



Anaerobic Digestion and Biogas Association
Consumer Focus
DECC
Environment Agency
Energy Network Association
Energy Retail Association
Gas Suppliers
GDNs
Health and Safety Executive
Renewable Energy Association
The Gas Forum
UK Unconventional Gas Association

*Promoting choice and value for
all gas and electricity customers*

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Dear Colleagues,

Invitation to join a Review Group on Energy Market Issues for Biomethane Projects (EMIB)

This letter invites you to participate in the Energy Market Issues for Biomethane Projects (EMIB) Review Group. Applications from other parties will be considered, please contact us if you consider that you have a legitimate interest and expertise. The purpose of the group is to provide a forum for informed debate on the potential barriers to the commercial development of biomethane projects within the energy market and the appropriate means of addressing such barriers. Participation within the group will require members who are committed to providing resource to develop the evidence base and analysis.

The EMIB review group has been convened to support the UK Government's anaerobic digestion strategy and the related policy instruments, such as the Renewable Heat Incentive (RHI). DECC has indicated that the replacement of fossil natural gas with renewable natural gas from anaerobic digestion could contribute around 7 TWh/annum to the UK's renewable energy targets for 2020. Therefore the identification and removal of any unnecessary barriers (regulatory or otherwise) is an important enabling step.

Ofgem is keen to facilitate debate on this important issue for gas market development, in support of Government and consistent with our own statutory duties in respect of promoting sustainable development and protecting consumers interests. Our own contribution, in addition to co-ordinating information and facilitating debate, will be to provide advice to the group on how the current regulatory framework operates and what the effects of regulatory change might be.

The group will meet for the first time at 10:30 on Tuesday 27 September 2011 at the offices of National Grid at 1-3 The Strand, London, WC2N 5EH. A copy of the draft Terms of Reference (ToR) is attached. It is anticipated that the group will operate for a period of three months in the first instance. Any future role for the group will be reviewed at that point. The Joint Office of Gas Transporters has kindly offered to provide a secretariat for the group.

The progress and developments of the review group will be published on the Joint Office of Gas Transporters website to enable you to keep up to date on the developments of the review group.

We would very much welcome your involvement. If you would like to join the group, then please contact Louisa Mallon (louisa.mallon@ofgem.gov.uk) to register your interest by 12:30 on the 23 September. Due to the anticipated high level of interest in the group, membership is restricted to one representative per organisation; however, we do have the ability to invite guest speakers to provide expert advice as required.

Yours sincerely,

Steve Rowe
Senior Manager
Smart Markets

Draft Terms of Reference - Energy Market Issues for Biomethane Projects (EMIB)

Purpose

To provide a forum for informed debate on the potential barriers to the commercial development of biomethane projects within the energy market and the appropriate means of addressing such barriers, including but not limited to the following areas:

GDN connection policies - understand how the existing connection policy operates and establish whether this introduces any barriers or uncertainty to facilitating connections to the grid.

Network capacity availability - Consider treatment of capacity for biomethane entry to GDN networks and consider areas for reform.

Technical standards for calorific value (CV) - Consider the implication for biogas injection in the context of the existing standards for biomethane CV measurement, and the associated governance regime.

Gas quality regulation - Develop an understanding of the current requirements and whether they remain fit for purpose for the injection of biogas.

Data requirements and transmission - The current industry processes for transmitting flow / calorific value were designed for large offtakes. The group should consider potential alternatives for transmitting data for the purposes of settlement.

Membership

By invitation. To include a range of stakeholders with an interest in biomethane injection issues and expertise or views which are directly relevant to the purpose of the group.

Meetings

Monthly or less – with the option of sub-groups being formed. Agendas, presentations and minutes will be published on the Joint Office of Gas Transporters website.

Secretariat

The Secretariat will be provided by the Joint Office of Gas Transporters.

Deliverables

The work of the group will be summarised in a report and published on the Joint Office of Gas Transporters website.