

*Gas Network Innovation Competition Full Submission*  
**Supplementary Answer Form**

## **Project: Commercial BioSNG Demonstration Plant**

Tick if this answer has been provided verbally: ☐

Project code	NGGDGN02/1	Question Number	7
Question date	25/8/2015	Answer date	27/8/2015
Submission section question relates to	3.2		
Topic			
Question	What happens to the roll out plan if the price for natural gas remains as low as it is currently?		
Notes on question			
Answer	<p>The roll out plan could be achieved even if fossil fuel prices remain at their current low levels through increases in gate fees and increased policy support.</p> <p>Most renewable energy technologies are struggling with the reduction in electricity, diesel and gas prices. However, waste to energy is somewhat protected through its gate fee revenues. If current low electricity and gas prices continue it is expected to result in an increase in gate fees as waste to energy plants raise prices to preserve margins (noting that Landfill is increasingly not an alternative). An nth of a kind 658GWh/a would require a gate fee of £80/tonne to deliver a 10% return if gas prices remained at £15/MWh.</p> <p>Initial plants are expected to receive support from the Renewable Heat Incentive ("RHI") and Renewable Transport Fuel Obligation ("RTFO"). Support under the RHI is set administratively but will need to respond to long term reductions in fossil fuel prices if the renewable heat objectives of the scheme are to be met. Support under the RTFO is set through a market in obligations; this market price is expected to increase in response to a decline in fossil fuel prices, providing that the Obligation is maintained.</p> <p>The demand for BioSNG is driven by a desire to reduce carbon emissions at</p>		

	the lowest possible cost. Fundamentally, the fossil fuel price does not affect the desire to decarbonise and should not impact on demand for facilities.
Attachments	