

INVITATION TO JOIN STUDY ON MONETIZATION OF POSITIVE EXTERNALITIES

Study background

Currently producers of biogas (and biomethane) only get rewarded for the energy they produce either via subsidies or market mechanism. However, the production of biogas brings a range of other benefits to our society. Those additional benefits, or positive externalities, are in the current markets undervalued in terms of economic value. A robust calculation of the economic value of those benefits is needed to bring a clear researched message to European policy makers and to a broader audience in general. The quantification will provide the foundation for future diversification of the revenues of biogas producers. The main question to be answered is: what would be the additional costs for society in different defined domains when biogas production would not take place in Europe? A non-exhaustive list of positive externalities of biogas production is greenhouse gas reduction, provision of biogenic CO₂, reduction in fugitive emissions, bio-waste processing, replacement of synthetic fertilisers, reduction in pollution, benefits to soil, benefits to on-farm biodiversity and reduction in water usage.



Scope of work

The goal of the monetization of externalities of biogas production is to have clear picture on the monetary value (in Euro/MWh biogas) society is saving by production of biogas and biomethane. The cost savings will be calculated both as a total value and for each externality and feedstock type individually.

Objectives

- Identify long list of positive externalities for society of biogas production and refine to an agreed short list.
- Identify and source data needed to enable quantification of positive externalities of biogas production. This will be done via literature review and stakeholder outreach.
- Quantify monetary value of short-listed positive externalities both individually and in total (in EUR/MWh biogas) using an agreed method.
- Present findings in an accessible report for publication that can form the basis of outreach with relevant stakeholders.

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Project structure and practicalities

The study will be executed by Guidehouse for a total budget of 125,000 euro. The EBA is inviting its members to participate as funders in the study. All funders will be updated on the interim project results via regular emails. Additionally, funders, who want to be more closely involved can take part in the Steering Committee of the study. The Steering Committee will gather every 4 – 6 weeks during the period May – October 2022. Two concentrated written feedback loops are foreseen. One on the outline of the study and one on the draft final report. **The EBA welcomes 10 funders with a contribution of 12,500 euro each on a first come first serve basis.**

Timeline

- 🍌 May 2022: Kick-off study
- 🍌 June 2022: List of externalities & assessment method agreed (outline of study)
- 🍌 June 2022: Questionnaires sent to stakeholders
- 🍌 August 2022: Handover tool and data
- 🍌 September 2022: Draft final report
- 🍌 October 2022: Final report
- 🍌 25-26 October 2022: Presentation of the project results at the European Biogas Conference
- 🍌 November: Outreach to policy makers