REQUEST FOR INFORMATION · DEPARTMENT FOR THE ECONOMY

Biomethane Business Case: response to the Department for the Economy's request for information

Response from Robert J. Park, sole practitioner, to the DfE Gas Team. Reference: Biomethane Business Case - RFI. Sent 19 November 2026.

I am an independent environmental, carbon and public-affairs consultant advising small and mid-sized Northern Ireland manufacturers on carbon accounting, CBAM, CSRD and energy compliance. This is my own response as an individual practitioner; no client is involved or represented. I am not a biomethane producer or gas buyer, so I answer the user questions as an adviser giving demand-side evidence, not for a single firm.

1. Answers to the user questions

Q1. Do you currently use biomethane as part of the heat needs for your business? No firm figure (adviser response). Among the manufacturers I advise, I am not aware of any that currently use biomethane.

Q2. Do you want to use biomethane as part of the heat needs for your business in the future? In my practice experience, interest lies where heat is hard to electrify: steam, ovens, kilns, drying and furnaces, particularly in food and drink, dairy, meat processing and construction products. Interest turns into demand only if the gas counts in the firm's reporting (section 2).

Q3. What is your main source of energy supply for your heat needs and how much do you use annually? No firm figure. For the sector picture, the Utility Regulator reports about 1,213 GWh for industrial and commercial customers using over 73,200 kWh a year, against total NI gas demand of about 2,599 GWh in January to March 2026 (QREMM Q1 2026, published 16 June 2026).

Q4. Are you connected to the natural gas grid? No firm figure. Some manufacturers I advise are not on the gas network; a scheme limited to grid-injected gas would not reach them.

Q5. If so, how much natural gas do you use annually? No firm figure; see Q3 for the sector total.

Q6. How much do you currently pay for your natural gas supply (p/kWh)? For context: medium and large business gas in NI averaged 5.5 p/kWh in July to December 2025 (including Climate Change Levy, excluding VAT), against 4.2 for the UK, 4.9 for Ireland and 4.7 for the EU median (Utility Regulator, QREMM Q1 2026). NI's larger users already pay more than the UK average. I suggest DfE also asks respondents for their gas contract end dates, as switching will follow the contract cycle.

Q7. How much of your current heat supply would you be willing to replace with biomethane annually, 2028–35? Expect cautious, stepped volumes. Firms will start with a share of load and increase it once auditors and customers have accepted the certificate.

Q8. How much are you willing to pay (p/kWh) for biomethane? For most firms, no more than the natural gas they would otherwise buy, including network charges. A premium is likely only where an EU customer or a contract requires certified low-carbon heat. Support should therefore aim at price parity.

Q9. Could you commit to a biomethane purchase agreement for the full duration of the scheme (2028–35)? A commitment for the full 2028–35 term is hard for small and mid-sized firms. Supplier-led aggregation (the supplier holds the long contract; the firm buys certified gas on its normal terms), annual volume bands and a standard model contract would widen take-up.

Q10. What are the consequences for your business if biomethane is unavailable to replace your natural gas supply within the next five years? Firms needing high-temperature process heat would have fewer low-carbon options within the NI carbon budget periods, and firms selling into the EU would have weaker answers to customer carbon-data requests.

2. Demand will follow recognition, not only price

A manufacturer will sign a long purchase agreement only if the certified gas counts where it reports. As at 19 November 2026:

Where the firm reports	Does certified grid biomethane count?	Source
UK statutory reporting (SECR)	Partly: as a second, market-based figure alongside the standard grid-gas figure	GOV.UK *Environmental Reporting Guidelines*, March 2019, p.49
UK ETS (where NI manufacturers sit)	No: zero-rating applies only to biomethane supplied directly, not via the grid	DESNZ written answer UIN 42752 (tabled 31 March 2025); no UK ETS Authority consultation or decision found
EU ETS (comparison; in NI it covers electricity generators only)	Yes, with renewable-energy sustainability evidence, no double counting, and buyer and producer on the same gas grid	Implementing Regulation (EU) 2018/2066, Art. 39(3)–(4), as amended by (EU) 2020/2085
Customers' Scope 3 requests (GHG Protocol)	Unsettled; market-based Scope 1 still under development	GHG Protocol interim update, August 2023; Actions and Market Instruments progress update, March 2026

The DfE/DAERA Biomethane Strategy and Policy Framework consultation (October 2026) proposes that supported gas be "certified to enable accounting in scope 1 emissions". If a supported kWh cannot be shown in the buyer's SECR report and in the data it gives EU customers, the firm will not pay for it.

Scale. At the consultation's indicative envelope of about £13m a year (residual RHI funding), support of 3 p/kWh covers roughly 433 GWh; at 5 p/kWh, roughly 260 GWh (my arithmetic). The cap will bind, so allocation rules should be clear from the start.

3. Two risks for the business case

The 2035 cliff edge and network costs. The AME funding ends in 2035. If supported firms then return to fossil gas, or leave the gas network, its fixed costs fall on fewer users. Larger industrial and commercial users took almost half of NI's gas in January to March 2026 (Utility Regulator), so losing them would raise unit network costs for the users who remain, including households and commercial kitchens that will still need a flame. The business case should state what supported firms are expected to do after 2035, and the effect on network charges if they leave.

Lessons from the RHI. Support should never exceed the gap between certified biomethane and natural gas, with caps, degression and audited producer costs written into the rules before the scheme opens.

4. Design points

1. **One certificate per supported kWh,** cancellable once, interoperable with Gas Networks Ireland's certification scheme and the Green Gas Certification Scheme, with an EU-recognised Proof of Sustainability where the buyer needs it.
2. **Seek a UK ETS decision.** DAERA sits on the UK ETS Authority; a decision on zero-rating certified grid-injected biomethane would give NI's largest gas users a compliance reason to buy.
3. **Get NI production counted.** The inventory is territorial and excludes biogenic CO2, but the current devolved inventory splits grid gas into fossil and bio parts using UK-level data and has no country-level injection data (NAEI,

devolved inventories 1990–2024, June 2026). NI-injected biomethane is therefore not yet credited to NI under the Climate Change Act (Northern Ireland) 2022 and its carbon budgets (first three agreed December 2024). DAERA should supply NI injection data so that NI production counts.

4. **Measure methane leakage** at plants and in the networks; I have found no published NI figure.
5. **Count digestate as a co-product and protect peat.** Digestate-based growing media could lower the price producers need (producer question 10), helped by NI's Peatland Strategy (September 2025), which commits DAERA to work with the horticulture sector to phase out the use of peat by 2030. Supported plants and digestate spreading should keep off peat soils.
6. **Publish a short buyer's guide** on reporting supported biomethane in SECR and in customer data requests.

I would be glad to help DfE test these points with manufacturers. I will respond separately to the Biomethane Strategy and Policy Framework consultation by 15 December 2026.

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Not legal or tax advice. Regulatory statements are as at 19 November 2026.