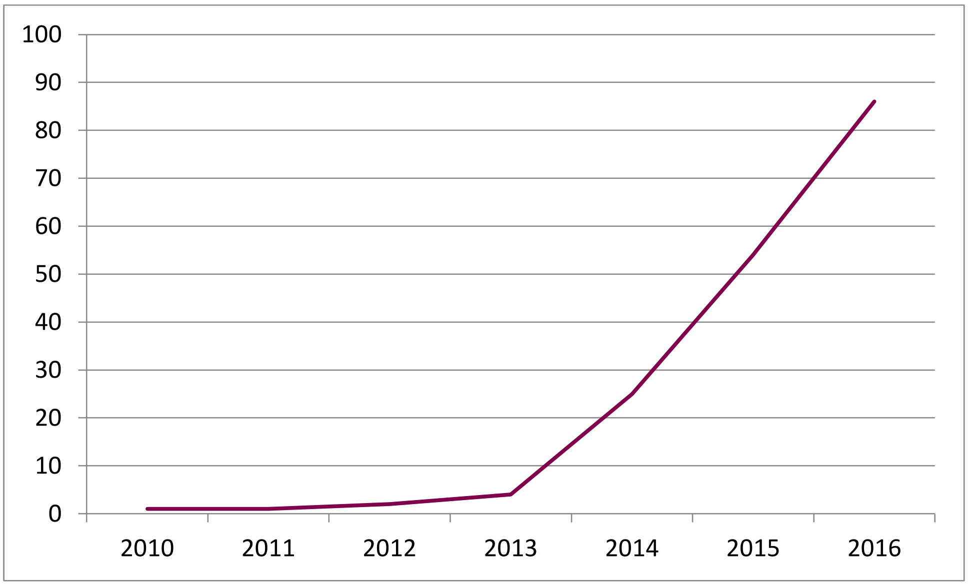
2015-2016: When Gas Turned Green

Against a backdrop of extreme uncertainty, the AD sector has continued to grow strongly. A year ago, our December 2015 market report showed 424 live UK AD projects – today 540 plants are in operation. That shows remarkable resilience from the industry given the policy challenges we have faced, and it means more capacity to recycle food waste, more sustainable farming and wastewater treatment, more low-carbon baseload electricity, and more green gas in our grid.

In 2015 and 2016 green gas has gone mainstream. At the time of writing, 86 projects have applied for support under the Renewable Heat Incentive – nearly double the number operating this time last year.

Biomethane takes off: number of operational UK sites, 2010-16



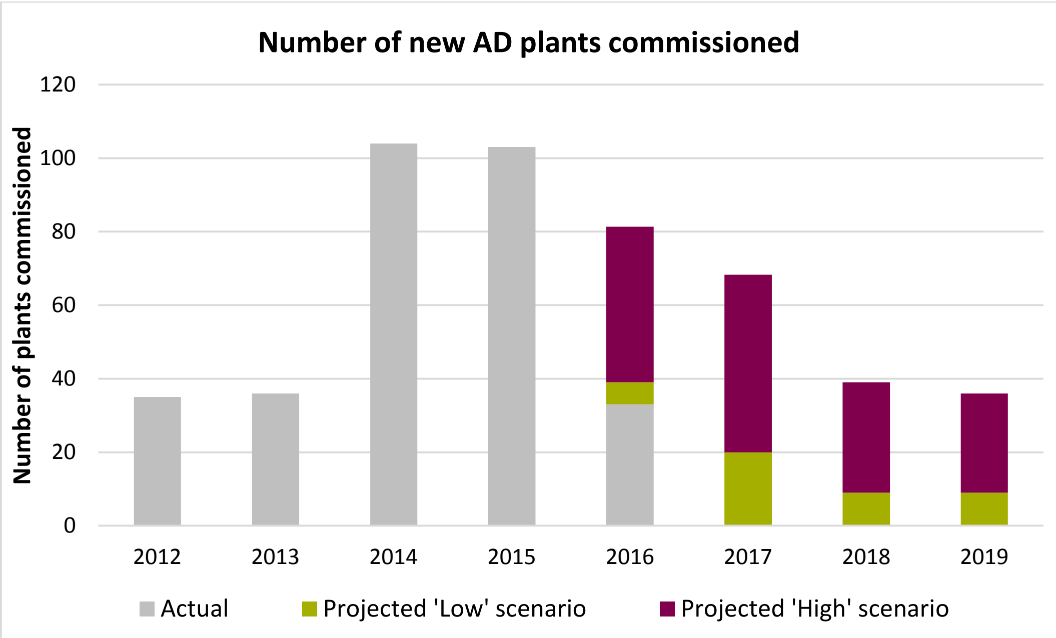
ADBA's December 2016 market report investigates and explores the growth, developments and market changes in the AD industry to date. Other key highlights from the market report include:

- AD now has a capacity of over 708 MWe-e, equivalent to the capacity required to power 850,000 homes – **an increase of 35% over this time last year**
- Over 100 plants were installed in 2015, and by the end of the year **50-80 new plants will have opened in 2016** – but this will fall to 20-40 in 2018 without policy change
- Under current policy, there will be **no government support for new <5 MW electricity plants from 2018**
- **AD has already reduced UK greenhouse gas emissions by nearly 1% annually**.

Where next for biogas?

The AD industry has had three successful years in terms of plants opening: over 100 new plants were commissioned in the UK both 2014 and 2015, and while 2016 will not reach those heights, growth will still be higher than in any year prior to 2014.

Incentives for renewable electricity are falling. With the FIT budget very heavily constrained and no access to the Renewables Obligation for new projects from April 2017, new plant development is likely to be heavily reliant on the RHI and RTFO from 2018 forward. Feedstock constraints are also causing



This is a huge missed opportunity: with the right support the industry could deliver 250MW of new capacity over the next two years – enough to add 10% to our tight winter 2018 capacity margin. Without policy change the government will miss out on an important source of low carbon baseload electricity, along with the wider benefits more AD plants would bring to farming, recycling and the economy.

The full December 2016 **AD Market Report** is available to ADBA members via www.adbioresources.org.

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