

Biogas/ORG meeting on 30th April 2015, Birmingham: key actions from the meeting

Key actions from the meeting:

- A: REA to follow up and raise with the relevant stakeholders the current discrepancy between the definitions of wastes/ residues given in [Ofgem's guidance on biomass sustainability](#) and the EA's interpretation of such definitions. This adds complexity to compliance with sustainability criteria and makes it more difficult to use the data from EA quarterly returns for the purpose of complying with the SC. The representative of the EA who attended the Biogas meeting highlighted that the EA was not consulted by Ofgem on these definitions, hence the resulting discrepancy.
- A: REA to highlight to the relevant stakeholders (EA &/or Defra) the potential discrepancy between [EU guidelines on the definition of 'by-products'](#) and the EA's position on these, following a concern raised by a member at the meeting.
- A: REA to circulate the joint trade body letter on FIT that was submitted to DECC Ministers containing the cross-technology asks for the FIT review. This is available at <http://www.biogas.org.uk/member/campaigns>
- A: REA to circulate the [latest RHI degression note](#) that the REA has produced looking at the likely degression outcome for biomethane in July 2015 [This was circulated in the Biogas newsletter on 08/05/2015].
- A: REA to continue to raise with the EA the industry strong concerns about the regulator's increasingly prescriptive, unclear and inconsistent approach on secondary containment / bunding of sites. Industry is keen to construct and operate sites to high standards, but these need to be proportionate and, most importantly, need to be clear at a very early stage of site development, so that developers / funders can be confident to commit funding up front without the risk of facing significant extra costs at a later stage of site development [see below for further details about members' concerns on secondary containment and bunding]. Please note that REA is planning to arrange a high level meeting with the EA where these concerns will be reiterated.
- Viv Dennis presented some preliminary results from the EA desk top screening of AD sites. **19% of the sites were given had an unacceptable score.** A: EA to provide more information on the reasons for this and to have more transparency about the sites that are failing, so that action can be targeted. It is hoped that the EA does not taint all AD plants with the failings of others.
- A: Defra has been encouraging the trade associations and their members to lobby MEPs against the EU Fertiliser Regulation proposals. REA to provide a template letter that can assist members in the lobbying and information about how to identify the relevant MEPs.
- A: Members to provide feedback to REA on whether there are any messages in addition to those discussed at the meeting that they wish to convey to the Policy Board.
- A: Members to provide feedback to REA on any measures that could be incorporated into a feedstock quality package for AD.
- A: REA to report to Policy Board following concerns highlighted by a REA member following the meeting about the future of the industry, the problems of FIT and RHI degression and lack on medium term visibility. In particular the following issues were highlighted:
 - The <500kW_el sector is no longer financially viable and the biomethane sector may face similar issues in the future due to the possibility of severe degression being applied to tariffs during the second half of 2015 and into 2016.
 - The lack of long term certainty for project developers and funders mainly due to RHI tariffs
 - The removal of the EIS relief and the drop in gas prices that shippers are paying now. Wholesale gas prices have dropped from around 2.4p/kWh in Summer 2014 to 1.5p/kWh

now. This is the equivalent of having 12% degeneration of tariff and there is no sign of prices increasing before 2018 according to the gas futures analysts.

- The AD industry needs to present tangible evidence to the new government to demonstrate that projects that have around a 2.5-3.0 year gestation period can be provided with some certainty of income when they are realised, otherwise it is likely that there will be little uptake and deployment of projects in the latter part of 2016 and beyond.
- The lack of good data on the FIT scheme and a clear picture of how the industry is doing. He proposed that REA with ADBA should undertake a joint industry survey.
- The responses to PB cost collation exercise are as poor as expected, since those plants that are constructed and operating probably don't care about what happens to the tariffs in future since their projects are protected against any reduction.

Concerns about recent EA approach on secondary containment / bunding raised by a number of REA members before and at the meeting:

- The EA is becoming increasingly prescriptive in terms of what is required for secondary containment / bunding of AD sites.
- There seem to be a tendency from the regulator to move the goalpost once the site is already operating or half way through construction, leading to significant extra and unexpected costs. Any rules / requirements need to be clear up front, before projects are being committed to from a funding perspective. The industry and the EA need to engage much more extensively up front to avoid any unforeseen costs.
- The EA's approach appears to be inconsistent across the country. Some local officers have been more prescriptive than others, leading to an uneven playingfield. For example, some area officers are being increasingly prescriptive and only accept reinforced concrete floor and yet, flexibility is built within the SR permits conditions, which state that:
*'All liquids in containers, whose emission to water or land could cause pollution, shall be provided with secondary containment, **unless the operator has used other appropriate measures to prevent or where that is not practicable, to minimise leakage and spillage from the primary container**;*
- It is recognised that there may be instances in sensitive areas where additional precautions over and above the normal development is required. Again, it is considered the level of protection should be able to be risk based, looking at receptors, pathways etc., design, probability, management and control systems. **In terms of secondary containment it is not considered that this should always be concrete walls and floors.** There may be more sustainable and cost effective methods of control that could be employed e.g. earth bank/bund, potentially lined (depending on the properties and characteristics of the bank/bund, ground conditions etc.).
- It is crucial that a message is conveyed to all EA area officers that solutions other than reinforced concrete should be accepted as long as they are fit for purpose and that the developer should be able to demonstrate appropriate measures.
- Feedback from Europe is that secondary containment of AD sites is not common practice. The focus in Europe is on the standard of primary containment and robust management system procedures in place. Should the UK not be taking the same approach?
- Engagement between the developer and the EA needs to take place for each development individually at the planning stage. However, standardisation of planning application responses would be helpful and should reflect the wording in the permit. If there are any specific aspects of the development that need to be considered it is suggested these are highlighted and not generalised to give the developer a clear understanding of the reasons and expectations to avoid uncertainty and protracted discussions.