coming into effect on 20 June 2018

Staggered commissioning for biomethane installations and multiple RHI registrations

In order to register on the RHI, biomethane producers will be required to specify their intended biogas production plant and confirm that the equipment used to produce biomethane has been commissioned.

In order to remove the risk of biogas produced at a single site being used for multiple RHI registrations, the Government has also decided that one biogas production plant will only be able to

be declared for the purposes of one RHI registration.

Provisions to come into effect on 1 October 2018

Environmental Permitting

The response clarifies the requirement in relation to all new plant, as well as additional capacity added to existing plant. These plants will need to declare compliance with environmental legislation and have all applicable environmental permits in place in order to be eligible for support through the Non-domestic RHI. This will also be an ongoing obligation for scheme participants for the lifetime of their participation in the scheme.

Where there is evidence that an RHI installation is in breach of an environmental permit or other environmental legislation, then Ofgem will liaise with the relevant authority. Where the relevant authority undertakes enforcement actions or environmental permits are suspended, withdrawn or revoked, Ofgem, as the scheme administrator, will be able to take appropriate action in the form of suspending, withholding or recovering payments.

Applicants will be required to make a declaration on applications for accreditation or registration that the necessary environmental permits have either been granted or that no permits are required and that the plant and its operation complies with all relevant environmental legislation.

Plant replacement

This now allows replacement where an original installation breaks down. An amendment to the regulations will be introduced to enable participants to replace their plant with a new 'like-for-like' replacement, where 'like-for-like' refers to the technology type and capacity, and stay on the same tariff for the remainder of their participation on the scheme.

Replacement plant will be able to maintain their original RHI tariff for any capacity up to that of the original plant. Any capacity beyond that of the original RHI accreditation will not be eligible to receive support payments i.e. replacement plant with a higher capacity than the original plant will be able to accredit, however, any increase in capacity will not be eligible for support payments.

Where the capacity of the replacement plant is less than that of the original plant, the threshold for Tier 1 payments will be calculated in line with the replacement plant capacity. Where the capacity of a replacement plant is less than that of the original plant and crosses a tariff boundary, the tariff that will be applicable to the replacement plant will still be that which would have applied to the original plant had it not been replaced.

Estimated data

The Government has decided to limit the use of estimated data to claim a maximum of two years of support payments per installation. Claims for estimated data may be submitted to Ofgem for no more than eight quarterly periodic data submissions within a 20 year tariff lifetime, from the date amending regulations come into force. The eight estimated data submissions will apply to each installation regardless of the total number of heat meters on the system.

The Government has also decided that estimated data may not be submitted where it will lead to a revision of payments that have already been made.

Provisions to come into effect on 27 June 2018

Domestic RHI: Third-party finance

The government has decided to implement changes to clarify who may be an 'investor' and the circumstances under which payments can be made to a third party. Any party acting as an investor and expecting to be repaid from RHI payments will be required to become a 'registered investor' and to use the formal assignment of rights process.

Provisions to be introduced in a later package of regulations

Multiple Installations

The Government has decided that for new applications to the Non-domestic RHI, tariffs should be worked out on the basis of the total capacity for each technology at a single site. The proposal will also ensure that the introduction of a heat production limit for very large plant cannot be circumvented through the installation of multiple smaller plant on the same site.

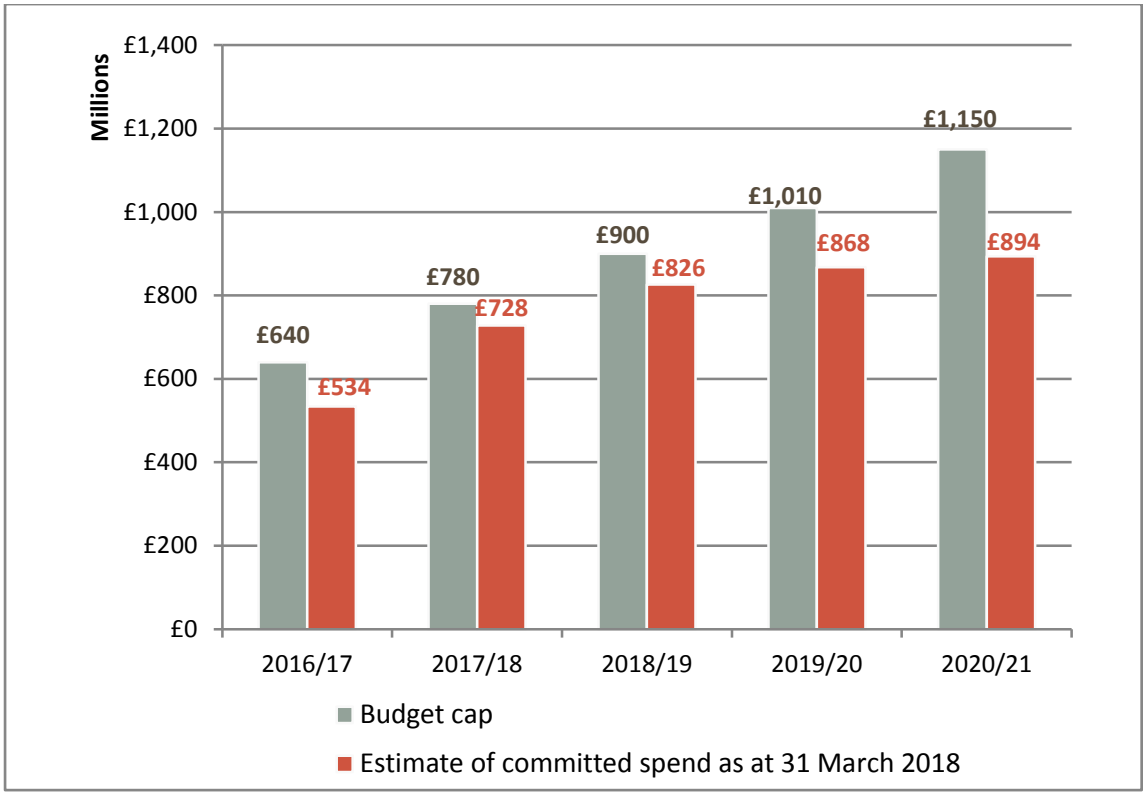
Very large plant

The government will introduce a heat production limit for very large plant at the 250 GWh limit as proposed, subject to securing any necessary regulatory approvals.

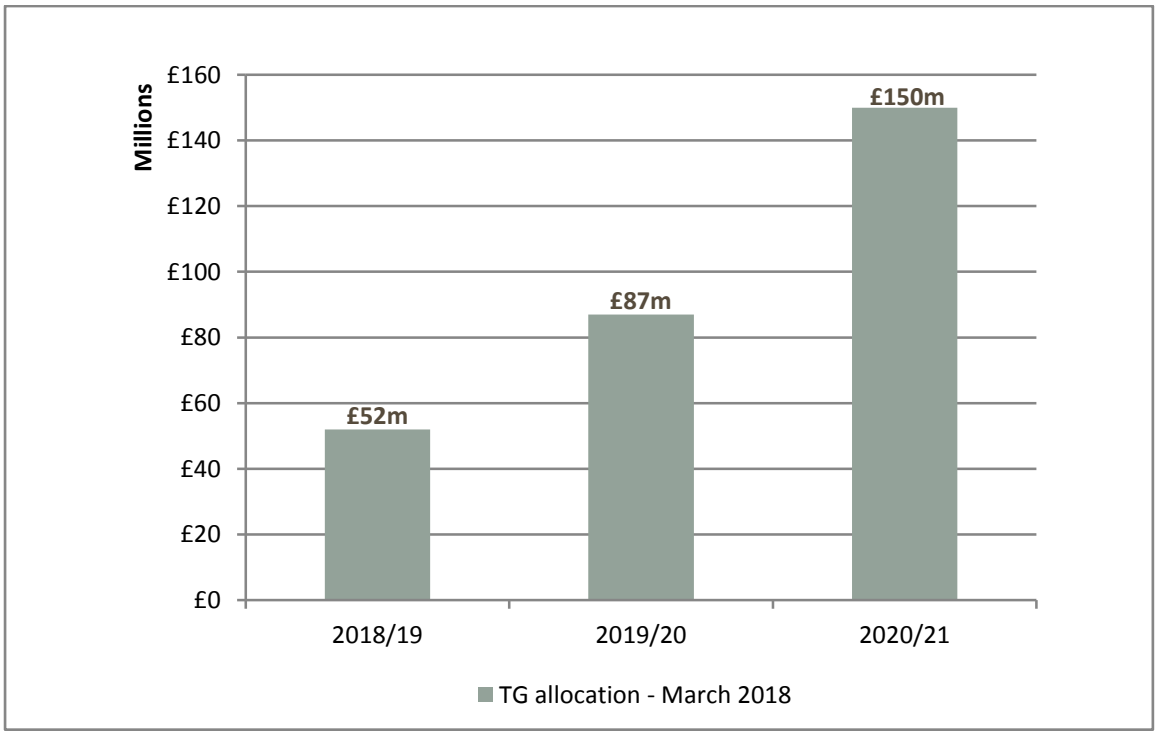
2.1.3 RHI budget caps, TG allocation, Ofgem weekly TG report, and future degressions

BEIS provides monthly updates of estimated in-year expenditure for those plants supported by the scheme as at the end of the previous month. These can be found here.

In accordance with regulation 35(14) of the Renewable Heat Incentive Scheme Regulations 2018, BEIS is required to publish the budget allocation for tariff guarantees and estimates of inflation for the financial years 2018/19, 2019/20 and 2020/21. The first allocation to tariff guarantees was published in March 2018 and can be found here, along with load factors applicable for each relevant technology and quarterly biomethane production factors. The data below, which are illustrated in a chart, are an estimate of the spend BEIS have committed to, for applications and accreditations received up to 31st March 2018, against the RHI budget caps.



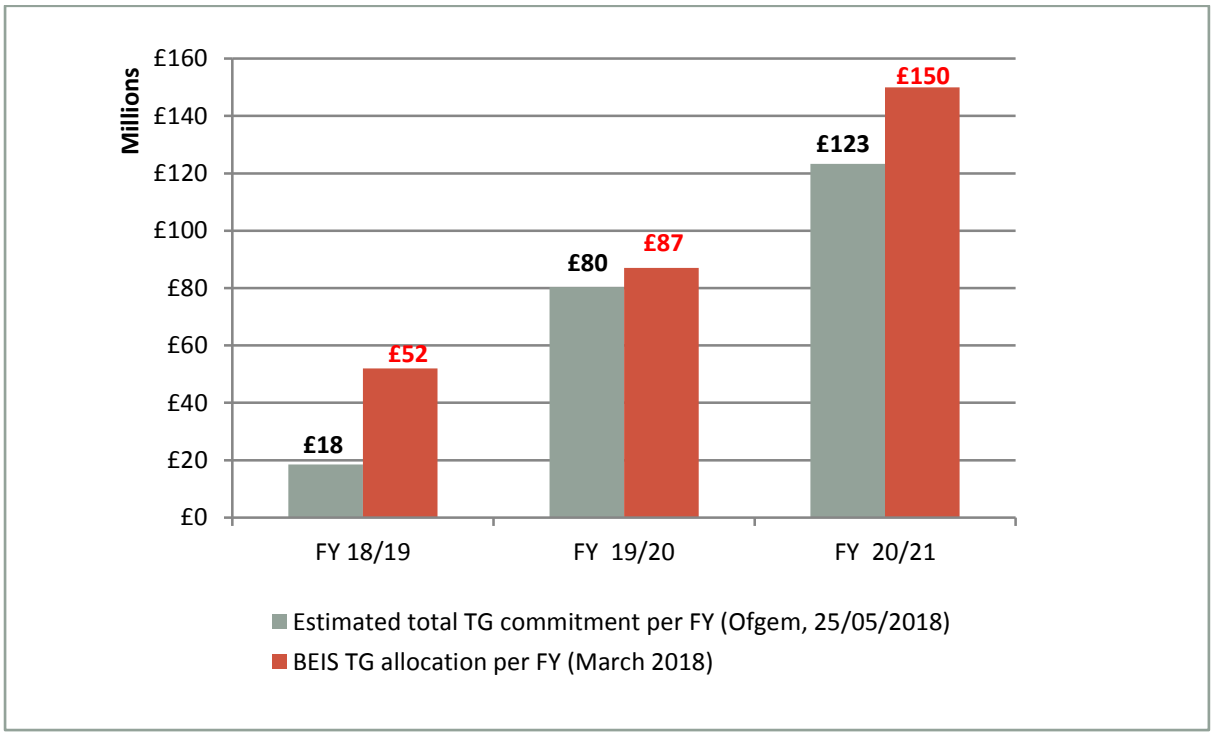
The RHI budget headroom in the financial years 2018/19, 2020/21 and 2020/21 is shown in the chart below.



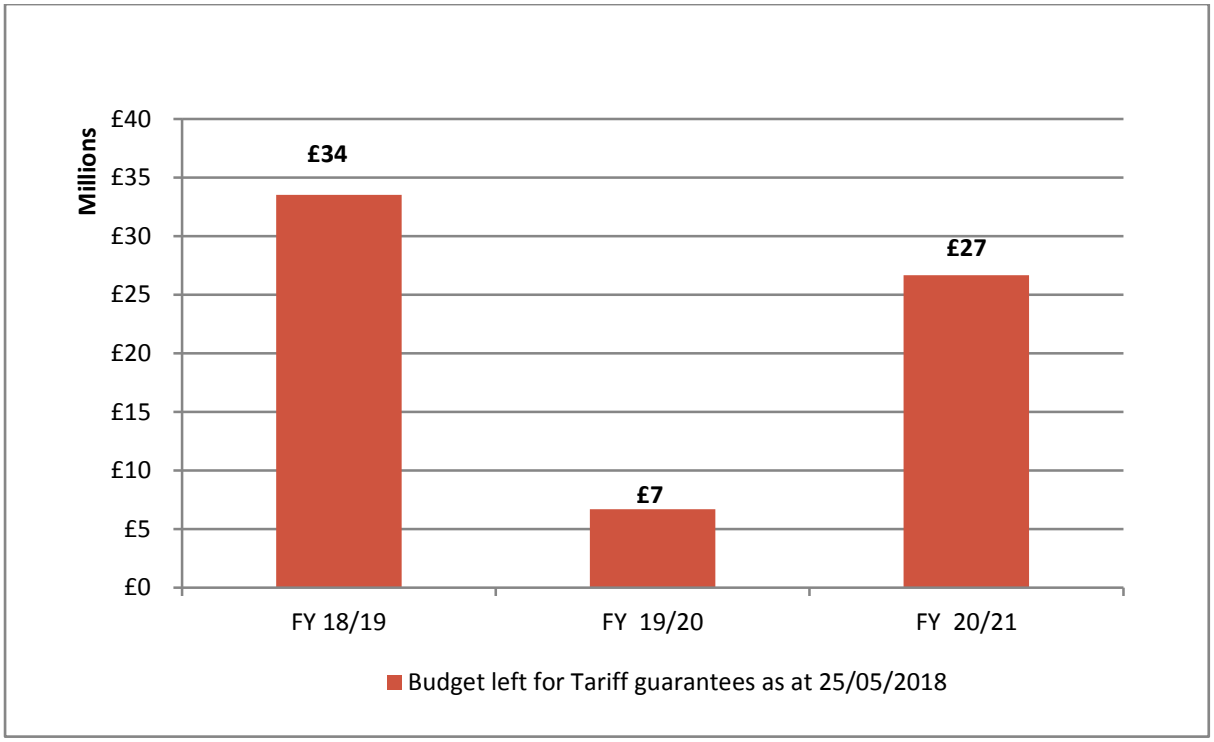
In addition, Ofgem will publish every Friday reports including the following information:

- Number of tariff guarantee applications made
- The number of provisional tariff guarantee notices issued
- The number of tariff guarantee applications granted
- The sources of energy and technology and capacity of the plants in respect of which tariff guarantees have been granted
- Estimated total tariff guarantee commitment for each of the relevant financial years (note: the total tariff guarantee commitments are estimates and subject to change)

The first report of this kind was published by Ofgem on 25th May and can be found here. It shows that 58 applications for tariff guarantees (TG) were received by Ofgem since these opened at 10 am on 22nd May. No provisional TG notice has been issued as yet. So far, the committed expenditure estimated for these 58 TG applications for the three financial years 2018/19, 2019/20 and 2020/21 **has not** hit the TG budget allocations, as illustrated in the charts below.



The next TG allocation should be published by BEIS by in July for 1st August 2018. Increases in budget allocation will only happen on 1st February, 1st May, 1st August or 1st November in a relevant financial year.



In terms of future possible degressions, our most recent degression assessment issued in April 2018 can be found here. As you can see in this note, our conclusion is that:

- The timing of implementation of the non-domestic regulations would suggest that a biogas / biomethane degression on 1st July is not likely.
- With the boom of applications for tariff guarantees when the regulations came into effect, forecasted expenditure would rise and make a 10-15% biomethane degression more likely in the quarter starting on 1st October 2018.
- Degression in the quarter starting on 1st January 2019 could be anything between 0 and 25%.

2.1.4 Is heat used for pasteurisation and hydrolysis still eligible?

Background

The new non-domestic RHI regulations will tighten up eligible heat uses to deal with several areas of process heat where the case for support has been considered questionable. These include excluding drying of digestate from AD for new projects, or where the participant begins to use the heat for drying on or after the date the regulations come into effect. However, the regulations will also exclude any heat used for 'drying, cleaning, or processing of waste'.

Some members of the REA, and the REA, have expressed concerns to BEIS about the unintended consequences for anaerobic digestion processes (e.g. pasteurisation and hydrolysis) due to these new restrictions.

Ofgem's initial interpretation of these restrictions was that heat used for pasteurisation or hydrolysis of waste - which has been regarded as eligible up to now – is no longer be eligible.

We made the point to BEIS that this seems not to be in line with the stated policy intent, and the original consultation referred only to withdrawing support from drying 'industrial or municipal

waste'. It is also a perverse outcome, since the rest of the RHI in relation to AD is trying to encourage the increased use of non-crop feedstocks, which will require these treatment processes.

We sought clarification from BEIS on the following:

- Is the policy intent to capture pasteurisation and/or hydrolysis in AD plants within the exclusion of process heat for waste?
- If the answer is yes, how would this work if only a proportion of the input feedstock is waste? Would this mean that even a tiny amount of waste feedstock used would render all heat generated ineligible for support? Can the amount of support paid be adjusted based on the proportion of waste feedstock that was used?
- Can there be some flexibility for Ofgem to use its discretion rather than applying a blanket ban?

Outcome

BEIS has recently confirmed to the REA that there is no exception for pasteurisation and hydrolysis from the eligible heat uses restrictions.

We are hoping to meet and discuss with Ofgem at the earliest opportunity whether the amount of support paid could be adjusted based on the proportion of waste feedstock that was used in the pasteurisation/hydrolysis. We will keep members informed of the outcome of these discussions.

2.1.5 Public Accounts Committee report on RHI published

On 16th May the Public Accounts Committee published: 40th Report - Renewable Heat Incentive in Great Britain, which you can read here. The report concludes that the RHI has failed to meet its objectives or provide value for money for the £23 billion expected total cost to taxpayers. It also highlights that an effective heat strategy needs to join up policy across heat networks; energy efficiency; heat decarbonisation research and development; product quality and building regulations. It maybe that for many homes and families heat pumps or biomass boilers are not the answer and other alternatives should be considered by the Department. Our press release can be found here, highlighting that in our view the scheme has delivered value for money, albeit not as efficiently as members would have liked.

2.2 Future of heat policy

In March we met with BEIS officials to discuss the future of biogas after the current RHI funding comes to an end (March 2021).

There are currently two streams of work within BEIS on heat policy after the RHI.

First stream – off grid:

The first stream of work focuses on off gas grid properties, which are the Government key priority in the medium term (2020 to 2030). The aim is to get these properties off coal and oil.

On 19th March 2018, the Government published a Call for Evidence on a future framework for heat in buildings, which closes on 11th June. This call for evidence is the first step towards determining the policies for low-carbon heating in the 2020s, and importantly to build consensus for Government action. It does not, however, deal with decarbonising heat on the gas grid or future policy for biomethane production. Paragraph 2.2.1 below provides a summary of the key questions. The REA

will respond to the consultation and Frank Aaskov is leading on the response, however please send any feedback relevant to biogas/AD to Kiara Zennaro.

Second stream – gas grid:

A second work stream is looking at options for decarbonising the gas grid in the long term (2030 to 2050). A team within BEIS is looking at different options (hydrogen, electrification, heat pumps, bioenergy, hybrid systems, and the need for repurposing the gas grid). They anticipate a publication at some point this year that will include a review and BEIS understanding of the evidence available. We will provide more details on this at our future members' meetings and in future newsletters.

It is our understanding from preliminary discussions with BEIS that it is unlikely that the Government will continue the RHI funding beyond March 2021 in its current form. Based on our understanding, it is not until the mid-2020s that BEIS officials anticipate making policy decisions, for the long term, on how the Government intends to decarbonise the gas grid. There is no active next step policy work going on re post RHI within BEIS.

This means that there might be at least a **five years gap** where the green gas sectors could be left in the dark on what policy decisions, if any, will be implemented to underpin new development. The REA is in the process of setting a case to convince BEIS that biogas/biomethane should continue to be supported beyond March 2021. More updates on this will be provided at the Bio-energy meeting on 4th June.

2.2.1 Current call for evidence on future of heating in buildings – summary of key questions

Overall Aim

It is the Government's ambition "to phase out the installation of high carbon fossil fuel heating off the gas grid during the 2020s, starting with new build". In doing so, they also want to reduce energy costs, maximising comfort, reducing carbon, and improving air quality, in addition to reducing reliance on subsidy and sustaining a viable supply chain for clean heating systems. To meet their overall carbon reduction ambition in 2050, nearly all heat needs to be decarbonised. The call for evidence mainly applies to England and Wales and will be used to design and implement a clear framework that will follow on from the RHI for both domestic and non-domestic heating.

Path to regulation

There are around one million oil heated households in England and Wales, around 1.1 million in Great Britain, and around 62,000 non-domestic buildings heated with oil or liquid petroleum gas (LPG). In addition, there are 170,000 households using coal or other solid fuels. The call for evidence asks whether the transition away from oil and coal can happen with industry commitment alone, or whether regulation is required.

Cleaner heating technologies for off-gas grid properties

BEIS wants to understand the potential for non-domestic properties to move away from high-carbon technologies, and what heating requirements drive the use of oil. They are considering electric heating, heat networks (with a low carbon heat source), bioliquids, biopropane, biomass and hybrids, and state that heat pumps are the "leading solution for decarbonising properties off the gas grid". They recognise that biomass heating has a role in certain properties, but expect a greater role for heat pumps. They want to consider new evidence on the advantages and disadvantages of solid biomass, and biomass must fulfil certain criteria to be viable for a wider rollout:

- Value-for-money,
- Sustainable,

- Comply with air quality commitments.

They are also looking for evidence on hybrid heat pumps, heat networks (including biomass fuels ones), electric heating, and overall suitability of heat pumps.

Enabling uptake of clean heating

The Government is considering nearer term regulatory approaches, such as:

- Requiring fossil fuel boiler installers to inform consumers about alternative technologies
- Funding for energy efficiency of homes
- Involving Distribution Network Operators in the transition
- Obligating larger manufacturers of oil systems to also sell alternative technologies (perhaps voluntary)
- Requiring oil suppliers to sell a certain amount of bioliquids

The call for evidence also includes questions on new financing options for low-carbon heating, including green mortgages, third-party financing options, Green Deal, and a potential for a targeted subsidy towards selected technologies, replacing high-carbon heating, for low-income users.
BEIS is also seeking evidence on new market approaches such as:

- Heat as a service, with a flat fee, with the supplier providing the heating equipment
- Demand management
- Leasing models for the purchase of heating equipment
- Bundling heating together with other services.

The consultation also includes questions on local approaches and how local communities and local authorities can be involved; and how to improve sector skills.

New build

Finally, BEIS is also looking for evidence on new build properties, as 154,220 new build homes were completed in England in 2017, with 28% off-gas. They wish to understand why oil is still being installed in these more thermal efficient homes and the cost/benefit of installing clean heating systems in new build compared to installing futureproofing measures. BEIS is also considering the merits of "futureproofing" new build rather than requiring low-carbon heating technologies.

2.2.2 Important feedback required on innovation work to support the AD and BtG sectors

BEIS have told us they are interested to understand what innovation work could be supported, that would help the anaerobic digestion (including BtG) to get to a position where it can operate subsidy free in the future, or as near to that as possible.

In addition, they are particularly interested in how innovation could help the AD sector to tackle some of the environmental concerns raised by Defra and also help deliver the Government key goals set out in the 25 year Environment Plan (e.g. soil health, carbon sequestration etc.).

I'd really appreciate your feedback on innovation work that you deem important to achieve one or more of the following objectives. Also, please feel free to include any other innovation work that you feel it's important but it is not directly linked to the areas listed below.

- Deliver cost reductions (these may include: cost savings or reductions associated with processes, technologies, regulatory regimes and procedures, or improved revenues)

- Minimise ammonia emissions from digestate - e.g. equipment or technology that would reduce emissions when digestate is stored or spread. This could include digestate treatment.
- Preserve soil health, reduce erosion, compaction and enhance soil organic matter
- Net GHG removal methods, carbon sinks and sequestration
- Maximise sustainable feedstocks to AD – For info, BEIS have recently published a report reviewing the innovation landscape for pre-treatments to enable AD to process straw better
- Any other?

Please send me your feedback as soon as you can.

2.3 Biomethane to grid (BtG): working with the Gas Distribution Networks (GDNs)

The minutes of the latest meeting of the ENA biomethane/networks working group which Kiara Zennaro (Head of Biogas) attended on 8th March can be found here.

2.4 New innovation strategies published for gas and power networks

The Energy Networks Association published their gas and electricity Network Innovation Strategies, which set out where network companies can provide continuing benefits to customers from innovation projects.

The publication of the Strategies will set out new areas of focus as well as how they will share the lessons learnt from innovation projects with other organisations. The Electricity Network Innovation Strategy has five themes: network improvements and system operability; transition to a low carbon future; new technologies and commercial evolution; customer and stakeholder focus; and safety, health and environment.

The Gas Network Innovation Strategy is based on seven themes: the future of gas; safety and emergency; reliability and maintenance; repair; distribution mains replacement; environment and low carbon; and security.

3 Power

3.1 Feed-in Tariffs

3.1.1 Upcoming consultation

The Feed-in Tariff (FIT) is due to close to all new projects on 31 March 2019 (existing accredited projects are unaffected). BEIS was due to have launched a consultation on the future of the policy and closure arrangements 18 months ago.

This is now expected this spring (no exact dates known), with the possibility of being released in the next few weeks. The consultation will look at important policy issues such as the future of the export tariff and support for micro-generation after the scheme closes to new capacity next year.

BEIS have told the REA that the consultation will include proposals to address the long-standing issue of equipment replacement.

The REA will engage closely with the consultation once released, look out for further information or contact us with any queries.

3.1.2 Unused capacity under the caps

Ofgem has been publishing weekly and monthly deployment cap reports and indicative queue reports. These can be found here.

The table below shows for each tariff period how much AD capacity was applied for before the quarter cap is reached, since the opening of the new Scheme in February 2016. It also highlights the capacity that has not been used under that cap. This is because the capacity of the project that causes the cap to be hit is not used within that cap ie that project will fall under the following cap and will be eligible for the following, degressed rate.

Tariff period	**Quarter cap (MWe)**	**AD capacity applied for before quarter cap is reached (MWe):**	**Unused capacity within quarter (MWe)**
TP1, 2016	5.8	5.355	0.445
TP2, 2016	5	3.976	1.024
TP3, 2016	5	4.576	0.424
TP4, 2016	5	4.513	0.487
TP1, 2017	5	3.274	1.726
TP2, 2017	5	3.242	1.758
TP3, 2017	5	4.597	0.403
TP4, 2017	5	4.344	0.656
TP1, 2018	5	Cap not reached	
Total			***6.923***

So, according to our calculation (which is currently being checked by Ofgem), around 7 MWe of capacity have been lost/unused under the Scheme and, in our view, should be re-allocated to AD within the budget reconciliation mechanism.

In addition to the above, there will be inevitably projects that applied for pre-accreditation under the Scheme but were never commissioned (e.g. speculative applications, or projects that ended up being accredited under the RO scheme).

Amongst the projects that applied for pre-accreditation since the new scheme opened (February 2016), those with a tariff period up to that commencing in April 2017 (T2, 2017) should have been commissioned by now. This is because with the introduction of caps in February 2016, the validity period rules have changed. The 12 month validity period for an AD installation starts on the later of the date they submit their application for preliminary accreditation and the date their cap opens.

We are currently awaiting Ofgem's answer on how many of these plants and associated capacity have actually commissioned under FITs.

3.2 Contracts for Difference

3.2.1 CfDs - Funding and date confirmed for next (Pot 2 only) CfD auction - spring 2019

There will be a Pot 2-only ('less-established technologies') Contracts for Difference (CfD) auction held in spring 2019. There is no further information at this stage about the exact date of the auction, however £557million has been confirmed for the budget for future CfD auctions (originally this could be another two by end-2020, so the split remains to be seen).

State Aid approval has now been granted for 'Remote Island' onshore wind projects to be added to the Pot as proposed, which may have a significant draw on the available funds.

Though we welcome the funding and some limited added clarity on timetables, there is no funding for 'established' technologies such as onshore wind, sewage and landfill gas and solar PV, and biomass conversions have been moved from Pot 3 to Pot 1.

3.2.2 CfDs -Next CfD auctions, Pot 2 to include Scottish Islands Wind Projects, CHP Efficiency Changes

Government have replied to a long-awaited consultation on 'Scottish Islands Onshore Wind' projects in the Contracts for Difference mechanism. They have confirmed (and received State Aid clearance) that these projects will be eligible to bid for CfDs and will do so in Pot 2 (for 'less established technologies'). They will therefore compete against Offshore wind, Anaerobic Digestion above 5MW, Gasification/Pyrolysis, Biomass CHP, wave and tidal projects. They were considered for Pot 2 due to the higher development and in particular grid connection costs compared to other onshore wind projects.

This is significant for those bidding in the next auction (now scheduled for spring 2019, exact date TBC) because there are around 700MW of consented such projects and in 2013 it was estimated that such island wind projects could supply around 3% of the UK's entire electricity supplies.

Full details here

On 15/12/2017 BEIS issued a consultation on tighter CHP efficiency requirements for CHP plants, new conditions for ACT plants, Biomass GHG criteria, and including 'Remote' wind projects (previously known as Scottish Island Onshore Wind) in Pot 2 of the auction. The proposals can be found here. They include proposals to change the GHG criteria for solid and gaseous biomass fuelled plants. This could see GHG emission requirements changing from 200 / 180 gCO_2/MWh to **25-41 gCO_2/MWh** for projects commissioning between 2021/22-2025/26 (p25-29). These new proposed limits are very strict and the REA is currently questioning what the rationale behind these proposals is.

3.3 Renewable Obligation

3.3.1 Ofgem guidance on Bioliquids, Residues and Wastes in the RO published

BEIS consulted last year on changes to the Renewables Obligation (RO) to incorporate new EU-mandated changes for indirect land-use change, revised definition and technical issues relating to

waste. Ofgem subsequently consulted on changes to the RO guidance to incorporate these. Changes have been made to the Ofgem guidance on Sustainability reporting & Sustainability criteria, the Renewables and CHP Register User guide, FMS and Fuel classification diagram. These are mostly small, technical and definition-based changes, reflecting the consultation outcomes.

Details of changes made to the RO Guidance for Fuelled stations

3.4 Grid connection

3.4.1 BEIS Confirm 'Assessment & Design' Fees for DNO grid connection requests

Government have allowed DNOs to charge 'assessment and design' fees to connection applicants on the distribution network (ie a change to the current zero cost of such applications). We have fed into the consultation and cautiously supported this move dependant on appropriate implementation, in an effort to avoid 'grid capacity banking' which may block schemes being built. In our view, the fees must be proportionate, consistently applied, and the DNO must be proactive in advising of alternative suitable connection locations if the connection location originally applied for lacks adequate capacity. The fees are not required to be introduced but all DNOs plan to do so and they will not be refundable.

We would be interested in feedback on how they operate – are the DNOs providing adequate information and consistent service? Please let us know and we will feedback to the DNOs. The fees apply from April 2018.
The Government decision on A&D Fees is available here
Ofgem proposals on changing licence conditions to incorporate the charges
Full regulations laid

4 Transport

4.1 RTFCs update, development fuels, biomethane for transport and Road to Zero

The REA continues to lobby for biomethane producers to be able to access Renewable Transport Fuel Certificates for the output that they don't wish to claim the RHI for. Very recently (23rd May) Gaynor Hartnell took a small delegation to a meeting with DfT and CCC officials to discuss the potential for renewable methane for Heavy Goods Vehicles. These slides were presented, and the messages seemed to be well received. Various follow up actions resulted. GH will be giving a brief overview of lobbying activity on this theme at the sector group meeting on 4th June.

She will also be presenting a paper she did trying to clarify the situation on development fuels (specifically whether power to gas using CO_2 from a digester, combined with renewable hydrogen qualifies as a development fuel or not). Click here to read it.

The Road to Zero publication, the results of DfT's modelling which has been going on for many months if not years, is due out soon, and may indeed be published before the 4th June.

We have recently set out to BEIS in this paper the reasons why the REA believe biomethane plants registered under the RHI should have the flexibility to choose between claiming the RHI and RTFCs on an ongoing basis. The ability to be flexible would add value to both policy mechanisms. The paper tries to address BEIS' concerns about overcompensation. BEIS is currently in discussions with DfT and Ofgem regarding this issue and will keep us informed of any decision they take.

5 Agriculture

5.1 REA response to the Government Future of Food and Farming consultation

We responded to the Government consultation on the Future of Food and Farming, which closed on 8th May. Our response can be found here and sets out the case for on-farm AD and the crucial role it can play in tackling climate changes, and contributing to better nutrient management and soil health. We now need the Government to take these points on board and help the agricultural sector to deploy on-farm AD. We will keep members informed of any further developments with this policy.

Key highlights from our response:

- On-site renewables, in particular on-farm anaerobic digestion (AD), are key technologies to achieve the goals set out by Government in its 25 year Environment Plan and the Government policy on the Future of Food, Farming and the Environment should recognise this.
- Volatile commodity prices, and uncertainty over Brexit trade deals, coupled with the high capital costs for this technology, the reduction in current renewable energy subsidy support and the upcoming closure of the Feed-in Tariffs and Renewable Heat Incentive schemes, makes it very difficult to justify investment in this technology in the agricultural sector.
- A plan for the next 10-15 years that is tangible, realistic with goals and ambition and a delivery plan to implement this would do much to increase investor confidence. The current 25 year Environment Plan, although high on ambition, is lacking in a delivery mechanism.
- We urge Government to take firm measures to tackle GHG emissions from the agricultural sector. On-farm AD is a cost effective way to abate GHG emissions: if slurries from all UK medium and large dairy farms were treated in AD plants, 1.8 Mt CO_2e could be saved each year across the UK, which is the equivalent of taking 900,000 cars off the road.
- Government should set a support scheme to drive measures to tackle GHG emissions from the agricultural sector and this should be aimed at supporting the most cost effective ways to abate carbon ie technologies or methods that are able to achieve the greatest levels of GHG reduction at the lowest possible cost, particularly on-farm AD, as well as solar PV, low-carbon heat technologies and energy efficiency.
- There is extensive scientific evidence available showing the benefits to soil health and crops of repeated organic materials applications to agricultural land. These include reduced soil erosion and compaction, increased soil biodiversity, improved soil physical and biological processes and organic matter, improved nutrient availability.
- Composts and digestates are renewable and sustainably produced biofertilisers/soil amendments that can help farmers deliver more and better food with fewer manufactured fertiliser inputs. Their application to land should be encouraged by Government, provided good agricultural practice is followed. For the reasons outlined above, we recommend that the Government consider introducing a support payment scheme that rewards farmers that use renewable biofertilisers and soil amendments eg 'a renewable/low carbon biofertiliser and soil amendment credit scheme' or similar. We would also suggest that farmers should be rewarded the payments only as long as they can show they follow good agricultural practice and meet all the relevant regulatory controls.

- There is also significant evidence available showing the benefits of growing crops (such as cover crops ahead of maize) for anaerobic digestion, including (but not limited to) enhanced soil fertility, rebuilt soil structure, added organic matter and reduced soil erosion.
- Because of the numerous benefits highlighted in this response, use of biofertilisers and soil amendments, as well as growing crops for AD in rotation, should be encouraged by only rewarding farmers that adopt a number of measures showing that soil health is at the heart of their business strategy. These should include application of organic materials such as composts and digestates and crop rotations. In this respect, incorporating soil indices into some form of farm payment scheme would be desirable, but it is extremely complex and may add significant extra burden for farmers, so this needs to be considered carefully.
- Funding should be provided to enable farmers and AD operators to build sufficient and fit for purpose storage for digestate, so that this material can be stored as long as needed and spread when there is a crop nutrient requirement. Funding should also be provided to support the purchase of high precision equipment so that nitrogen uptake from crops can be maximised and emissions from this activity can be minimised.
- Government needs to undertake a separate piece of work and a consultation to understand the cost and time that it may take to move the industry from the current situation to a position where these materials are only applied when the crops require them. Evidence has shown this may require an additional 1.4 m^3 of additional storage.

6 Waste

6.1 Defra's Resources and Waste Strategy

Government interest in future waste infrastructure requirements has grown substantially in the last year. Multiple Government bodies are currently examining future waste infrastructure needs and the potential for innovation in the sector, with new policies expected to be announced by the end of 2018.

Kiara Zennaro and Mark Sommerfeld recently took part in a stakeholder workshop for Defra's upcoming Resources & Waste Strategy, which Defra organised to hear about stakeholders' ideas for the Strategy and what we would like to see from it.

Following this, Defra shared some high level feedback from this and other workshops that we can provide upon request (Kiara@r-e-a.net). This is merely a reflection of what was discussed at the event, rather than government policy. The REA asked for the introduction of mandatory collection of food wastes, in line with our long-standing lobbying position.

This work is also expected to be heavily informed by National Infrastructure Commission, the independent body that has spent the last two years attempting to model both waste arising and capacity infrastructure requirements out to 2050. The NIC recommendations are due to be published imminently and the strategy due by the end of the year. The REA has been regularly feeding into these discussions, especially in regards to organic recycling, anaerobic digestion (AD), landfill gas, and energy from waste.

6.2 REA lobbying for separate collection of food wastes continues

The REA has long called for separate food waste collections, which will improve national recycling rates while driving demand for AD capacity and filling existing plants.

We have recently written a letter to Defra's Secretary of State Michael Gove to request the introduction of mandatory food waste collections.

Within the letter, the REA urged the Government to sign up to the provisions on separate collections of food wastes agreed within the EU and adopt firm measures to increase separate collections of food wastes, especially from local authorities, within its upcoming Resources and Waste and Bioeconomy Strategies.

As shown in Government key statistics, voluntary initiatives from local authorities and the private sector are not delivering sufficient increases in the amount of wastes recycled, reductions in the amount of biodegradable wastes landfilled and in the GHG emissions associated with the waste sector.

Recycling food waste is a key priority in the Government 25 Year Environment Plan, as well as the Clean Growth Plan and the Industrial Strategy. Within these documents the Government has committed to work towards no food waste entering landfill by 2030 and to support an increase in the number of local authorities that separately collect food wastes. However, in its response to the Clean Growth Plan, the Committee for Climate Change[1] have said that these policies are not sufficient to meet our carbon budgets. Much firmer policies must be set to end food waste going to landfill and these should be implemented by 2025, five years earlier than currently planned. Without such measures in this and other sectors, we are set to fail to meet the fourth and fifth carbon budgets.

Due to an extremely busy dairy, the relevant Ministers have not agreed to meet with the REA – which is frustrating - but we hope the Government will still listen and address our concerns.

7 Air quality

7.1 Clean air strategy consultation

On 22nd May the Government released their anticipated Clean Air Strategy Consultation. The included proposals are wide-ranging with specific chapters and proposals focused on reducing emissions from transport, the home, agriculture and industry.

For our members specifically, there are proposals that directly impact ***biomass power and heat, anaerobic digestion, medium combustion plants and transport.*** Below we have summarised the key proposals that could impact members.

Each chapter also includes specific consultation questions. The deadline for the consultation is the 14th August 2018. The REA shall be looking to respond and comments or questions relevant to AD should be sent to Kiara Zennaro.

[1] https://www.theccc.org.uk/publication/independent-assessment-uks-clean-growth-strategy-ambition-action/

Biomass Power and Heat *(see page 37 of consultation)*

- As oil and coal heating is phased out the Government intend to ensure the transition improves air quality. This will include a cross-departmental review of the role of biomass in future policy for low carbon electricity and heating, focused on air quality impacts. The proposed way forward is to be set out in the final Clean Air Strategy, following the consultation.
- They intend to minimise the air quality impacts of the Renewable Heat Incentive (RHI)**.** This is to include consulting on excluding biomass from the RHI if installed in urban areas which are on the gas grid.
- The government will ensure only the cleanest stoves are available for sale by 2022.

In addition, they shall be consulting on making biomass conversion ineligible for future allocation rounds of the Contracts for Difference.

Transport ***(see page 40 of consultation)***

- The government will set out plans to drive down emissions in shipping and aviation by the end of the year.
- Reiterated commitment to end the sale of new conventional petrol and diesel cars and vans by 2040.
- Ambitions to position the UK as the best place in the world to develop, manufacture, use zero exhaust emission vehicles.
- They will shortly publish 'Road to Zero', their strategy for reducing exhaust emissions from road vehicles.
- Work with international partners on R&D for new standards on tyres and brakes.

New Legislation to be introduced to compel manufacturers to recall vehicles and machinery for failures in emissions control systems.

Farming *(see pages 59 to 64 of consultation in particular)*

The agriculture sector is the main source of ammonia, accounting for 88% of UK emissions in 2016. Defra is planning to address ammonia emissions from this sector by:

- Providing a national code of good agricultural practice to reduce ammonia emissions
- Regulating to reduce ammonia emissions from farming and seeking views on 3 possible approaches to regulation which are:
    - The introduction of nitrogen (or fertiliser) limits
    - The extension of environmental permitting to large dairy farms by 2025
    - The introduction of rules on specific emissions-reducing practices, in particular, a requirement for all solid manure and solid digestate spread to bare land to be incorporated rapidly (within 12 hours) by 2022, a requirement to spread slurries and digestate using low-emission spreading equipment (trailing shoe or trailing hose or injection) by 2027, and a requirement for all slurry and digestate stores and manure heaps to be covered by 2027.
- Proposing to require and support farmers to make investments in the farm infrastructure and equipment that will reduce emissions

- Proposing that a future environmental land management system should fund targeted action to protect habitats impacted by ammonia
- Continuing to work with the agriculture sector to ensure the ammonia inventory reflects existing farming practice and the latest evidence on emissions
- Tasking a group of independent experts to make recommendations by November 2019 on the maximum limits that should be applied for (organic and inorganic) fertiliser application.

Anaerobic Digestion *(see page 65 of consultation)*

- The plan recognises that AD is an effective treatment for organic waste for production of renewable fuel, heat or power and nutrient-rich digestate also helps to avoid greenhouse gas emissions associated with manure storage and waste disposal to landfill. However, the strategy raises concerns over levels of ammonia released during the storing and spreading of digestate. As such the Government confirm they are considering options for ensuring that, in future, digestate produced through AD incentivised by Government is required to be spread using best practice techniques.

In this vein, the consultation asks: Should future anaerobic digestion supported by government schemes be required to use best practice low emissions spreading techniques through certification? If not, what other short-term strategies to reduce ammonia emissions from AD should be implemented? Please provide any evidence you have to support your suggestions.

Medium Combustion Plants and Generators *(see page 70 of consultation)*

- Government confirm that they are looking to close the regulatory gap between Ecodesign and Medium Combustion Plant regulations to tackle emissions from plants in the 500kW to 1MW thermal input range.
- To this end, as legislation on medium combustion plants and generators come into force (see the MCPD), Government will consider the case for tighter emission standards on this source of emissions.
- The government also confirmed their commitment to applying Best Available Techniques for industrial sectors (see the EU BREFs), however, go on to say that the UK will explore how to evolve this framework over time, exploring the use of market-orientated approaches to further reduce industrial emissions. A further consultation shall be released on this.

7.2 Consultation on nitrogen dioxide reduction in 33 local authorities

The Government is also seeking views on how to reduce nitrogen dioxide (NO_2) air pollution in the shortest possible time in 33 English local authority areas. The consultation can be found here and closes on 26th June.

8 Regulatory update from Europe

8.1 EU Circular Economy package

In April the EU Parliament adopted ambitious recycling targets, under legislation on waste and the circular economy. The four new pieces of legislation are also part of a shift in EU policy towards a circular economy, i.e. a system where the value of products, materials and resources is maintained in the economy for as long as possible. After the plenary vote in the European Parliament (on 18th

April) the EU Council also adopted the waste package without any debate and changes on 22nd May. Shortly afterwards, legislation will come into force and Member States will have 24 months to transpose this into national law.

Recycling and re-use targets for municipal wastes, including bio-waste

By 2025, at least 55% of municipal waste (from households and businesses) should be recycled, says the text, as agreed with Council of Ministers. The target will rise to 60% by 2030 and 65% by 2035.

Separate collections of bio-waste

All bio-waste shall be collected separately from other waste streams by the end of 2023. From 2027, only biowaste separately collected or separated at source will be counted as recycled.

Packaging materials

65% of packaging materials will have to be recycled by 2025, and 70% by 2030. Separate targets are set for specific packaging materials, such as paper and cardboard, plastics, glass, metal and wood.

Landfill ban

Member states should endeavour to ensure that as of 2030, all waste suitable for recycling is not accepted in a landfill. The draft law also limits the share of municipal waste being landfilled to a maximum of 10% by 2035.

Textile and hazardous wastes

Textiles and hazardous waste from households will have to be collected separately by 2025.

Food waste reduction and prevention
In line with the UN sustainable development goals, member states should aim to reduce food waste by 30% by 2025 and 50% by 2030. In order to prevent food waste, member states should provide incentives for the collection of unsold food products and their safe redistribution. Consumer awareness of the meaning of "use by" and "best before" label dates should also be improved, say MEPs.

According to the press, the UK Government confirmed that the UK would vote in favour of the final package. The Government is currently developing its approach to transposition and will set this out in the Resources and Waste Strategy later this year.

The waste legislative texts have been published in the Official Journal of the European Union and will enter into force 20 days later. You can find them here. You can find here the press release issued by the Council including the final adopted texts.

8.2 Renewable Energy Directive (RED) II

After the trialogue negotiations on 17th May, the three EU institutions expect to reach consensus on the RED II surprisingly soon. Only one more round of trialogues was scheduled, for 29th May. That final meeting should apparently focus on Articles 21 (Renewable self-consumers), 23 (Mainstreaming renewable energy in the heating and cooling installations) and 24 (District Heating and Cooling).

Here is a short summary of Thursday's trialogue conclusions provided by EBA:

- The overall RES target will be higher than 30% (the original proposal was 27%)

- All national policies including support schemes shall take account of the waste hierarchy and avoid significant distortive effects on markets for (by)products, wastes and residues *(note that anaerobic digestion has been acknowledged as a recycling technology)*
- The Commission and the Parliament would like to implement cross-border support schemes but the Council does not want to open the national schemes, 26 out of 28 against the opening.
- Guarantees of Origin: all agree that double compensation must be avoided. No agreement yet on what should happen with the GOs; the Parliament does not want auctioning.
- Transport: still many open questions:
    - the multipliers: for electricity likely 2.5 as the EP proposed (the Council proposed x5 counting), advanced biofuels likely double counted
    - existing 1st generation biofuels investments to be protected but no support for new investments; the Council however still proposes a high quota of 7% in 2030; the EP wants to ban palm oil
    - Targets: The EP insists in an overall RES sub-target for transport of 12% + the advanced biofuels sub-targets

There will still be several rounds of technical meetings.

8.3 EC Fertilisers Regulation

Progress on revision of Fertilisers Regulation (EC) No 2003/2003 continues, the proposed redraft undergoing further trilogue negotiations between the European Parliament, Council of the European Union and the European Commission. These trilogue parties have discussed numerous changes to the Commission's March 2016 redraft and further changes are likely to be made. Voting is expected by the end of this year and if there are sufficient votes in favour the revised regulation could be published in early 2019 and enter into force 20 days after its publication. Most rules would apply from 3 years after its entry into force but it should be borne in mind that the remaining legislative process could take longer.

The revised EC Fertilisers Regulation's wider scope means that compliant waste derived products could be placed on any relevant market within the EU. Countries with national End of Waste rules would be allowed to continue using or creating / revising them. This means UK producers of waste derived composts and digestate products could choose to comply with the revised EC Fertilisers Regulation or with national EoW rules. In relevant markets there could be increased competition from waste- and non-waste-derived products imported to the UK from other EU countries.

It is likely that the latest version of the EC Fertilisers Regulation will be directly applicable in the UK until at least the end of our period of withdrawal from the EU (31st December 2020 as currently planned). After that, if the UK ends up not being in the European Single Market (ESM), the customs union or a customs union the government has envisaged 'managed divergence' from EC laws where necessary. This could mean the UK would continue to comply with the latest version of the EC Fertilisers Regulation until the government decides to make different arrangements (if ever). Alternatively, if the UK ends up being in the ESM, the customs union or a customs union it looks as though the UK would continue to comply with EC laws or align its laws to the EC's, depending on which option is chosen.

ORG regularly publishes updates on this topic here.

8.4 Industrial Emission Directive / Waste treatment BREF

The Waste Treatment BREF is the EU reference document setting out best available techniques (BAT) for the waste sector. It will apply to all AD sites operating as installations (i.e with a capacity of over 100 tonnes per day).

The Bureau have announced that the draft BAT conclusions for Waste Treatment received a positive opinion by the Industrial Emissions Directive (IED) Article 75 Committee on Thursday 12th April 2018. The final version of the draft Commission Implementing Decision will now be submitted for adoption by the Commission. It is expected to be published in the Official Journal of the European Union in a few months.

You can find the version of the BAT conclusions that was submitted to the IED committee here. A summary of the BAT can be found in this factsheet issued by European Compost Network.

9 Regulatory update from the UK

9.1 Medium Combustion Directive (MCPD) and generators controls

EA consultation on Medium Combustion Plant Directive Standard Rules
As you may know, the regulations transposing the Medium Combustion Plant Directive and implementing emission controls on generators came into force on 30th January 2018. The substantive text of the regulations can be seen here. Our previous briefing note can be found here.

The EA is currently consulting on new Standard Rules that will enable low risk combustion plants/generators to comply with these requirements. The consultation also includes proposed applicable charges. The full consultation, with specific proposals and response form, can be accessed on the Environment Agency Website here. The consultation closes on 15th June.

The flow diagram we have made below explains if and by when you will need to comply with these rules, as the combination of the two regimes is extremely complicated. In the meantime, please send to Kiara Zennaro your urgent feedback from operators and developers of non-waste AD plants (e.g. 100% crop based plants, or 100% by-products). Please see section 2 below.

1. Waste based AD plants (ie any AD plants that would require an Environmental Permit to operate under the current EP regime): The Environment Agency has amended/adapted the current Standard rules to enable these plants to comply with the MCPD requirements as well as the Specified Generators requirements. These are listed below.

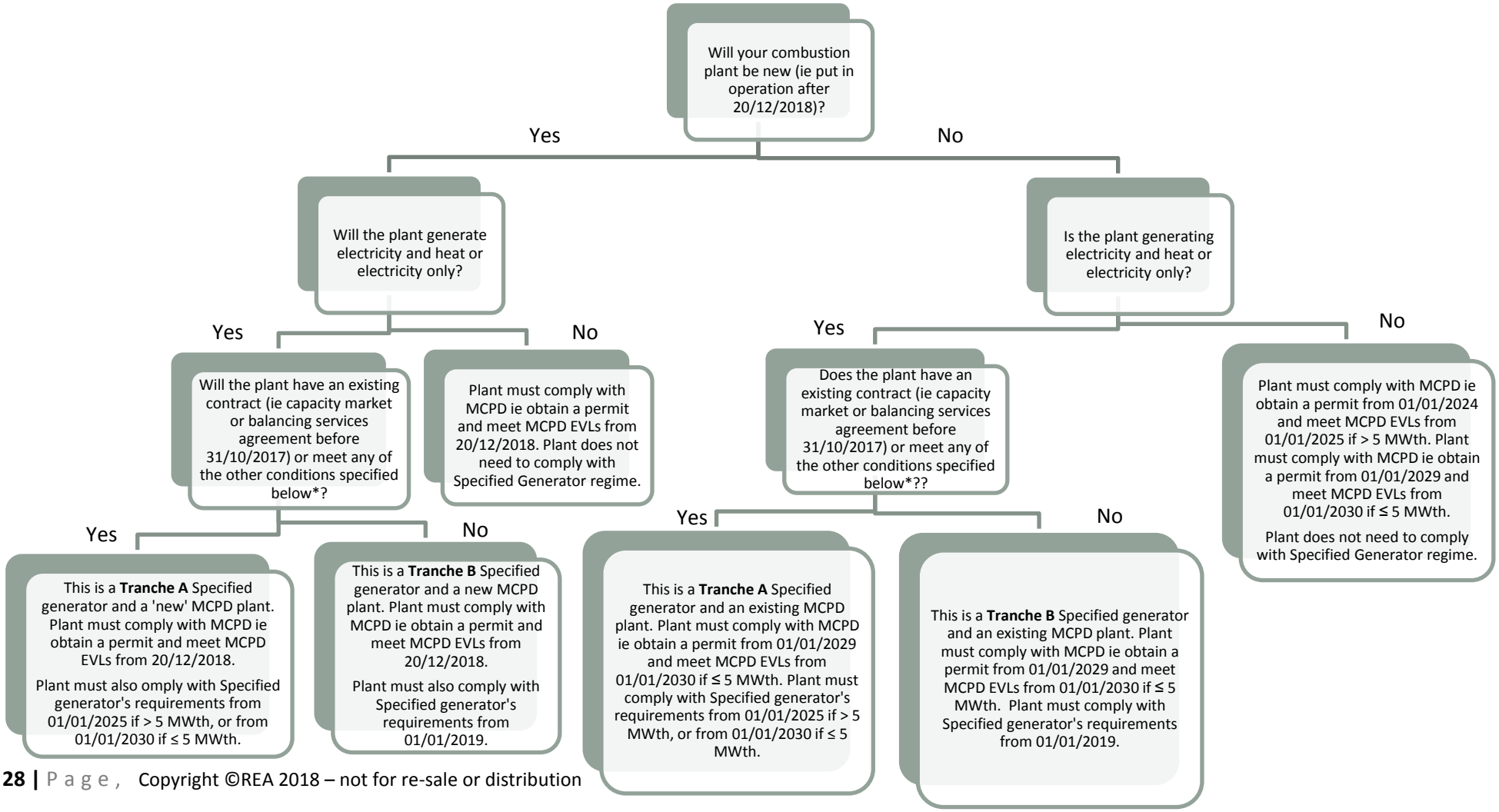
- SR2009 No 4: Combustion of biogas in new Medium Combustion Plant engines at a sewage treatment works
- SR2012 No 9: On-farm anaerobic digestion using farm wastes
- SR2012 No 10: On-farm anaerobic digestion facility using farm wastes only, including use of the resultant biogas
- SR2012 No 11: Anaerobic digestion facility including use of the resultant biogas
- SR2012 No 12: Anaerobic digestion facility including use of the resultant biogas (waste recovery operation)

If you have any comments about these, please contact Kiara Zennaro.

2. Non-waste based AD plants (ie any plants that would NOT require an Environmental Permit to operate under the current EP regime):
These plants will need a permit for their combustion plants/generators. The Environment Agency has not created any Standard Rules for these plants as yet, but they have asked our urgent feedback on whether they should. Please note that if Standard Rules are not created, a much more expensive bespoke permit will be required. The options are:

1. Adapting one of the standard permits listed above (SR 9 to 12) although only for the combustion engines/boilers and/or generators. The operation of the AD plant would not need permitting, or
2. Adapting one of the draft Standard Rules listed below for Specified Generators, which are also currently consulted on. Number 1, 2, 3 and 6 are probably the most relevant as these are for CHP plants. The difference between them is the level of background concentration of NOx.
    - SR2018 No 1: Specified Generator, Tranche B low risk, base load operation between 1 – 5 MW
    - SR2018 No 2: Specified Generator, Tranche B low risk, base load operation 1 – 2 MW with high background NOx
    - SR2018 No 3: Specified Generator, Tranche B low risk, base load operation 1 – 2 MW in Air Quality Management Areas or high ambient NOx
    - SR2018 No 4: Specified Generator, Tranche B low risk, 1 – 20 MW of abated diesel or gas engines operated less than 500 hours a year
    - SR2018 No 5: Specified Generator, Tranche B low risk, 1 – 20 MW of gas or abated diesel engines operated less than 1,500 hours a year
    - SR2018 No 6: Specified Generator, Tranche B low risk, base load operation 1 – 1.2 MW with high background NOx

If you operate an AD plant that is only taking non-waste materials and is currently not permitted, or are developing an AD plant that will only be taking non-waste materials (although I appreciate this is unlikely given the new RHI restrictions), please send to Kiara Zennaro your feedback ASAP on your preferred option and any other comments you wish to provide.



**A Specified generator ≥ 1 MWth and < 50 MWth will be classed as Tranche A if:*

- *It came in operation before 1st December 2016, or*
- *It is the subject of capacity agreement arising from the 2014 or 2015 capacity auctions, or*
- *It is the subject of Feed-in Tariffs preliminary accreditation that was received before 1st December 2016*

A Specified generator < 1 MWth will be classed as Tranche A if:

- *It is the subject of capacity agreement arising from the 2014, 2015 or 2016 capacity auctions, or*
- *It is the subject of balancing services agreement entered into before 31 October 2017 or*
- *It is the subject of Feed-in Tariffs preliminary accreditation that was received before 1st December 2017*

TGN M5: Informal Consultation

In conjunction with this, there is also a secondary informal consultation released looking at the EA Technical Guidance Note (TGN) M5 "Medium Combustion Plant Directive and Generator Controls: monitoring point source emissions for monitoring at low-risk MCPs & Specified Generators"

This TGN is intended for use in assessing compliance with the low-risk MCP/SG Standard Rules Permits being consulted on above.

This document can be accessed here and any comments or suggestion can be sent to enquiries@environment-agency.gov.uk. Comments welcome up to 1st June 2018.

Please get in touch with Kiara Zennaro if you have any questions and/or comments on these two consultations.

9.2 Environmental Principles and Governance Bill

Defra is currently consulting on the on the development of an Environmental Principles and Governance Bill. This new piece of legislation will mark the creation of a new, world-leading, statutory and independent environmental watchdog to hold government to account on its environmental ambitions and obligations once we have left the EU. The consultation closes on 11th August.

9.3 EA Strategic review of charges

The EA responded to the Consultation on Charging proposals from 2017. This consultation set out their proposals to make changes to the existing charging schemes, as it has been seven years since any cost increases have been implemented. The aim was to "*sustain and improve customer services and regulatory activity; move to full cost recovery for work; implement a simpler, fairer and more transparent charging scheme, and deal with elevated environmental risk".*

It is disappointing that the EA has not adjusted its plans in response to concerns raised by the REA and other trade bodies on a number of fronts, particularly with respect to landspreading charges. The EA's response says: '*Despite concerns from the land spreading sector that charges are rising sharply and over how they are applied across the country, **we will not make adjustments to these charges**. We have reviewed our effort levels and believe that the rise in charges cannot be avoided, as investment is needed to deal with the environmental risks and compliance levels within this sector.'*

Head of Organics Recycling Jeremy Jacobs wrote in person to Neil Davies, Director of Regulatory Charges and he said "*Prior to the new scheme we had not changed our costs for environmental permitting for 7 years and we have relied on public subsidy to make up a shortfall, which is no longer sustainable. We have implemented the changes to provide the services our customers need and the appropriate level of environmental protection. Our new charge structure will recover the costs from the businesses who we provide a service to through regulation. We are required in accordance with HM Treasury's Managing Public Money rules to recover those costs. Through the introduction of our new charges, we will reduce the burden on taxpayers by up to £7 million a year*" This provides little comfort to those hit with a substantive increase in their operational costs at short notice

Please let jeremy@r-e-a.net have any feedback you have on charges imposed in the coming months so we can feed back to the EA.

APHA Charges

APHA has published a report regarding the introduction of fees for statutory services. This follows on from a consultation in 2015, which ran from 26th October to 14th December 2015. REA consulted its members and responded to the consultation - see here for details.

The report outlines their response to the proposal to introduce fees for:

- Approval and registration of animal by-products sites
- Approval of pet passports
- Animal Gatherings (England and Wales only)

Annex B in the report sets out the likely fees for Animal by-product sites with the Agency's preferred option being a phased introduction with 50% of Full Cost Recovery (FCR) for Actual Unit Fees in first year and 100% in second year. Travel time would be chargeable at 100% Full Cost Recovery rate from the outset.

See page 35 of the Consultation Report for the proposed fee structure.

Definition of Waste Panel

The Environment Agency plans to open its Definition of Waste Service from June 2018. This replaces the previous End of Waste panel. In England, if you produce a product from waste you will be able to ask for the EA's opinion on the waste status of your material. This website details how you can turn your waste into a non-waste material or product.

Once the service is available you will need to:

- provide all the required information
- pay an interim charge of £750
- submit your proposal

The EA will then:

- check you have provided the right information and in the correct format
- provide a cost estimate to do the full assessment – this will be based on £125 per hour plus VAT

Once you have signed the charging agreement the EA will do the assessment and give you their opinion on the waste status of your material. They may need to ask for more information to complete the assessment.

Spreading waste to land using Deployments:

A number of operators responsible for the spreading of organic materials to land, including compost and digestate via deployments have recently expressed concern over the recent replacement of the What's in your Back Yard (WIYBY) service and its replacement.

The National GIS team from the EA has provided an update on this issue. The What's in Your Back Yard (WIYBY) service has provided environmental data on maps to members of the public for nearly 20 years. But in recent years has been running on out of date technology, which meant that the service was running at significant risk of failure. The service was withdrawn at the beginning of April as we were no longer able to keep the maps and data up to date.

The EA has not been able to create a replacement, as the Government has changed their approach to how digital services should work, along with the Defra Open Data strategy making EA data more freely available, this means WIYBY is no longer a preferred solution.

The EA has now added the SPZs to the Magic map, meaning that applicants completing permits, such as SR2010No4, can find SPZs, SSSIs, RAMSAR and European Sites together in one service. Magic also provides the facility for users to outline specific parcels of land, using the draw tools, so they can better see what effects their land.

There was an issue with scaling, however last week after some prompting from the REA and others**, the scale restriction was removed**.

With regards to the Commercial Use statement, this has been legally included with regards to the reselling of the data & information that was presented on WIYBY, **it does not include the use of gathering information for completion of permits or working within regulations** (for example slurry management within Nitrate Vulnerable Zones).

The EA understand that this is not clear, so the wording on this will be clarified shortly.

Forthcoming consultation on Standard Permits

The Environment Agency have recently conducted a review of standard permits used by operators of biowaste treatment facilities. The review was prompted by several factors such as a need to implement the Medium Combustion Plant Directive, a recent operator compliance audit, and a number of incidents that have resulted in environmental harm.

The EA have determined that some permits are not sufficiently protective of human health and the environment and need to be amended to improve environmental performance and reduce the risk of pollution incidents. They therefore intend to conduct a two stage consultation to bring about these amendments. The first stage, already published, consists of proposals which implement the Medium Combustion Plant Directive and a call for evidence on other suggested amendments. The EA will use the responses to present a full revision of their permit conditions in the Autumn 2018, when there will be a further full consolation on any proposed changes.

We will notify members as soon as the consultations are released, both through email newsletters and on our website.

9.4 Call for evidence on using the tax system or charges to address single-use plastic waste

The Chancellor has been calling on all areas of society, from industry and green groups, to local government and the public to provide evidence relevant to exploring how changes to the tax system or charges could be used to reduce the amount of single-use plastics we waste by reducing

unnecessary production, increasing reuse, and improving recycling. The government would also like to explore how we can also drive innovation in this area to achieve the same outcomes.

The government will consider all options for using the tax system to address single-use plastic waste and to drive innovation, and will use the evidence gathered from this call to inform that process. The government wants to look broadly across the whole supply chain, from production and retail to consumption and disposal, in order to gain the best possible understanding of the whole landscape before deciding on the best course of action.

This is a call for evidence so does not contain specific policy proposals but the Chancellor has been clear this will lead to action. An important aspect of tackling single-use plastic waste is innovation in more sustainable products and processes so the Chancellor has also announced a new allocation of £20m of funding to businesses and universities to stimulate new thinking and rapid solutions in this area.

Click HERE to read more and see the link to the downloadable call for evidence document. The government has stated that any information it collects will be useful in improving its data so you are invited to provide any evidence you deem relevant to this call for evidence. The REA's response will soon be available here.

One of the key points made in the REA's response is that single-use plastics are frequently present in problematic amounts in biodegradable wastes separately collected from households and some commercial sources (e.g. restaurants and retail stores).

10 Food Waste, feedstock quality and related projects

The REA are involved in a number of projects looking at food waste, quality of feedstocks and outputs from organics recycling sites. This includes the Food Waste Recycling Action Programme (FWRAP) - Jeremy Jacobs sits on this working group, and the Quality Action Plan (QAP), Jenny Grant sits on this group. We work closely with other trade associations (ADBA, ESA, CIWM etc) for these projects. We have been in discussion with WRAP, LARAC and NAWDO through the FWRAP.

Working with ADBA, the REA has produced a short document highlighting the measures in place to control plastic through both composting and AD sites. This issue continues to blight the sector and collaboration between operators and local authorities is essential in getting a step-change in the quality of inputs to sites. This guidance note will be released shortly and sent to REA members once it is available.

Under the Quality Action Plan, we are putting together several case studies of good practice where actions have resulted in improving the quality of feedstock to organics recycling sites. In addition, we are developing a central resource which will signpost stakeholders to supporting information from a range of sources on all things related to quality of feedstocks, good practice, communications, collections, the case studies etc. We will circulate this once it is available.

11 Certification Schemes

11.1 Green gas certification scheme

The GGCS is administered by Renewable Energy Assurance Ltd (REAL), a wholly-owned subsidiary of the Renewable Energy Association. The scheme is run on a 'not for profit' basis and is shaped by the green gas producers and suppliers who participate in it.

The GGCS issues Renewable Gas Guarantees of Origin (RGGOs) to producers of green gas, who then sell those RGGOs to a range of suppliers and traders, providing an additional income stream

alongside their gas sales and RHI payments. Gas consumers then purchase those RGGOs (also known as Certificates) and can claim to have used green gas rather than fossil gas. Over 400,000 households are using green gas, as a well as a range of NGOs, SMEs and large corporates. For organisations reporting their emissions using the Green House Gas Protocol methodology using green gas significantly lowers their Scope 1 emissions.

Sales of RGGOs to gas consumers have grown significantly over the last 18 months. They were over 800GWh in 2017 (up from 150GWh in 2016) and there have now been over 1.5TWh of sales to date. At a conservative estimate these sales have bought over £2 million into the biomethane industry.

The GGCS has issued RGGOs for over 70% of the biomethane supported by the RHI to date.

Contact Jesse Scharf (jscharf@greengas.org.uk) for more details, including information on how issuing and tracking biomethane with RGGOs can support Renewable Transport Fuel Certificate (RTFC) claims.

11.2 Biofertiliser Certification Scheme

11.2.1 Plants certified

There are now 71 plants certified through the Biofertiliser Certification Scheme. Collectively, these plants are treating over 3.7 million tonnes of input materials on an annual basis. The following have been added since the last report.

Plant Name	Location	Operator	Output Type*	Certification Date
Teesside Anaerobic Digestion Power Plant	Forty Food Road, Middlesborough, Cleveland, England, TS2 1HG	Duranta Teesside Ltd	WD	06/03/2018
ALG Biogas	42 Deerpark Road, Newtownstewart, Omagh, County Tyrone, BT78 4LB	ALG Biogas Ltd	SL	06/04/2018
Northwick Power	Stanley's Quarry, Westington Hill, Chipping Campden, Gloucestershire, GL55 6EG	Northwick Power	WD	10/05/2018

*WD = Whole digestate, SF = separated fibre, SL = separated liquor

Complete list available here - http://www.biofertiliser.org.uk/members

11.2.2 REAL launches the Research Hub

Renewable Energy Assurance Ltd (REAL) launched the Research Hub for the Compost Certification Scheme (CCS) and Biofertiliser Certification Scheme (BCS) in March this year. The Hub will be set up to support R&D work in the organics recycling industry and provide a tool to source funding.

These funds will support a wide range of projects including research studies, evidence gathering and gap analysis. The Hub may also fund or contribute towards rewriting protocols for testing compost and digestate and maintaining the industry standards. The funds will be raised by charging BCS and CCS operators an annual Research Fee.

The Hub will be managed by REAL and its operation overseen by a Research Panel. The Panel will manage the funds and outline the process for appointing organisations to deliver the objectives of projects funded by the Hub. The Panel will also decide which projects will be funded and determine the ways in which the results from the projects may be used and help to disseminate the outcomes. More information will be available on the Biofertiliser Certification Scheme website and individuals may contact Gabor Hasznos, Technical Manager at REAL, gabor@realschemes.org.uk with queries about the Hub.

11.2.3 BCS cost benefit analysis

REAL published a document on the BCS website presenting an indication of the costs associated with certification of digestates to renew product status and average costs of deployment of waste digestates under waste management regulations (prior to April 2018).

The document shows that, on average, an operator processing between 25,000 and 50,000 tonnes per annum would incur an annual cost of approximately £5,000 for independent certification against the end of waste criteria to renew their certification. Whereas, the spreading of waste digestate under waste regulations would cost approximately £24,000. Therefore, these operators could avoid approximately 80% of the costs that would be incurred for deployments / exemptions (Scotland only) on an annual basis.

More information, including the assumptions used for the calculations, can be found on the BCS website.

12 Scotland Update

12.1 SEPA charging scheme coming into force

SEPA's new regulatory charging scheme came into effect on the 1 April 2018. Following a consultation in Autumn 2017, SEPA received 121 formal responses. They considered all feedback and some aspects of the scheme have been revised accordingly. SEPA have published a summary and analysis of the consultation on their website, outlining the charges they have made.

SEPA say the new scheme will allocate charges fairly across the activities that they regulate and will provide financial incentives to improve environmental performance. SEPA will not be making further amendments at this time.

12.2 SEPA Guidance on landfill ban

The Waste (Scotland) Regulations 2012 set out a number of provisions which help Scotland move toward the objectives and targets set out in the Scotland's Zero Waste Plan and help transition toward a circular economy. These provisions include a ban on biodegradable municipal waste going to landfill from the 1st January 2021 which is implemented by amending the Landfill (Scotland) Regulations 2003. The purpose of this ban is to:

- reduce waste landfilled by directing residual waste to alternative treatment;
- extract remaining resource value from the residual waste stream;
- reduce greenhouse gas emissions from landfilling biodegradable waste.

To help all stakeholders prepare for the ban, SEPA, in collaboration with industry and local authority representatives have produced a guidance document. The guidance helps stakeholders understand

what is classed as biodegradable municipal waste, how to decide if your waste is biodegradable municipal waste, what treatment options are available and how the ban will be implemented

13 Update from European Biogas Association (EBA)

REA is a member of EBA and also holds an Executive Board appointment. EBA has a number of positions papers on a wide range of topics which can be found on this link. Michael Chesshire (Lutra Ltd) is the REA s representative in the executive board of the European Biogas Association.

13.1 Circular Economy and digestate policies

The European Biogas Association welcomes the adoption of this package, as it will trigger the increase of organic recycling across the EU, essential for anaerobic digestion and the production of biogas. The EBA has actively engaged with this file by providing technical knowledge during expert consultations and meetings, and the drafting of positions. It has also worked with other industry associations and civil society organizations to promote responsible waste management.

Another important file within the Circular Economy agenda is the revision of the Fertilisers Regulation to include organic fertilisers and organic soil improvers. Digestate and compost are currently sold exclusively within national boundaries, but this revision aims to enable digestate and compost from different feedstocks to be traded freely across the EU under strict common safety rules. This will put organic products on an equal legal footing with mineral fertilisers, which are already traded freely across the EU's single market.

The EBA has actively contributed technical information as a member of the Commission's Fertilisers Working Group since several years and recently, the EBA has focused its efforts on supporting the work of the Council and Parliament. The negotiations between the institutions are making only slow progress but it is expected that the Regulation should be applicable from 2020.

The EBA will continue working on the revision, while also following new developments in the Fertilisers Working Group, including upcoming work on standards for organic fertilisers. In relation to the fertilisers file, in the EBA has also worked on linked EU legislation with the aim of avoiding possible legislative barriers and unnecessary burdens to producers. Particular emphasis has been placed on avoiding overlaps with the Animal By-Products legislation, ensuring the exclusion of digestate from REACH legislation on chemicals and defining manure in the Nitrates Directive.

13.2 Recast of the Renewable Energy Directive

Following the publication of the proposal for the revision of the Renewable Energy Directive in November 2016, the year 2017 was widely dedicated to legislative negotiation within the European Parliament and the Council. The trialogue negotiations between the institutions were started in early 2018. The initial Commission proposal brought many opportunities and some potential risks for the anaerobic digestion and gasification sectors.

EBA advocacy activity aims at securing a mass-balancing system to cover renewable gases along with Guarantees of Origin (GO s), which should help to establish an EU common market for biomethane, facilitating cross-border trade in green gas and making it available to more consumers. At the same time, the new provisions to open up the European market should not harm local producers. The combination of a blending target for heating and a blending obligation for transport could go a long way towards unlocking the potential for biomethane to replace polluting fossil fuels in the existing energy infrastructure. Availability is substantial, and the EBA is therefore acting to increase ambition across the sectors.

The target of renewables in energy consumption by 2030 will have to be met collectively by the 28 EU countries. The proposal is part of a larger package designed to keep the European Union competitive as the clean energy transition changes our energy markets. The integrated national energy and climate plans and reports form part of the Governance proposal are a completely new tool, merging together all previous single reports needed by Member States to detail progress towards their different climate targets. They constitute the backbone of the package, offering a guarantee of the consistency and accountability of national objectives within the framework of the 2030 EU decarbonisation targets. The EBA is working jointly with the other RES industry associations to ensure a holistic and coherent approach facilitating the exploitation of the many synergies between the different energy dimensions.

13.3 EU sustainability policy for biogas

With the publication of the "Clean Energy Package", the EBA also welcomed the latest proposal for sustainability criteria post-2020, which strengthens requirements for the transport sector and extends them to electricity and heating. The EBA encouraged the co-legislators to act, more than ever before, to provide a strong legal framework that would underpin the deployment of the most environmentally friendly renewable fuels and maximise gaseous biofuels' climate benefits. The EBA strongly supports the creation of robust and realistic measures to protect the soil, and the setting of reasonable limits on carbon-intensive forms of bioenergy, so as to deliver in terms of decarbonisation while ensuring long term legal certainty for investors and affirming public acceptance.

More specifically, the EBA advocates limiting the use of multipliers for any kind of renewables or electricity in transport, as this would artificially inflate the share without a proper market stimulus. Throughout the year, the EBA worked in close contact with the relevant institutions to integrate these points and raise awareness about crucial issues.

The new criteria is currently being negotiated by the European Parliament, the European Commission and the Council as part of the updated Renewable Energy Directive, to be integrated into the final agreement, which will replace the current Renewable Energy Directive from 2021 to 2030.

14 Recently published reports

BEIS published report on market and regulatory frameworks for a low carbon gas system

As a part of its wider research into heat decarbonisation, BEIS have published a report written by Frontier Economics, which looks at the challenges associated with a low carbon gas system. The report described three scenarios:

1. A High hydrogen which involves the conversion of all gas supply to hydrogen, and includes the use of hydrogen to meet transport demand
2. A Methane Peaking scenario where low carbon methane (produced from waste and biomass) is used only in industry and for meeting peak heat demand via hybrid heat pumps
3. A Regional Gas Grids scenario which involves the separation of the existing gas grid into multiple separate pipeline grids – with about 70% of total gas demand met from hydrogen and the rest met by low carbon methane.

The report's authors states clearly that the report is not aimed at providing policy recommendations but only to present an objective analysis.

Other reports have been recently published as a part of the body of evidence that BEIS is considering on long term heat pathways, which you can find below.

- Report on hybrid heat pumps
- International comparison of heating and cooling and heat decarbonisation policies
- Appraisal of domestic hydrogen appliances
- Innovation needs assessment for biomass heat

The last of these reports mainly focuses on innovation needs for gasification of biomass and wastes, as well as woody and grassy energy crops, but it also includes innovative pre-treatment technologies which could improve performance and economics of thermochemical and anaerobic digestion routes, but whose benefits have yet to be fully demonstrated (e.g. processing of straw prior to digestion). I'd be interested in hearing your thoughts about this and any of the reports highlighted above (Kiara@r-e-a.net).

Other interesting reports on green gases

This OIES paper looks at the challenge of decarbonising the heat sector and the possible role of 'green gas' in meeting this challenge.

This Imeche report, entitled Energy from gas: taking a whole system approach, provides case study examples of current industrial activities, which use energy from gas that could be scaled up to meet the needs of the Government's Clean Growth Strategy.

A paper released recently by UKERC investigates issues surrounding the decarbonisation of heating, which is increasingly seen as a priority by energy policy makers. It considers the move towards low carbon heating from the perspective of incumbency.

Member of the REA Cadent has commissioned a report, looking at potential options for stimulating investment in BioSNG. The report can be found here and the press release here. The report was written by consultancy Ernst and Young for Cadent.

A new report for the National Infrastructure Commission estimates that under a 'worst case' scenario the additional cost of decarbonising the heat system by 2050 could be £450 million. However, its central estimates put the cost at £120m to £300m. Despite the increased cost, the expected increase in GDP by 2050 will lead to the total cost of heating representing a 'substantially smaller share' of GDP than in 2015. The study finds that energy efficiency improvements could achieve considerable reductions in energy use for heat, and would be essential for facilitating a mass rollout of heat pumps. The study also finds that repurposing the gas grid to deliver hydrogen could be the lowest cost option, but its feasibility is 'unproven.

15 Biogas Action

As part of the EU project Biogas Action, a new online toolbox was made available for users to explore successful biogas installations across Europe and find the perfect match for their own local conditions.

Also, AD training videos have been made, aimed at micro- AD plant owners that may not have the time to commit to more in depth training, but they are not intended to replace more in depth training. There are six 3-5 minute-long films that cover:

- The Basics
- Permitting
- Keeping Safe
- Being a Good Neighbour
- Avoiding Pollution

- Gritting and Foaming

https://vimeo.com/severnwye

16 Finding your way around the REA

The REA website is www.r-e-a.net – you need to be logged on to this to get member only info. Your username is your email address. If you need reminding what your password is, contact Lindsay, details below.

Make sure you are in any other relevant groups of the REA. If you are a corporate member, this does not cost you any more. If you want to join the Organics Recycling Group, Renewable Generators group, The Renewable Transport group, contact the relevant person from the table below.

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Justyna Franuszkiewicz	justyna@qualitycompost.org.uk	REAL's Scheme Manager / Compost certification (PAS 100) and Biofertiliser (PAS 110) Certification schemes
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Georgia Phetmanh	Georgia@qualitycompost.org.uk	REAL's acting Scheme Manager for the Compost Certification Scheme (PAS100) and Biofertiliser Certification Scheme (PAS110).

17 Acknowledgements

I'd like to thank my colleagues in the Policy, Biogas, Organics Recycling, Renewable Transport and Event teams, the Chair of this group John Baldwin at CNG Services, Michael Chesshire at Lutra (EBA Board) and colleagues in the BCS and GGC scheme for providing relevant updates for this report.

Dr Kiara Zennaro

Head of Biogas, Renewable Energy Association

Appendix A

Latest data on FIT deployment

The chart and table below show how much AD in terms of capacity (MWe) and number of installations has been deployed since the introduction of the Feed-In Tariffs. These are based on data released by BEIS on 21st December, which can be found here.

Installations commissioned under FIT Scheme - March 2018		
AD Bands	Installed commissioned capacity (MWe) (figs in brackets were those reported roughly one year and a half ago, for comparison	No installations
<=250kW	23.4 (22.9)	131 (125)
250-500kW	79.6 (78.2)	165 (162)
500-5MW	186.3 (179.7)	125(120)
Total	**289.3 (280.9)**	**421 (407)**

Current FIT tariff rates

Anaerobic digestion band	Generation tariff (p/kWh)
0-250 kWe	4.60
250-500 kWe	4.36
500-5000 kWe	1.61

More information on FIT deployment can be found in the Appendix 22.1. The export tariff is currently at 5.24 p/kWh.

Appendix B

History and status of RHI reforms and REA's related actions

When	What
March 2016	The Government consulted on a package of reforms to the RHI
December 2016	Government issued its response to the consultation, detailing the Government's final proposals, and setting out its intention to implement them in spring 2017: • Introduction of tariff guarantees (a three stage process) • Biomethane tariffs reset at the levels between April and June 2016: Tier 1 – 5.35p/kWh; Tier 2 – 3.14p/kWh; Tier 3 – 2.42p/kWh. • Biogas tariffs maintained at Dec 2016 levels, at 4.43p/kWh for small scale; 3.47p/kWh for medium and 1.30p/kWh for large • Feedstock restrictions (for new AD plants) - at least 50% of the biogas or biomethane is derived from feedstocks that are wastes or residues • Degression mechanism update • No more digestate drying for new participants
January 2017 – September 2017	RHI reform regulations delayed by the elections, Ministerial changes and summer recess.

August / September 2017	New RHI legislation laid before Parliament on 30th August 2017. The regulations were made on the 29th August, laid before Parliament on the 30th August, and will come into effect on the **20th September 2017**. This implements the first part of the package reforms.
	[Due to the delay BEIS decided to split the package into two:
	• *First part of the package brought in through negative regulations (do not need to be debated, and could be laid between summer recess and the party conferences). No changes introduced relevant to biogas/biomethane.*
	• *BEIS confirms their aim to make remaining reforms in an affirmative package before the end of the year. These include all the changes relevant to biogas and biomethane detailed above and repeated here for convenience:*
	  • *Introduction of tariff guarantees (three stage process)*
	  • *Biomethane tariffs reset at the levels between April and June 2016: Tier 1 – 5.35p/kWh; Tier 2 – 3.14p/kWh; Tier 3 – 2.42p/kWh. [although it's likely these will have to be adjusted by inflation]*
	  • *Biogas tariffs maintained at Dec 2016 levels, at 4.43p/kWh for small scale; 3.47p/kWh for medium and 1.30p/kWh for large [although it's likely these will have to be adjusted by inflation]*
	  • *Feedstock restrictions (for new AD plants) - at least 50% of the biogas or biomethane is derived from feedstocks that are wastes or residues*
	  • *Degression mechanism update*
	  • *No more digestate drying for new participants]*

September 2017	Consultation on further amendments to the RHI issued: • Questions on eligible heat uses, with deadline on 3rd October 2017 • Questions on other changes, with deadline on 31st October 2017. These

	include restrictions to staggered (stage1/stage 2) commissioning for biomethane plants, changes to additional capacity rules, equipment replacement rules etc. our full response can be found here. BEIS officials wrote to the trade bodies that their intention is to lump the changes to the eligible heat uses together with the delayed reforms ie they are hoping new regulations can be laid including the new biogas/biomethane tariffs, tariff guarantees, feedstock restrictions as well as new changes to eligible heat uses subject to analysis of consultation responses (re consultation questions with deadline on 3rd October 2017). As per the changes consulted on in the remainder of the consultation document (with deadline on 31st October 2017) these are likely to come into effect at a later date (it is understood these are not priority). *[BEIS officials confirmed in writing to the REA that 'the intent is to apply any new rules only to new plant accrediting onto the scheme. There is currently no intention to retro-actively change the rules under which plant accredited after the government response from Dec 2016.* *The choice of accredited plant (to use the reformed tariff and rules, or, alternatively, to stay with the existing tariff and rules from the time of the plant's accreditation) will have to be made individually by each affected plant before the reform (from the December 2016 Government Response) is coming into force. This is currently planned for later this year, via affirmative parliamentary process.* *Any additional rules or regulations, as proposed in the current consultation – and they are only proposals for now - and that would have a likely impact on the AD / biogas industry and plant, are planned to come into force at a later date. Any of these rules from the current consultation and with a consultation closing date of 31 October (chapter 3 onwards), would therefore not have an impact on the regulatory framework of the RHI before the December 2016 reform regulations would come into force.']*
September 2017	At the Industry Advisory Group meeting held by BEIS on 22nd September BEIS officials said they were aware that the constant delay in implementation of tariff guarantees makes them less valuable, as there is less and less time remaining (tariff guarantees only last until 31st December 2019 – giving maximum 2 years for developers to complete their project). They were therefore considering a potential extension. Extensive feedback was provided by the REA to BEIS to support an extension to the commissioning deadline under the tariff guarantees (31 December 2019). This supports a 9 month extension (or preferably, up to end of funding period).
October 2017	BEIS officials were hoping that the delayed changes (second part of the package not yet implemented) would not need to go back to the Joint Committee on Statutory Instruments (JCSI) as this would delay the process further. However BEIS officials were told in October 2017 they have to go through this process again. BEIS officials said they aimed at getting the RHI regulations to the JCSI by end November/early December 2017, which is the earliest they can start on them, and then (subject to their clearance) to be able to lay the RHI regulations early in the new year, followed by the 6-8 weeks period for debates. This means that

	the regulations would be implemented around March 2018. See our communication to members explaining the process here.
October 2017	Meanwhile, BEIS officials realised that tariff guarantees represent a potential threat to RHI budget controls, and relying on negative regulations to close the whole scheme or TG applications only will simply not be fast enough in the event of a rush of TG applications. So they proposed at this stage to add in a budget availability check stage to the TG application process before Ofgem would issue a provisional TG notice. BEIS would decide a TG budget ceiling which would be published alongside other budget publications. Trade bodies have circulated a power point on this process issued by BEIS. See our communication to members explaining the proposals here. On 24th October REA highlighted in writing to BEIS their strong concerns around this proposal, as this was not originally consulted on and developers have committed funds they can now lose on the basis of this change in the policy. REA hoping to meet with BEIS officials to discuss this at the earliest convenience. REA asked BEIS to provide a written statement to confirm that the Government still intends to publish the reforms and what the tariffs will be. We also asked for further clarification on the link/interaction between the delayed reforms and the changes that will be brought in with the new consultation (with deadline on 31st October). On 24th October the REA's Chief Executive Dr Nina Skorupska CBE FEI sent a letter to the Minister Claire Perry MP to: • urge the Government to pass the reminder of the RHI reforms through Parliament and implement these as a matter of priority; • to ask that written confirmation is provided by Ministers of what the revised RHI tariffs will be for all the relevant technologies, once the legislation is passed, and • to highlight that REA's members are requesting an unequivocal statement from BEIS Ministers as a matter of urgency, to the effect that although the RHI has been delayed by matters beyond the department's control, everything possible is being done to expedite the process, based on the revised rates published in 2016, and provide the industry with the certainty that investors will require to progress projects that have been on hold. **On 30/10/2017 the Minister replied to our letter. You can find her letter here.** Note that the tariffs set out in the letter are adjusted by inflation: • Biogas tariffs: 4.50p/kWh for small biogas, 3.53p for medium biogas and 1.32p for large biogas, taking the April 2017 inflation uplift into account; Biomethane tariffs: 5.44plkWh for Tier 1, 3.19p for Tier 2 and 2.46p for Tier 3, taking inflation into account. **The letter reassures that BEIS Ministers and officials are doing everything in their power to expedite the process and are still fully committed to issue the outstanding RHI reforms, based on the rates set out in the Dec 2016 response.**

December 2017	The Renewable Heat Incentive Industry Advisory Group meeting was held on 14th December 2017 and the REA attended. Our understanding from the meeting is that the RHI reforms should be broadly still on track in the parliamentary process. We believe that it is hoped they will be laid towards the end of January, following scrutiny by the JCSI. Our understanding is that the regulations could then come into effect approximately eight to ten weeks after they have been laid. Regarding the RHI consultation "*The Non-domestic RHI: further proposed amendments*" closed in October 2017, it is our understanding that elements on eligible heat uses should have been fast-tracked into the affirmative regulations and a government response will be published alongside the regulations. We understand that BEIS is aiming to publish a response to the remainder of the consultation (e.g. proposed changes on staggered commissioning / use of third party biogas) by March/April 2018 with the aim of laying/ implementing regulations later in 2018.
January 2018	Our understanding from our latest communications with BEIS is that the RHI reforms are currently with the JCSI and should be broadly still on track in the parliamentary process. As per above, we believe that it is hoped they will be laid towards the end of January, following scrutiny by the JCSI. Our understanding is that the regulations could then come into effect approximately eight to ten weeks after they have been laid. We will keep members informed of any further developments. BEIS published the Government's response to chapter 2 of the September 2017 RHI consultation on 30th January 2018, which relates to the definition of eligible heat within the Renewable Heat Incentive. The Government intends to implement these eligible heat use changes alongside the implementation of the remainder of the RHI reforms announced in December 2016. This is currently anticipated for spring 2018. **Summary of changes** The Government will • not remove all drying practices as eligible heat uses. • remove wood-fuel drying as an eligible heat use other than where the renewable heat installation is replacing a fossil fuel heat source. A transition period will be included to allow wood-fuel drying plant that are in development to be accredited; • remove the drying, cleaning or processing of waste as an eligible heat use; and • further tighten the eligibility of swimming pools so that only swimming pools that are used for a municipal or commercial purpose receive Non-domestic RHI support • make installations where heat is produced predominantly for a single domestic premises ineligible under the Non-domestic RHI. The changes only apply to new applicants, not existing RHI participants. However, the changes do apply if existing participants add capacity and inform Ofgem that they have amended their existing heat use to begin drying wood-fuel. The Government will put in place a six-month transition period for plants that are demonstrably already in development at the point the Government

	response is published - this does not apply to cleaning or processing of waste. The Government will look to introduce further evidence requirements to ensure that Non-domestic RHI applicants have a genuine, economically justifiable use for the heat they propose generating in the future, but this will not be included within this implementation.
February 2018	The RHI regulations were laid before Parliament on 7th February 2018.
March 2018	The non-domestic RHI regulations were withdrawn due to drafting errors and amended regulations were immediately re-laid before Parliament. The regulations cleared the JCSI Committee on 28th March 2018.
April 2018	The regulations were considered and debated in the Delegated Legislative Committee in the House of Commons on 23rd April 2018. The associated report can be read here.
May 2018	On 9th May the RHI regulations were considered in the Grand Committee in the House of Lords and there were no objections and the motion was agreed. On the 15th May the RHI affirmative regulations passed the final stage in Parliament. For those interested you can see the record on Hansard here. The regulations were made on 21st May and implemented on 22nd May 2018, after a process that has lasted over two years. The text can be found here. The Government response to the 'Further amendments to the RHI' consultation was released on 29/05/2018 and can be read here.