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17<sup>th</sup> March 2020

Dear Peter and Steve,

### **Covid-19 Contingency Planning for Biomethane Injection Plants**

In light of the worsening situation with Covid-19, we are writing to seek your support with an aspect of contingency planning for the biomethane production sector, which now delivers approximately 4 TWh/annum of renewable gas supply and is an important part of the Government's plans with respect to decarbonisation of heating.

All of the major operators within the biomethane sector have been engaged in contingency planning to ensure that operations can continue with minimum disruption across varying scenarios, particularly around disruption to supply chains. One of the key areas of risk identified in this exercise is delivery of propane, and periodic or sustained interruption of supply for reasons varying from production stoppages at the refineries, all the way through to driver illness. We have spoken to propane suppliers and, although supply is currently unaffected, they agree that it is important that biomethane plants are preparing for this contingency as the impacts of COVID-19 are changing rapidly. There is nothing substantial that the plants can do on site to mitigate those risks, and they have to be prepared for the possibility of supply interruption.

Most plants have propane storage facilities for no more than a week's worth of run-time. A shutdown of one or more refineries is a realistic worst case scenario, at which point biomethane plants would face the possibility of no resupply due to the lack of propane supply.

Propane is added to biomethane in order to increase the energy content and so meet the requirement set by the Distribution Networks for gas to be injected with CV that equals the FWACV (Flow Weighted Average CV) for the network concerned. If propane supplies are disrupted, the biomethane would not meet these Distribution Network requirements and the existing contingency in these cases is for the gas to be flared. Flaring biomethane because plants cannot inject through lack of propane is hugely damaging to the environment, and also presents significant health and safety issues. It also goes without saying that if there were to be a prolonged period of having to do this, plants could well become insolvent as, of course, their major sources of revenue (gas sales and RHI) would be eliminated.

In what are clearly extraordinary times, we would therefore propose that the GDNs should, subject to all injection continuing to comply with GSMR (Gas Safety Management Regulations), accept biomethane injection without requiring propane enrichment to meet FWACV targets if the supply of propane is interrupted. We believe this could be achieved simply by the GDNs, under the terms of the existing Network Entry Agreements, setting lower CV targets. For the avoidance of doubt, there would be no safety impact from this change - all biomethane will still have to comply with the GSMR, including wobbe limits.

There are some consequences to consumers as a result of this because the CV cap would be triggered in most areas. The CV for customer billing would therefore be around 37 MJ/M<sup>3</sup> over the summer. However, given that central heating demand is low, this has a much reduced impact compared to during the winter period (by when we trust the current extraordinary circumstances will be behind us) and we do not believe it is a material factor.

There is, as you are aware, no legal requirement for propane to be added to biomethane prior to injection, and indeed some producers are already able to inject without propane into certain gas pipelines.

We do not believe any change is required to the Letter of Direction Ofgem issues in respect of each biomethane site, but we would be grateful if you can confirm this is the case such that this is a matter that is entirely within the hands of the GDNs.

If Ofgem could also make clear to the GDNs that they would have no objection to a change of stance, or indeed to say that Ofgem supports change, that would be greatly appreciated.

We would be most grateful if you would urgently consider this request and support us looking to the GDNs to plan for this emergency arrangement, potentially on a temporary basis (say through to 1 October 2020) in the first instance.

We will be happy to discuss with Ofgem and the GDNs appropriate arrangements to ensure customers' bills are not significantly affected.

Yours sincerely,

Charlotte Morton Chief Executive, ADBA     Dr Nina Skorupska CBE FEI Chief Executive, REA

