REA Biogas
Progress Report No 44 for meeting of 24th January 2018

A report setting out the key activities underway that are relevant to the biogas sector

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1 The size of the anaerobic digestion (AD) sector in the UK

1.1 AD plants currently in operation

Information about AD plants operational in the UK can be found at www.biogas-info.co.uk (the Official Information Portal on Anaerobic Digestion, administered by the NNFCC, which is regularly updated).

There are no changes in the number of plants and total electrical capacity since the last biogas report ie the number of operational plants is 469, totalling 376.5 MWe of installed electrical capacity, 336 which use predominantly crop/agricultural product feedstock and 133 which use primarily food/industrial wastes (sewage treatment facilities are not captured in this data).

There are changes, however in the reported feedstock requirements for these plants (fresh tonnes):

Total	Manure/ Slurry	Crop	Food Waste	Crop Waste	Other Waste
11,923,434	1,896,060	3,755,505	3,582,988	458,935	2,230,246

Again, no changes with regard to the biomethane sector: 81 operational biomethane plants, 60 which use predominantly crop/agricultural product feedstock and 21 which use primarily food/industrial wastes (sewage treatment facilities are not captured in this data). This totals a biomethane capacity of 48,193 NM^3/hr.

Feedstock requirements for these 81 plants are detailed below.

Total	Manure/ Slurry	Crop	Food Waste	Crop Waste	Other Waste
3,569,781	308,655	1,664,801	873,100	94,500	628,725

NNFCC is currently working on an update to their annual report on AD deployment in the UK, which is due to be published in March, so we should be able to provide more up to date figures soon.

1.2 AD plants in the pipeline

There are no changes in the number of plants and total electrical capacity since the last report ie There are a further 391 plants in development, 285 which plan to use predominantly crop/agricultural product feedstock and 106 which plan to use primarily food/industrial wastes. Their estimated electrical capacity is 315.7MWe. The estimated feedstock requirements (fresh tonnes) for these plants are as below.

Total	Manure/ Slurry	Crop	Food Waste	Crop Waste	Other Waste
8,299,535	1,643,531	2,401,644	2,383,358	248,040	1,509,962

With regard to the biomethane sector, we have a further 42 plants in development, 31 which use predominantly crop/agricultural product feedstock and 11 which use primarily food/industrial wastes. Their estimated biomethane capacity totals 17,861 NM^3/hr.

Estimated feedstock requirements (fresh tonnes) for these plants are as below and have been updated since the last report.

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Total	Manure/ Slurry	Crop	Food Waste	Crop Waste	Other Waste
1,699,262	249,630	803,172	334,100	44,460	223,900

According to the NNFCC only 4 of these plants are listed as under construction (though this may be an underestimate as this data is difficult to capture), with 26 having had their planning applications approved. The remaining plants have either submitted planning applications or are currently in the early stages of planning.

As mentioned above, NNFCC is currently working on an update to their annual report on AD deployment in the UK, which is due to be published in March, so we should be able to provide more up to date figures soon.

2 REA Biogas and ORG engaging with Research and Development

The Biogas and Organics Recycling Groups of the REA are currently working jointly to establish a stronger link with the institutions that are undertaking R&D work to underpin the sector development. This includes AD, composting and other processes or applications of organic resources as well as their outputs. We have started to compile a list of the relevant research bodies and institutions which are undertaking R&D work relevant to anaerobic digestion, biogas, composting and other organics recycling. We will circulate this in due course. If you are undertaking relevant R&D work, please don't hesitate to let us know so that we can add your work to the list.

In the meantime an opportunity has arisen to bring together research bodies and industry to discuss specific topics at dedicated, fully funded meetings/events. We would be grateful if you could send me your feedback on specific topics that you would like to see discussed at such meetings.

3 Training for the AD industry

This is just a reminder that the REA Biogas and ORG teams run a number of high value, highly technical and long established training courses for biogas operators and developers and other stakeholders involved in AD. These are:

- 'Hands on course on AD', in conjunction with the IBBK - 4 day Engineering & Operating Course including a biogas plant visit. Next one from 5th - 8th February 2018 in Cambridge.
- AD Biology Day, run in conjunction with FM BioEnergy and Schaumann BioEnergy GmbH, on the importance of maintaining a healthy biology within an anaerobic digester. Next courses: March 2018, Northern Ireland (details to come soon) and Autumn 2018 (details tbc).
- Health and Safety in AD, delivering all the essential health and safety information required by managers and supervisors at composting and AD sites. This is delivered by ex HSE office Matthew Lee. Next course tbc.
- Understanding PAS110 in full, run and delivered by the REA ORG and BCS experts. 6th March – Birmingham; following one in November 2018 (details tbc).
- HACCP for AD, delivered by HACCP expert and RSPH qualified trainer Victoria Phillips. 27th March – Birmingham; following one in November 2018 (details tbc).

All training courses for 2018 are currently being planned and will be listed at https://www.r-e-a.net/events as soon as dates are finalised.

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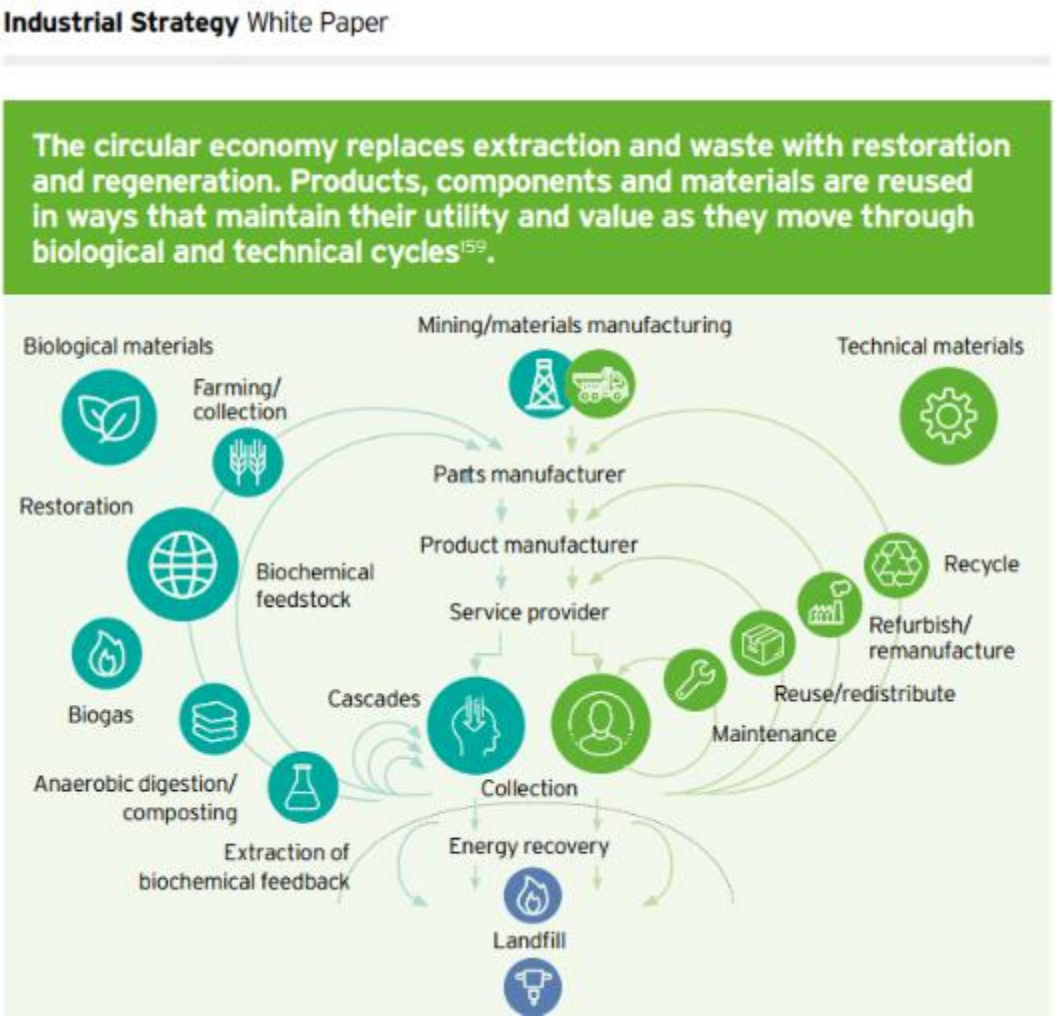
4 Latest waste statistics for England for 2016/17

The official England waste from households recycling rate for 2016 was 44.9%. For 2016 this raises the waste from households recycling rate by around 0.7 percentage points. Other organic waste increased by 3.1% to 3.8 million tonnes from 3.7 million tonnes in 2015. Separate food waste collected for recycling increased by 15.0 percent in 2016 to 353 thousand tonnes from 307 thousand tonnes in 2015. Garden waste increased by 3.1 percent to 3.8 million tonnes from 3.7 million tonnes in 2015, mainly due to higher volumes of garden waste between July to September 2016 compared to the same period in 2015. Full details here.

5 Industrial Strategy

On 27th November 2017 the Government released its white paper on the new Industrial Strategy, where it committed to publish a Bioeconomy Strategy and to move towards a regenerative Circular Economy, which they recognise it includes anaerobic digestion amongst other processes (see picture below from the white paper). They also commit to increasing incentives for investment in sustainable agriculture. This is encouraging.

However, we don't know yet what these commitments mean in practice and we will certainly try to find out more in the near future. You can find our Policy Team's thorough summary of the white paper here.



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This follows significant disappointment from last week's Autumn Budget, where the Chancellor announced there would be no new subsidies for clean power projects until 2025 at the earliest. See our detailed summary of the budget here. New levies may still be considered 'where they have a net reduction effect on bills and are consistent with the government's energy strategy' (but I suspect AD may not benefit from this as it is not seen amongst the cheapest forms of renewable energy generation).

6 25 Year Environment Plan

On 11th January 2018 the Government released its long-waited 25 year Environment Plan which sets out government action to 'help the natural world regain and retain good health'. Our press release on the plan can be found here and our comprehensive summary of the plan here.

Overall, there are some positive commitments but they remain vague with little detail of how they wish to achieve these aims. For the most part, the plan reiterates previously announced commitments or refers to further strategies to be published later.

We will likely have to wait for both the Bioeconomy strategy (BEIS) and Resources and Waste Strategies (DEFRA), due by the end of 2018 before we start to see firm policies to deliver this plan.

I have highlighted below the aspects of the plan that I think are of most relevance for the biogas members.

Chapter 1:

There is a commitment in the plan to improve the way land is managed and its management incentivised, including designing and delivering a new environmental land management system. As we leave the EU, farming and agricultural policy is a key area of focus to ensure real environmental benefits are delivered.

There is repeated reference to the need for improving and restoring soil health, reducing soil erosion and compaction, ensuring better livestock and crop management, improve farm performance and more efficient use of fertilisers. Planting over-winter cover crops and effective crop rotations are specifically mentioned as measures to increase crop yield, improve soil health and reducing soil compaction.

There is also reference to Agri-tech developments that can significantly improve farm performance, in terms of both profits and the environment. 'Properly implemented precision farming, resource efficiency, and better livestock and crop management can achieve more effective sustainable productivity growth.'

Poor storage of manure and slurries is specifically mentioned as this can lead to release of harmful chemical and gases. The Government intends to work with farmers to limit nitrogen-rich fertilisers such as manure, slurries and chemicals to economic efficient levels and make sure they are stored properly and applied safely. They also want to encourage the use of low-emission fertilisers.

The repeated focus on soil health is particularly welcome; however, the plan fails to acknowledge the clear role Anaerobic Digestion could have in achieving these aims. Growing break crops for AD as part of farming rotations to improve biogas yields, and returning organic matter back to the soil through repeated digestate applications can play a fundamental role in enhancing soil quality and improving crop yields, through balanced rotation.

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Chapter 4

There is a commitment to:

- Make sure that resources are used more efficiently and kept in use for longer to minimise waste and reduce its environmental impacts by promoting reuse, remanufacturing and recycling.
- Work towards eliminating all avoidable waste by 2050 and all avoidable plastic waste by end of 2042 – Government will develop a national Resources and Waste strategy in 2018, as stated before, and a Bioeconomy Strategy. They will be supporting comprehensive and frequent waste and recycling collections.
- They will also encourage the development of bio-based, biodegradable and environmentally-friendly plastic through the Bioeconomy Strategy.

Actions to reduce avoidable plastic wastes by 2042 include working with the Research Councils to help develop a standard for biodegradable plastic bags as part of emerging work on a national Bioeconomy Strategy (while also recognising the need to avoid microplastics pollution).

Recycling food waste is also a key priority. Government will work towards no food waste entering landfill by 2030 and to support an increase in numbers of LAs separately collecting food wastes so that the amount of food waste sent to landfill continues to decline.

On the residual waste, Government will continue to encourage operators to maximise the amount of energy recovered from residual waste while minimising the environmental impact of managing it, for example by utilising the heat as well as electricity produced. They will be exploring different infrastructure options for managing residual waste beyond electricity, including the production of biofuels for transport and emerging innovative technologies. They will also look at ways to increase the use of heat produced at waste facilities through better connections to heat networks. The facilities will become more efficient and emit less carbon dioxide.

They re-iterate their commitment to reduce pollution by tackling air pollution in the Clean Air Strategy and they will legislate to set limits on the levels of air pollutants that Medium Combustion Plants (MCPs) and generators can emit (See Medium Combustion Plant Directive).

7 Committee on Climate Change's Bioenergy Review

The Committee on Climate Change has launched a Call for Evidence in their review of bioenergy. The review is intended to provide an assessment of the potential role of bioenergy in meeting the UK's carbon budgets. Further Information available here. The REA is currently drafting a and seeking members views on a draft response. The consultation is open for responses until Monday 5th February 2018 9AM, so please send us any feedback by **26th January 2018** for consideration in the final response.

8 Committee on Climate Change's response to Government Clean Growth Strategy

The Committee on Climate Change published on 17th January 2018 their response to the Government's Clean Growth Strategy. They said that the recent Clean Growth Strategy, although "ambitious", does not go far enough to meet Britain's next carbon budget in just five years' time.

The report also notes that "urgent action" is needed to flesh out the plans under the Clean Growth Strategy, and to supplement them with additional measures- such as aiming for 60% of new car sales to be electric by 2030- or to speed up plans to improve domestic energy efficiency standards.

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The Committee also recommends implementing new policies to close the remaining 'emissions gap' to the fourth and fifth carbon budgets. There is a particular risk around meeting the fourth carbon budget which begins in just five years' time.

Gaps in the policies and proposals announced in the Clean Growth Strategy include (excerpts from the report):

***Low-carbon heat in homes, businesses and industry**. The commitment to phase out the installation of high carbon fossil fuel heating in buildings off the gas grid is welcome. This should include heat pump deployment, which, together with installation in new-build properties, would develop heat pump markets and supply chains in order to prepare, if necessary, for potential widespread deployment in buildings connected to the gas grid from the 2030s. However, the Strategy provides little commitment to a low-carbon supply mix in heat networks and no commitment to biomethane post-2021, both of which the Committee has identified as 'low-regrets' options at this stage. There is also little commitment to support an increase in the use of bioenergy for industrial process heat.*

***Surface transport**. The Government has set out an ambition for 30-70% of car sales and up to 40%of van sales in 2030 to be ultra-low emission vehicles (ULEVs). It is will be necessary to deliver towards the upper end of the range for cars, and greater ambition will be needed for vans. There is little concrete action on emissions from HGVs. More is also needed on shifting travel demand from passenger cars to lower-emission modes.*

***Agriculture and land use.** A commitment to include climate change mitigation as part of a new system of future agricultural support is welcome. However, strong policies to deliver emissions reductions in agriculture need to be developed soon. …'.*

There are a number of areas identified in the cost-effective path we set out in our advice on the fifth carbon budget that would enable this gap to be closed.

***Low-carbon heat**. Immediate priorities include retargeting the Renewable Heat Incentive(RHI) towards heat pumps and biomethane, developing and setting out proposals for the fossil fuel phase-out for buildings off the gas grid, and further work to secure low-carbon supply mixes for new and existing heat networks (including waste heat from industry and large water- and sewage-source heat pumps).*

***Waste**. According to the CCC the Government's new Resources and Waste Strategy, due in 2018, should set out firm policies to end food waste going to landfill and this should be implemented by 2025, five years earlier than currently planned. The Strategy should also require landfilling is ended for other waste streams including paper and card, wood, textiles and garden waste on the same timescale.*

***Agriculture and land use**. A stronger policy framework for reducing emissions from agriculture and land use in all UK nations to 2022 should also be delivered.*

There has been no progress in reducing agricultural emissions over the past six years. The publication of a new Strategy for Agriculture and Land Use must set out policy proposals, to take effect by 2022, for the delivery of emissions reduction and increased carbon sequestration. Informed by improved information from the forthcoming Smart Inventory, this Strategy should set out measures to implement a range of cost-effective emissions reductions from soils, crops, and livestock. In forestry, appropriate incentives and measures to address non-financial barriers should be put in place to accelerate the rate of tree planting beyond current low levels.

A useful infographic highlighting the key messages from the report can be found here.

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9 Renewable Heat Incentive

9.1 Status of the reforms

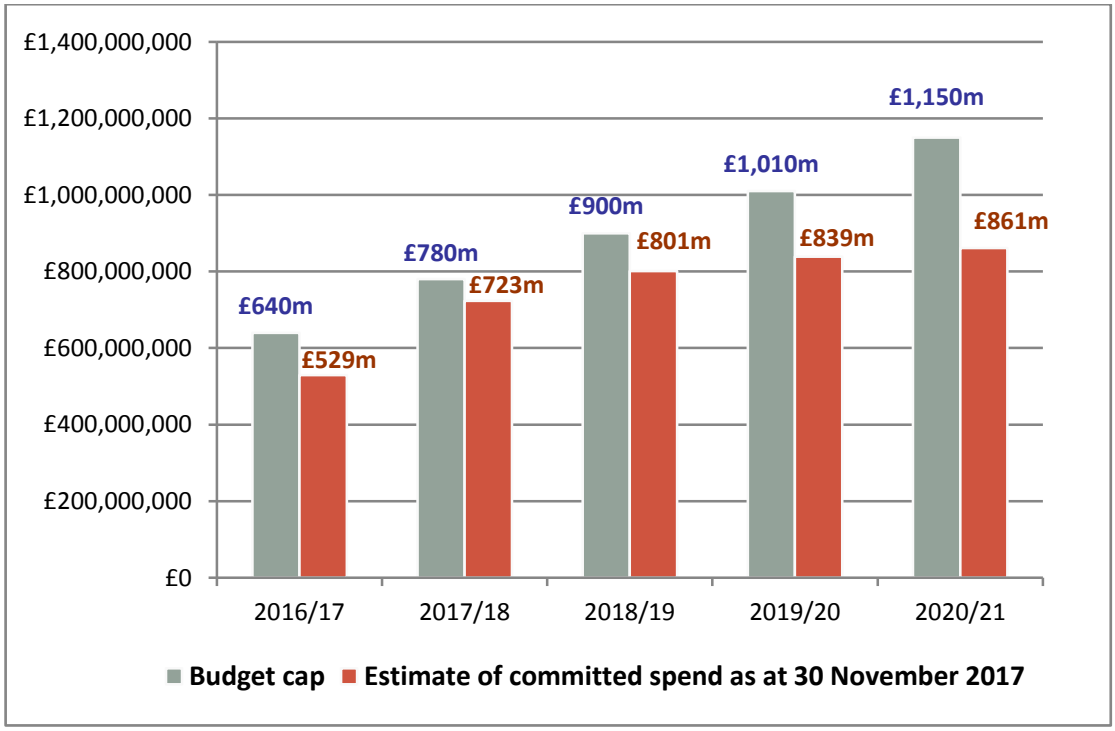
It is our understanding that the RHI reforms are currently with the Joint Committee on Statutory Instruments (JCSI) and should be broadly still on track in the parliamentary process. It is hoped they will be laid towards the end of January, following scrutiny by the JCSI. Our understanding is that the 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.

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.

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

9.2 RHI budget caps 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. 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 30th November 2017, against the budget caps.



The budget headroom from 2018/19 to 2020/21 is shown in the chart below.

BEIS have recently proposed to include in the tariff guarantee (TG) application process a budget availability check stage before Ofgem would issue a provisional TG notice. BEIS would decide a TG budget ceiling which would be published alongside other budget publications. Their current proposal is to allocate 50% of uncommitted spend in future years to TGs, which is illustrated in the chart below. Our communication explaining the proposals can be found here.

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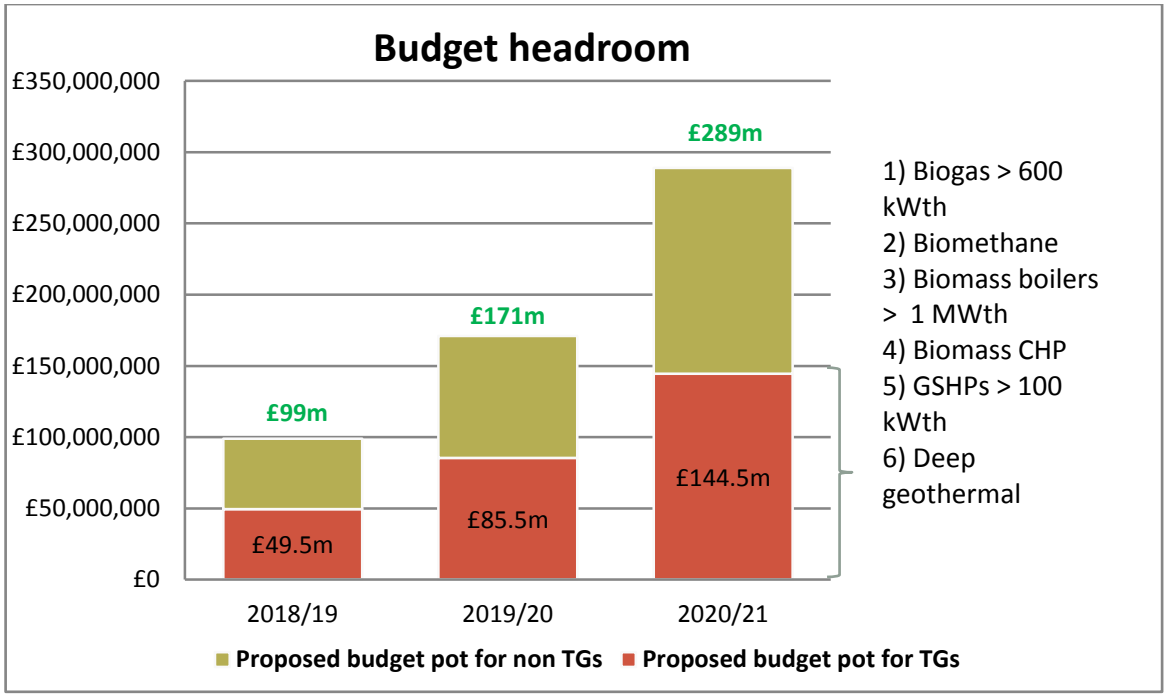

Please note that BEIS have clarified that a TG application will not count towards the budget until the commissioning date. For example, a TG application for a plant commissioning in December 2019 will only start requiring budget in December 2019 and will count in the 2019/20 TG budget.

In terms of future possible degression, our most recent degression assessment can be found here. As highlighted at the previous biogas meeting, it seems likely (but this is by no means certain) that there won't be any degression in April 2018 (because assessment for this quarter will be based on the growth in Nov 2017- Jan 2018 and it seems unlikely that much activity will happen in these months). The rush of applications for tariff guarantees may, on the other hand, result in degression in the following quarter starting on 1st July 2018. The worst case scenario for this degression would be 15% (assuming no degression in the previous quarter).

9.3 Feedstocks ineligible under the RHI

Ofgem have been liaising with BEIS on the issue of acceptance of liquid feedstocks which are currently deemed ineligible under the RHI because of the poor wording of regulation 32(2) of the RHI regulations 2011.

The issue:

Article 32(2) of the RHI regulations 2011 states that '*A participant using biogas produced by AD may only use biogas that is made from one or more of the following feedstocks:*

- *Solid biomass*
- *Solid waste*
- *Liquid waste*

Therefore any **liquid** feedstock that is not classed as **waste** (e.g. a product or a residue) is **ineligible**. This includes for example:

- Glycerol from virgin oils, which is classed as product
- Crude glycerol from waste oils, which is classed as a processing residue
- Other similar liquids such as pot ale syrup, proflo etc.

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We know that Ofgem have worked on this issue over the past few months and are waiting for BEIS to clarify their position / policy intent. Even though Ofgem have developed a work around for those who have used Glycerol in the past -to allow them to be paid for affected periods and other submissions that fell after the usage periods – they believe this is not a solution to use Glycerol as an ongoing feedstock in their digesters because very burdensome for both, the applicant and Ofgem.

So, currently the position is unchanged and Ofgem's line remains as follows:

Ofgem would request that participants do not use feedstock in their installation that re not eligible, regardless of how attractive the price is. Additionally, please be aware BEIS has different feedstock restrictions on the RO and RHI and if participants are involved in both schemes then they must ensure that the feedstock they use comply with both sets of Regulations.

The REA has been in contact with BEIS directly to discuss whether and when this issue can be addressed. We will provide members with an update as soon as possible.

9.4 Accreditation delays and meeting with Ofgem

On 17th October 2017 the REA (Kiara Zennaro and Frank Aaskov) met with Ofgem to discuss the long-standing issue of accreditation delays under the RHI. Paul Russell and Luke Bailey attended the meeting from Ofgem.

Two members of the REA, William Mezzullo from Oxford Capital and Duncan Coomb from SLR Consulting, were also present to aid the discussion with Ofgem. Some members provided feedback to the REA prior to the meeting and this was raised at the meeting. A report from the meeting highlighting all the issues discussed at the meeting as well as previously raised by members has been circulated to members and can be found here.

Please note that this is not the end of the dialogue with Ofgem, we will continue to monitor the situation. So, if you have specific examples of cases where you consider that the delay is not dependent on the quality of your submitted application/information, please let me know.

10 Feed-in Tariffs

10.1 FIT deployment cap and indicative queue reports

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

At the time of writing this report, the latest queued capacity report for ROO-FIT and standalone deployment caps in tariff period 4, 2017 was published on 12th January 2018. This shows that 8 generators are currently in the queue, totalling 2.434 MWe. These have been all provisionally allocated Tariff Period 1 2018 (1st January 2018 to 31st March 2018). There are still 2.566 MWe capacity left to reach the cap for this quarter. The tariff rates for the current quarter/tariff period are reported in appendix A.

11 Contracts for Difference

11.1 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

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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).

Aspects of the auction will be dependent on State Aid approval - for Scottish island, 'Remote Island' onshore wind projects to be added to the Pot as proposed (see below), which may have a significant draw on the available funds.

Though we welcome the funding and 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 – which the REA highlighted in our press release on the announcement.

Government announcement here

11.2 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 (subject to 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) 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.

12 Renewable Obligation

12.1 Government response to consultation on bioliquids - key REA asks achieved

The REA is pleased to announce that a number of our key policy positions have been incorporated into the BEIS response to the consultation on *new rules for bioliquids, wastes and residues under the Renewables Obligation*. Such key positions include our views around reporting requirements for generators under 50kW.

The Government response to the consultation, released this week, can be viewed here.

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13 National Infrastructure Commission Publish Interim Report

The National Infrastructure Commission (NIC), the independent body charged with making recommendations to Government on infrastructure requirements, published their interim priorities report. It describes their current thinking in relation to issues including the future of the gas grid, energy efficiency measures, support mechanisms for large-scale power projects and how waste should be used to help decarbonise power, heat and transport. The REA submitted a response on the 12th January that can be found here.

14 Biomethane to grid

14.1 ENA meeting with the GDNs, biomethane developers and trade associations

A group of Gas Distribution Network Operators, biomethane project developers and trade association representatives met a second time on 28th November 2017, following a first meeting last August.
One of the key issues discussed at the meeting is the discrepancies in the operating models used by the different Gas Distribution Networks (GDNs). A group of GDNs was established following the first Biomethane/Network meeting to consider opportunities to reduce differences in grid entry/exit unit procedures. During 2018 the group will meet again, possibly split into sub-groups, to continue to work toward a standardised systems and procedures.
Other topics were discussed, such as the delay in the RHI reforms, the Project CLoCC (aimed at approving standardised designs for new transmission connections, including biomethane, and mapping out a faster connections process), and the Future Billing Methodology project. The minutes of the meeting can be found here.

14.2 REA's response to Gas Network Innovation Strategy

A Gas Network Innovation Strategy was published by the ENA for consultation last November. This sets out the challenges and the opportunities facing the gas transmission and distribution networks as the UK looks to decarbonise its energy system to meet climate change targets. It seeks views from technology providers on how they would like to see gas network companies play a role in delivering greater energy innovation in the future. The REA's response can be found here.

15 Biomethane for vehicles

Draft legislation proposing changes to the RTFO and GHG schemes, including to increase targets for the supply of renewable fuel, was laid in Parliament on 15th January 2018. It is available here.

The next steps are for the draft statutory instrument to be debated and approved in each House. Subject to parliamentary debate and approval DfT expect to have the legislative changes proposed in place for the start of the next RTFO obligation year in April 2018. This legislation will be of considerable interest to those injecting biomethane.

RTFCs tend to trade at around 20p/litre, although this can vary. At the exact time of writing the value is 19.7 p/litre, which converted into p/kWh gives a value of 5.4p/kWh for waste (i.e. double counted) feedstocks.

A number of industry representatives met with DfT and The Committee on Climate Change on 10th January, to discuss the biomethane and its use for fuelling HGVs. This session will hopefully establish this technology as a useful bridging technology en route to 2050 and inform DfT's strategy document "the Road to Zero" (due before the end of March) and Treasury in its consideration of

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fuel duty for the Autumn Budget. The industry representatives are now working on gathering the latest test evidence and working with DfT on filling any gaps. This session was an action taken away from the very successful conference on Biomethane in Transport, held on 14th December by the REA.

16 REA hosts Biomethane for transport conference

Around 60 delegates from across the gas, heavy transport, and renewable energy sectors learned about the opportunities emerging from the use of biomethane in transport on 14th December 2017 in London. A summary of the event and analysis, compiled by the REA's Head of Renewable Transport Fuels Gaynor Hartnell, can be found here.

17 Green Gas Certification Scheme (GGCS)

The GGCS is administered by Renewable Energy Assurance Ltd (REAL), a wholly-owned subsidiary of the Renewable Energy Association. The scheme is 'not for profit' with the charges for using the scheme designed to recover the costs of running it.

The GGCS is a web-based system tracking the green gas from the point at which it is injected into the gas distribution network through to its final use. It is similar to schemes already in place in Netherlands and Germany and REAL is now a member of a pan-EU Group of similar schemes. The benefit of the GGCS for its participants is the ability to ensure that there is no double-counting or double-selling of the green gas.

The Green Gas Certification Scheme (GGCS) saw over 800GWh of sales in 2017 and ended the year with 44 plants participating, representing over 2.3 TWh of annual capacity. On the supplier side SEE Energy Supply and British Gas Trading are the latest to join the Scheme. Work is continuing supporting biomethane producers who are looking at how they can evidence that their gas has been mass balanced through the grid and into vehicles, allowing them access the market in Renewable Transport Fuel Certificates (RTFCs).

Contact Jesse Scharf (jscharf@greengas.org.uk) for more details.

18 Regulatory update from Europe

18.1 EC Fertilisers Regulation

Where we are with the legislative process?

- **European Parliament**: Commission's proposal was split under the competences of the AGRI, ENVI, ITRE and IMCO committees and then voted in each committee; Parliament's plenary then voted the whole text on 24/10/17 (link to text here) defining the Parliament's position
- **The Council**: member states are still discussing and close to achieve a compromise for a Council position; the associated documents will not be public until October 2018.
- Once the positions from the Parliament and the Council are ready, they will have **trilogue negotiations** with the Council's presidency on one side and the Parliament Rapporteur and shadows on the other, with technical support from the Commission. Trilogues are expected to take place during the 1st half of 2018, when the Regulation will enter into force.
- The application date is still being discussed by both sides, but it is expected that all measures **should be applicable in the EU by 2020.**

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Fertilisers Working Group discussions

The Commission's (DG GROW) **Fertilisers Working Group** met on 13.11.17. Relevant points discussed at the meeting include:

The European Committee for Standardisation **(CEN) is working on standards for organic products** under TC 223 (with pressure from DG GROW to move fast), and there is a consultation open untill 15.01.2018; there will also be a minor 2nd consultation in 2018. The key request for industry is to check/fill the tables in the annexes. These standards will complement the regulation's specific requirements (e.g. "Residual biogas potential" or "Total P") by introducing EU wide methods to measure them.

- Technical Working Group STRUBIAS focusing on ashes, biochar and struvite will meet one more time in Seville and the JRC report will be out in late 2018.
- MICROBIOSTIM is a new technical sub WG that will be created for biostimulants under Fertilisers WG (similar to STRUBIAS).
- The Fertilisers WG is open for new NGOs to join.

EBA issues joint statement with other European organisations

A number of European organisations including EBA have recently issued a joint statement with most Brussels based associations working on fertilisers, which focuses largely on the Parliament's 1st position and partly on Council's latest discussions. The statement underlines the importance of addressing a number of important outstanding issues in the proposed EU Fertilising Products Regulation. EBA will also issue its own statement which will be available soon.

18.2 Industrial Emission Directive / Waste treatment BREF

The Waste Treatment BREF is the EU reference document setting out best available techniques 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).

After a long review process, the final draft of the Waste Treatment BREF document has been released by the Bureau. This outlines the Best Available Technique (BAT) conclusions that waste treatment sites (operating as installations or with PPC permits) will have to comply with. You can also see the BAT conclusions as a standalone document which has most of the changes tracked.

The Article 13 forum met on 19th and 20th December to give a formal opinion of the final draft of the Waste Treatment BREF. We do not have any feedback from this meeting as yet. In addition, there is some ongoing work on translation of technical terms.

Further updates will be circulated to members in ORG news when available or please contact Jenny if you wish to discuss.

18.3 Medium Combustion Directive (MCPD) and generators controls

Defra has laid regulations transposing the medium combustion plant directive and implementing emission controls on (largely diesel) generators.

Attached here is a factsheet providing a summary, and a short Q&A document giving further detail can be found attached here.

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The regulations will go to Parliamentary Committees before Christmas and be debated in January. The legislation is now available online here.

The REA has produced a briefing note to help members understand the impact of the Medium Combustion Plant Directive on the biogas and landfill gas sectors. The note can be found here. The deadline for complying with the emission limit values set out in the Directive for new plant is particularly close (December 2018), so ensure you read this note as soon as possible if you are planning or developing a new plant. Please contact me if you need any clarification.

19 Regulatory update from the UK

19.1 EA Strategic review of charges

Following the launch of the EA's Strategic Review of Charges on 30 November, Head of REA Organics Recycling Jeremy Jacobs, alongside a number of other trade bodies, wrote a letter to the EA's Director Neil Davies to request an extension to the consultation deadline.

As a result of this lobbying from the REA and other trade bodies, the EA has extended the deadline for responding to the SRoC consultation by two weeks until **Friday 26 January 2018**. This is welcome news as it provides industry with longer to consider the significant charging proposals within the consultation.

We really need members to let us know the financial impact on your business to help us respond. We have had one member state that the proposals result in an annual increase for their business is in excess of £160K! This will have a major impact on business so please check how it will affect you and let us know. The REA team is working to understand the impact of the consultation on the industry. We have prepared some analysis which includes a spreadsheet showing the proposed new charges for each technology on separate tabs and, where possible, how the proposed and current charges compare. The analysis was circulated to members and can also be accessed here. Please provide your feedback to Jeremy Jacobs (see how to provide feedback here).

19.2 Consultation on tackling crime and poor performance in the waste sector

Defra and Welsh Government have released a consultation on proposals to tackle crime and poor performance in the waste sector and introduce a new fixed penalty for the waste duty of care. Details can be found here. It closes on 26th March 2018.

The 2017 consultation is divided into three sections:

- Part A focuses on raising the standard of operator competence across all permitted waste sites by strengthening the regulators' assessment and enforcement abilities;
- Part B is about reforming the waste exemptions regime within the waste permitting system;
- Part C covers the introduction of a new Fixed Penalty Notice for household Duty of Care offences for fly-tipping.

The REA will be responding to this consultation. Please send your feedback to Jeremy Jacobs.

20 Biofertiliser Certification Scheme

20.1 Plants certified

The Biofertiliser Certification Scheme (BCS) now has 69 sites currently certified treating over 3.2 million tonnes of material annually. The following have been added since the last report.

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Plant Name	Location	Operator	Output Type*	Certification Date
Millerhill AD Plant	Whitehill Road, Dalkeith, Midlothian, Scotland, EH21 8RZ	Kelda Organic Energy Edinburgh	WD	19/12/2017
Roundhill Food Waste AD Plant	Lloyd Way, Off Kidderminster Road, Kinver, Stourbridge, Staffordshire, DY7 6NZ	Severn Trent Green Power Ltd	WD	19/12/2017

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

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

20.2 New PAS 110 analysis request form for testing digestate

Since 1st January 2018, AD Producers are required to fill out a new PAS 110 Digestate Analysis Request Form when sending digestate samples to the BCS Appointed Laboratories for certification purposes. Operators will need to clearly select which tests they require and their samples will need to be accompanied by the completed form. This has been introduced to support future Scheme developments.

21 Scotland Update

21.1 Consultations

REA responded to the SEPA consultations on Integrated Authorisation Framework, Compliance Assessment and Charging Schemes. Please contact Jenny if you would like a copy of the response.

21.2 SEPA Compliance Scheme delayed

Following the recent consultation, SEPA have reviewed the responses and feedback from stakeholders has highlighted a number of key areas which require further consideration. SEPA had planned to introduce the new scheme on 1st January 2018 but now realise they need some more time to make sure any changes improve the accuracy and usefulness of CAS for the public, regulated businesses and themselves.

SEPA's current Compliance Assessment Scheme, in operation since 2009, will remain in force whilst further work is undertaken.

21.3 SEPA report on plastic in food waste derived digestate and soil

In 2017 SEPA investigated plastic in food waste derived digestate and soil. The objectives of this project were:

- Understand previous work on plastic in digestates and soils
- Through laboratory analysis, develop a knowledge base of the types, quantity and particle size of plastic that may be found in food waste derived digestate

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- Through field work and laboratory analysis, develop a knowledge base of the behaviour and distribution of plastic in agricultural soils that have had digestate applied in the past and assess the likely impact on soil function.

Regarding the lab analysis of plastic in digestate, 15 discrete digestate samples were collected from three UK based PAS110 certified sites and analysed. Weight, surface area and size data for plastic contamination from a fourth PAS110 site was also made available for this project.

The weight based analysis showed that three of the four sites assessed were producing digestate of suitable quality (in plastic contamination terms) to meet SEPA's 2017 and 2018 limits through high selectivity of feedstocks and post digestion screening. However, the more stringent 2019 limit could cause periodic failures with current feedstock selection and screening practices.

For the soils work, samples were taken from agricultural soils that have had digestate applied in the past. Samples were collected from four fields on one farm representing arable and grassland with and without history of multiple PAS110 certified digestate application. Five locations with three depths were sampled per field. An original wet sieving approach was trialled and validated in this project. Using this approach plastic fragments less than 2 mm were recovered from the grassland field with digestate application at surface (0-5 cm) depth only. No plastic fragments >2 mm were recovered from the arable field with digestate application.

The full report can be found here.

21.4 Biorefining Potential for Scotland

Zero Waste Scotland have published a report on the Biorefining Potential for Scotland. It provides the most detailed insight yet into the circular economy opportunities for waste and by-products generated in Scotland. Maximising value from 'bio' resources is identified as a priority area with the greatest opportunity to deliver economic, environmental and social benefits for Scotland in the Scottish Government's circular economy strategy, Making Things Last.

In the Biorefining Potential for Scotland report, bio-resource arisings in Scotland have been mapped to understand the scale and shape of the potential market. It shows there are 27million tonnes of biomaterials produced in Scotland every year, with considerable scope of opportunity for development: thousands of tonnes of these valuable materials could be captured and put to high-value use. It also highlights opportunities for new job creation in Scotland, particularly in rural and coastal areas where many of the materials arise.

Please see here for the report.

22 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. There are no updates from the board since the last Biogas report.

22.1 EBA statistical report 2017 published

EBA has published its statistical report 2017, which can be found in two versions:

- The full report, available on the EBA website here

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- An abridged version, available to non-EBA members for free, and also available on the EBA website

The full statistical report includes information from 32 countries and 23 individual country analyses.

23 Winter 2017 edition of Organics Recycling

The winter edition of our magazine should have arrived on desks and is also available to read online. It can be downloaded here.

24 Recently published reports you may be interested in

Commons Library Research Paper on the UK Fifth Carbon Budget

This includes information on the Climate Change Act 2008, the Committee on Climate Change's proposals and the Government's Clean Growth Strategy. Information on progress against carbon budgets is also provided.

Post note on decarbonising the gas network issued by the Parliamentary Office of Science and Technology

This looks at the contribution that two alternative gases, hydrogen and biomethane, could make in achieving this goal.

IEA report on delivering sustainable bioenergy

The IEA has published a report setting out a technology roadmap to deliver sustainable bioenergy. This highlights that accelerated deployment of bioenergy is urgently needed to ramp up its contribution across all sectors, notably in the transport sector where consumption is required to triple by 2030. Annex 3 sets out Bioenergy solutions suitable for immediate scale-up and this includes biomethane from waste and residue feedstocks for use as a transport fuel.

An ETI Perspective - Natural Gas Pathway Analysis for Heavy Duty Vehicles

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This report presents the results of a comprehensive modelling exercise of natural gas Well-to-Motion (WTM) pathways relevant for heavy duty vehicles, to understand the impact on Green House Gas (GHG) emissions of natural gas vehicles forming part of the HDV fleet in the UK. The findings of the report can be found here.

New guide on gas vehicles
LoCity Roadshow have published a guidance document on gas vehicles to help decide which low emission Gas-fuelled trucks and vans to purchase.

ZWS report on the Biorefining potential for Scotland
In the Biorefining Potential for Scotland report, bio-resource arisings in Scotland have been mapped to understand the scale and shape of the potential market. It shows there are 27million tonnes of biomaterials produced in Scotland every year, with considerable scope of opportunity for development: thousands of tonnes of these valuable materials could be captured and put to high-value use. It also highlights opportunities for new job creation in Scotland, particularly in rural and coastal areas where many of the materials arise.

Other European studies / reports (from the latest EBA's newsletter):

Study: Optimal use of biogas from waste streams. An assessment of the potential of biogas from digestion in the EU beyond 2020 (2017), DG Energy, European Commission
Report: Sustainable Potential of Gas for the Energy System (2017), CEDEC
Report: Solid and gaseous bioenergy pathways: input values and GHG emissions (2017), Joint Research Centre for policy report
Review: Renewable Energy and Jobs Annual Review 2017, The International Renewable Energy Agency (IRENA)
Report: Bioenergy's role in balancing the electricity grid and providing storage options – an EU perspective (2017), IEA Bioenergy

Report: Current state of the art of the German Biogas sector The latest publication on the current state of the art in the German biogas sector.

25 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.

Name	Email	Role and expertise relevant to biogas sector
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John Baldwin	jbaldwin@r-e-a.net	Chair REA Biogas / biomethane to grid

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Jeremy Jacobs	jeremy@r-e-a.net	Head of Organics Recycling Sector Group / composting, AD, MBT and landspreading of organic resources
Emily Nichols (currently on maternity leave)	Emily@r-e-a.net	Technical Manager at Organics Recycling Sector Group / composting, AD, MBT and landspreading of organic

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		resources
Justyna Franuszkiewicz	justyna@qualitycompost.org.uk	REAL's Scheme Manager / Compost certification (PAS 100) and Biofertiliser (PAS 110) Certification schemes
Jenny Grant	jenny@r-e-a.net	Scotland Organics Recycling and Biogas sector groups/ composting, AD, MBT and landspreading of organic resources
Georgia Phetmanh	Georgia@qualitycompost.org.uk	REAL's acting Scheme Manager for the Compost Certification Scheme (PAS100) and Biofertiliser Certification Scheme (PAS110).

26 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 REA RTFG group and GGC scheme for providing relevant updates for this report.

Dr Kiara Zennaro

Renewable Energy Association – REA Biogas

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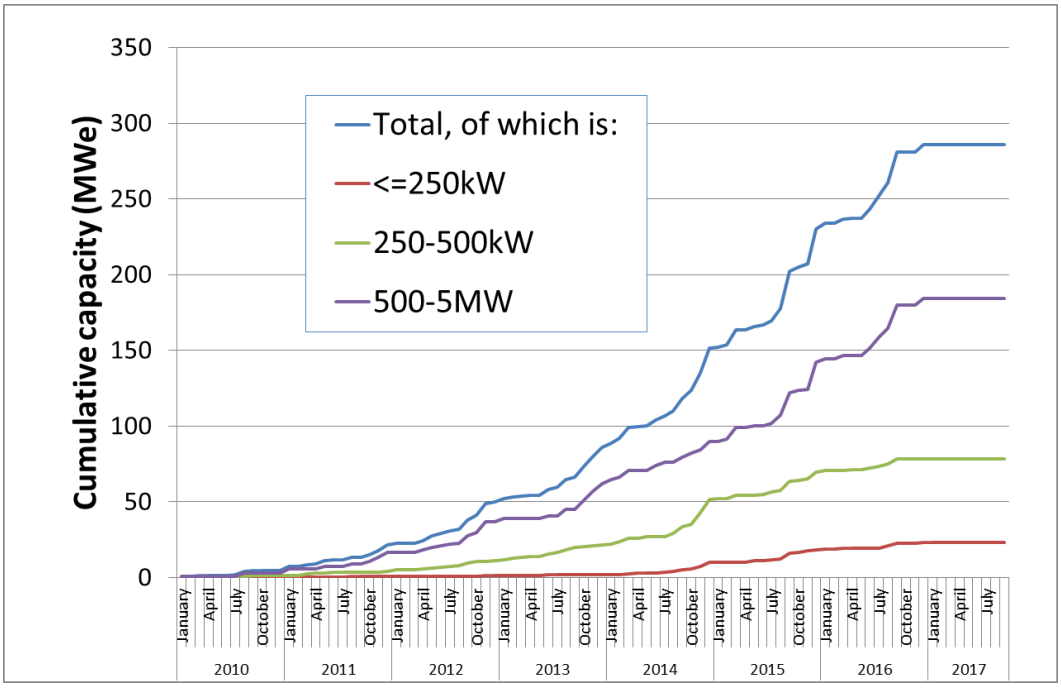
Appendix A

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 as updated 26th October 2017		
AD Bands	Installed commissioned capacity (MWe) (figs in brackets were those reported roughly one year ago, for comparison	No installations
<=250kW	23.2 (22.9)	127 (125)
250-500kW	78.7 (78.2)	163 (162)
500-5MW	184.9 (179.7)	123 (120)
Total	**286.8 (280.9)**	**413 (407)**



I have recently asked the RO team at Ofgem if we can have the list of the AD projects that have become accredited in the last stages of the Renewable Obligation. The RO team at Ofgem told us that a lot of the rush of applications which were submitted towards the end of March 2017 have not yet been approved, therefore Ofgem will be unable to tell us this information (as our Public Reports only show stations which are accredited under the RO, not those which are in our application queue).

On 12th January Ofgem has published a breakdown of accredited installations under the Feed-in Tariff (FIT) scheme from 1 April 2010 to 31 December 2017, based on the number of installations that have completed accreditation in the above period only. This can be found here.

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Current FIT tariff rates

Anaerobic digestion band	Generation tariff (p/kWh)
0-250 kWe	4.45
250-500 kWe	4.22
500-5000 kWe	1.57

More information on FIT deployment can be found in the Appendix 22.1. The export tariff is currently 5.03 p/kWh.

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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

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	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

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	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. 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.

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	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. The REA's response to this consultation can be found here.
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.

Current RHI rates

Biogas heat	**RHI tariff (p/kWh)**
0-200 kWth	2.88
200-600 kWth	2.86
≥ 600 kWth	0.86

Biomethane	**RHI tariff (p/kWh)**
Tier 1	3.20
Tier 2	1.89
Tier 3	1.45

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