

Gas Network Innovation Competition Full Submission
Supplementary Answer Form

Project: Commercial BioSNG Demonstration Plant

Tick if this answer has been provided verbally: ☐

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| Project code | NGGDGN02/1 | Question Number | 9 |
| Question date | 25/8/15 | Answer date | 27/8/15 |
| Submission section question relates to | General | | |
| Topic | | | |
| Question | <p>The GDNs have an output commitment to introduce voluntary distributed gas entry standards, but they were not funded as part of totex for the connection, this would be funded by the customer wanting to be connected. Why is this any different to any other customer wanting a distributed gas entry connection?</p> | | |
| Notes on question | | | |
| Answer | <p>The BioSNG project is a first-of-a-kind commercial demonstration project which requires substantial grant funding as it will not provide a return to shareholders. As noted in the Proposal, this is consistent with the early biomethane from AD projects that required grant funding (e.g. from the Innovation Funding Incentive) to support investment in them. The grid connection is just one element of the total capex requirement for the plant, and the full project including distribution of BioSNG into and through the distribution system will not go ahead in the absence of the necessary grant funding. In addition, as BioSNG is not identical to biomethane, there may be new gas quality issues that require work by WWU and, potentially, changes to what is monitored and to the gas clean up systems</p> <p>It is anticipated that early full-scale commercial BioSNG plants would benefit from government support for renewable energy under the RHI, the level of which is intended to compensate for the additional costs of the renewable energy (including connections to the network) compared to conventional forms of energy. Again as noted in the Proposal, in the longer term it is</p> | | |

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| | expected that full-scale commercial plants will operate without subsidy. |
| Attachments | |