

Update on potential future depressions for biomethane

This is a brief analysis on the likelihood of depression in the next quarter and potential for depression in the following quarter.

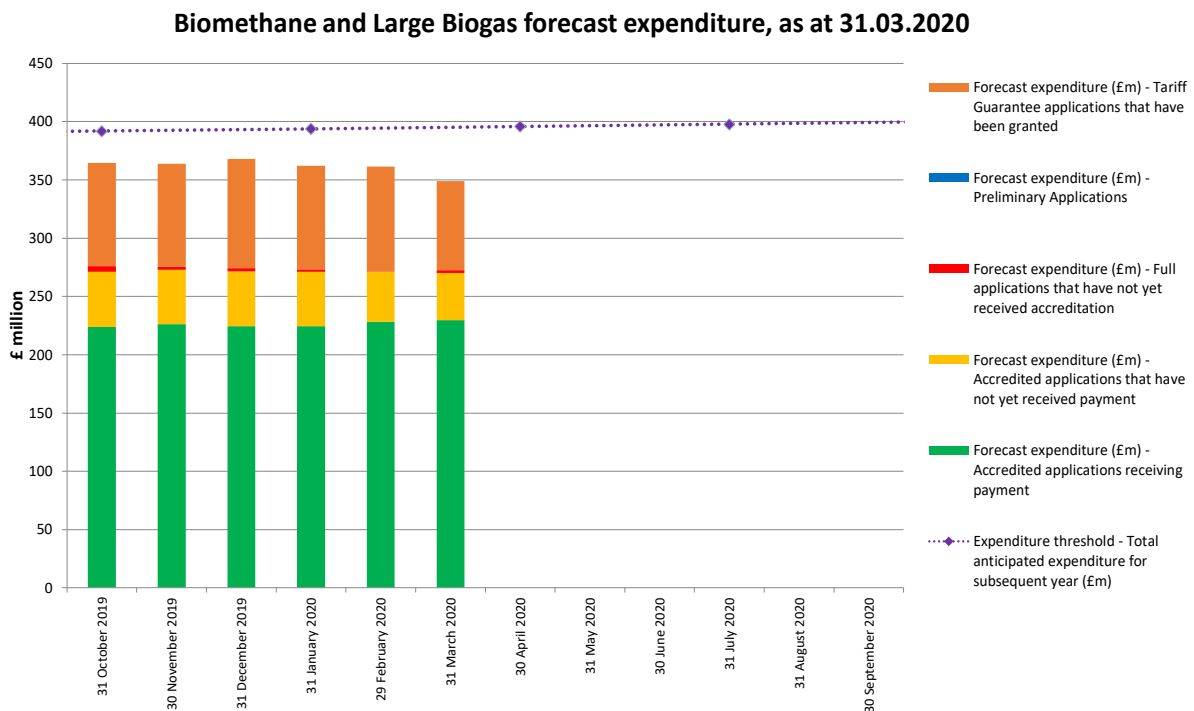
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Next quarter

The next quarterly forecast will be based on data as at 30 April 2020 and will be published on 1 June 2020 with tariff decisions coming into effect from 1 July 2020.

BEIS has recently published its latest monthly forecast (as at 31th March) indicating current and expected spend for RHI funded technologies.

This latest forecast shows that an extra spend of £47 million would be needed in April 2020 alone to reach the depression threshold (£395.84 million). This is roughly the equivalent of 18 - 20 new projects being granted with a Tariff Guarantee during April 2020.



The [RHI deployment data](#) as at end of March 2020 show that there are 32 TG applications in total for biomethane, 26 of which have been approved. This means there were only 6 applications in the queue awaiting to be granted a TG as at the end of March, that could potentially become approved during April. Even if all of the applications in the queue were to be approved during April, that wouldn't be enough to trigger depression. We don't expect many new TG applications to have been made and become approved during April, so in our view a depression in July is unlikely to happen.

Following quarter

The following quarter will be based on data as at 31st July (deployment during May, June and July). Tariff decisions will come into effect from 1st October 2020. It is possible that in this quarter we will see the publication of the amended regulations enacting the third round of 'flexible' TG allocations. So, we may see a surge of applications for tariff guarantees, but we are unsure how many projects are planning to apply for the new TGs.

The degression trigger for the next quarter is £397.84 million (an extra £49 million spend – the equivalent of 19 – 21 projects) would be needed to trigger degression.

Please let [us](#) know if you are planning a biomethane project and intend to apply for a TG over the coming months. That will help us inform our future degression analyses.