



National Energy Action NI

Response to the Department for the Economy's Call for Evidence: Developing Biomethane Production in Northern Ireland

August 2024



About NEA

National Energy Action (NEA)¹ is the national fuel poverty charity working across England, Wales and Northern Ireland to ensure that everyone can afford to live in a warm, safe and healthy home. We aim to influence strategic policy action to protect fuel-poor households and end fuel poverty.

NEA works to overcome the effects and causes of fuel poverty in four ways. We provide **advice and support** to people struggling to heat their homes affordably; we **campaign and advocate** for policy and regulation to protect the most vulnerable households and end fuel poverty; we carry out **research** to raise awareness and find solutions; and we provide **accredited training** and qualifications to improve standards in energy advice.

Background to our Response

Our comments are informed by our research, expertise and extensive experience supporting fuel-poor households and vulnerable energy consumers in Northern Ireland. For example, the **Belfast Warm and Well Project**² coordinated by NEA and supported by the Public Health Agency offers advice and practical support to those struggling to keep their home warm.

During the energy crisis, and throughout the pandemic, vulnerable energy consumers have been exposed to the most negative impacts in the energy market. Polling for NEA NI³ in September 2023 found that at least 41% of NI households were spending at least 10% of their total household expenditure on energy costs, and therefore in fuel poverty.

We know that the cold kills. In winter 2022/23 the seasonal increase in mortality in Northern Ireland was an estimated 940⁴. Studies show a clear relationship between Winter Mortality (WM - formerly known as Excess Winter Mortality), low thermal efficiency of housing and low indoor temperatures⁵. We know that deaths from cardiovascular diseases are directly linked to exposure to excessively low indoor temperatures for long periods of time. This is because a person's heart rate and blood pressure increase when they are cold⁶.

¹ For more information visit: www.nea.org.uk

² For more information visit: www.nea.org.uk/project/belfast-warm-and-well-project/

³ Lucid Talk, (2023). [Northern Ireland \(NI\) Attitudinal Poll – National Energy Action Northern Ireland](#).

⁴ Northern Ireland Statistics and Research Agency, (2023). [‘Winter Mortality, 2022-2023’](#).

⁵ Marmot Review Team (2011), [‘The Health Impacts of Cold Homes and Fuel Poverty’](#).

⁶ British Heart Foundation, (2022). [‘How does cold weather affect your heart?’](#)



There is increasing evidence to show that children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes. Exposure to cold increases the level of minor illnesses such as colds and flus and exacerbates existing conditions such as arthritis and rheumatisms⁷. Put simply, we know warm homes are vital for ensuring good health and wellbeing.

In our response to the Department for the Economy's (DfE) public consultation on the 'Energy Strategy for Northern Ireland – Consultation on Policy Options', NEA raised concerns about the lack of evidence to make informed policy decisions about biomethane gas for home heating in Northern Ireland – including lack of evidence on the viability, cost effectiveness and security of supply. We called on DfE to commission an independent scoping exercise to evaluate the full costs and the viability of introducing hydrogen and biomethane gas in Northern Ireland. We therefore welcome the opportunity to respond to this Call for Evidence on developing biomethane production in Northern Ireland.

Response

Q1: What are your views on the primary role that biomethane might play in supporting our path to net zero, e.g.:

- **decarbonising the gas network?**
- **sustainable transport fuel?**
- **for direct use by industry?**
- **other uses?**

NEA continues to support the ambition to reduce Northern Ireland's carbon emissions. We understand that decarbonising gas is a significant policy lever towards achieving the 'Climate Change Act (Northern Ireland) 2022' target of net zero emissions by 2050 and the interim targets to 2030.

Whilst we support the need to decarbonise power and heat, including the gas network, we also recognise that the challenges associated with doing so are vast. Biomethane production for injection into the gas network presents clear potential benefits, including a sustainable decarbonised supply of heat for households. However, it also presents challenges and risks that consumers will need support to overcome. We remain concerned that this could mean:

⁷ El-Ansari W and El-Silimy S (2008). '[Are fuel poverty reduction schemes associated with decreased excess winter mortality in elders? A case study from London, UK](#)'. *Chronic Illness*, 4(4), pp.289–294.



1. That energy prices will rise for domestic consumers because of the higher sale price(s) of biomethane than natural gas, due to costs including: the initial construction of the AD plants, the production of biomethane, and its connection to the gas network. With many households already finding it difficult to afford their energy bills, further increases would push more vulnerable households into fuel poverty.
2. That the supports available for vulnerable consumers will be insufficient to help them make the transition in keeping with the wider population. This includes the working poor, those in rented accommodation, and those in rural areas.
3. That without increased actions to fix Northern Ireland's cold, damp and leaking homes, the benefits of decarbonising a proportion of our gas supply will not be fully realised. Inefficient homes require more energy to heat them to an adequate standard, incurring greater costs for the household and greater amounts of energy use. Improving the energy efficiency of Northern Ireland's homes is an imperative part of a Just Transition to net zero.

While there are clearly potential benefits of biomethane production for injection into the gas network here, our focus remains on ensuring that fuel poor households do not continue to pay disproportionately towards the costs of decarbonisation policies and are properly supported through a Just Transition to net zero. Therefore, the Department can be assured that NEA NI, as a critical friend, will continue to hold DfE accountable to the Energy Strategy's principle of 'Placing you at the heart of our energy future':

"We will make energy as simple as possible for everyone in society and develop policies that enable and protect consumers through the energy transition. Affordability and fairness will be key considerations in all our policy decisions."
The Path to Net Zero Energy⁸

Q3: Do you think we should set an annual production target for biomethane? If so, on what should the target be based?

NEA acknowledges the importance and benefits of targets, including their function as a signal of government's intentions, a measure to assess delivery, and as a mechanism for accountability.

⁸ Northern Ireland Executive. (2021). ['The Path to Net Zero Energy'](#), p.8.



However, at this stage, without clarity on how the costs of biomethane production and connection to the gas network would be funded, we are unable to support the setting of an annual production target for biomethane.

This is because we are concerned that the costs of biomethane production and its connection to the gas network could contribute to increased energy bills for domestic consumers. We know from our research and experience of supporting energy consumers in Northern Ireland, that many households are struggling to afford to keep their home warm. Our latest commissioned poll through LucidTalk estimated that 41% of NI households are currently in fuel poverty⁹. Further increases to energy bills would have detrimental impacts, including pushing more vulnerable households into fuel poverty.

Put simply, we are concerned that an annual production target for biomethane could result in the Department seeking to deliver this at the expense of consumer protection.

Furthermore, NEA believes there are other targets which must be set as a priority with commitment from all Executive departments, including the Department for Economy. These include:

- The introduction of a **statutory fuel poverty target**. NI is the only region of the UK without one.¹⁰
- The introduction of **minimum energy efficiency standards**, especially within the private rented sector. These targets must be at least equal to, if not more ambitious than, the targets established in England (for all fuel poor households to reach EPC C by 2030) and Wales (for all social homes to reach EPC C by 2030).

NEA has long been calling for these targets to be set, which would contribute to both reducing our carbon emissions and helping fuel poor households.

To fully realise the potential benefits of biomethane production for connection to the gas network, we believe the Department for Economy should prioritise a ‘fabric first approach’. Without increased actions to fix Northern Ireland’s cold, damp, and leaking homes, the benefits of decarbonising a proportion of our gas supply will not be fully realised.

⁹ Lucid Talk, (2023). [Northern Ireland \(NI\) Attitudinal Poll – National Energy Action Northern Ireland](#).

¹⁰ NEA, (2024). [‘UK Fuel Poverty Monitor 2022-23’](#), pp. 13-14.



Inefficient homes require more energy to heat them to an adequate standard, incurring greater costs for the household and greater amounts of energy use. Improving the energy efficiency of Northern Ireland's homes is an imperative part to a 'Just Transition' to net zero and fulfilling the Energy Strategy's commitment to protect consumers through the energy transition.

Q19: What are your views on the above illustration of the potential impact of a green gas levy on consumers' gas bills and other possible unintended consequences? Do you think (i) domestic gas customers; (ii) small to medium-sized businesses; or (iii) large energy users would be willing to pay a levy to support the development of the biomethane sector? If so, how much would each be willing to pay?

We do not support the introduction of a Green Gas Levy that is passed on to consumers' gas bills. We strongly believe this would be a regressive way to fund the development of the biomethane sector in Northern Ireland and would be felt acutely by fuel poor households. We do not think domestic gas customers would be willing to pay a levy to support the development of the biomethane sector, especially at a time when there is an ongoing cost-of-living crisis and energy prices remain significantly higher than pre-pandemic levels. In fact, we know that many domestic gas customers would not only be unwilling, but also unable, to pay such a levy.

Table 6 in the Call for Evidence paper outlines the significant potential impact a Green Gas Levy would have on NI Domestic Gas Bills. The modelling estimates it would increase domestic gas bills by a minimum of £29 per annum, up to £195 per annum, depending on gas usage. For a small to medium-sized business (2.2m kWh), bills would increase by approximately £20k per year.

While for some, the impact would be less, for most this increase to gas bills would be significant. Such an increase would be especially significant for a low income, fuel poor household that is already struggling to pay their bills – many of which already ration their energy usage to afford to pay their energy bills, as evidenced by polling undertaken for NEA by LucidTalk in September 2023¹¹.

The polling found that continued pressure on household budgets has led to a rise in detrimental 'coping' mechanisms. For example, 19% of households told us they went without heating (oil/gas) or electricity because of not being able to afford the costs of

¹¹ Lucid Talk, (2023). [Northern Ireland \(NI\) Attitudinal Poll – National Energy Action Northern Ireland](#).



energy within the previous 24 months. Qualitative responses provided insight into the concerning realities for some customers:

“I couldn’t afford to buy heating oil so had to put layers of clothes on or stayed in bed”.

“I am divorced and have my 2 children 3 nights a week. I only turn the heat on when my children are with me.”

“Stopped using energy, so as to control my direct debit.”

“Unable to afford oil and already had a loan for oil previous month so went without heat for six weeks whilst having chemo treatment”.

Furthermore, 1 in 10 households admitted to skipping meals to ensure they had enough money to pay for their energy¹². This means choosing between heating and eating is very much a reality for around 100,000 homes in Northern Ireland.

As such, we agree with the view at 3.40 in the Call for Evidence paper. We agree that the calculations in *Table 6* highlight the potentially significant cost to consumers of a bespoke mechanism to support the development of local biomethane production and indicate that a green gas support scheme funded in this way would be expensive and likely unaffordable. We also believe this method of funding would be contrary to progress towards a ‘Just Transition’ and the Energy Strategy’s stated commitment to consumer protection, under the principle of ‘Placing you at the heart of our energy future’.

Q20: In your view, would (i) domestic customers; (ii) small to medium-sized businesses; or (iii) large energy users be willing to pay a premium to purchase biomethane, i.e. per kWh, and if so, how much?

It is our view that *most* domestic customers would not be willing to pay a premium to purchase biomethane, as many customers are already struggling to afford their energy bills.

¹² Lucid Talk, (2023). [Northern Ireland \(NI\) Attitudinal Poll – NATIONAL ENERGY ACTION NORTHERN IRELAND](#).



Evidence of this is shown by polling for NEA NI¹³ in September 2023, which found that at least 41% of NI households were already spending at least 10% of their total household expenditure on energy costs, meaning they were in fuel poverty.

For those customers that are willing to pay a premium to purchase biomethane, this cost should be outlined and communicated very clearly to the customer, including full transparency from the energy provider on the amount of premium paid on each of the customer's bills.

In short, we support customers being able to make an informed choice about whether they wish to pay a premium to purchase biomethane. We do not support an involuntary increase to all customer's energy bills as a result of the development of the biomethane sector in Northern Ireland, as this could mean poorer households paying disproportionately more for something that provides at the very most, the same direct benefit to them as it does to significantly richer households.

Question 26: In your opinion, should the Department consider the possibility of socialising some connection-related costs and, if so, what options should be considered and why?

Any socialisation of connection-related costs should be fair and equitable. Vulnerable customers should be protected against undue financial burdens. The Department should prioritise consumer protection, affordability, and fairness in all policy decisions.

Question 30: Are there any changes to the regulatory framework which government should consider to enable the development of a sustainable biomethane sector and, if so, what might these be?

The Northern Ireland Authority for Utility Regulation (NIAUR) plays a crucial role in promoting and protecting the short- and long-term interests of consumers. As we will state in our response to the Department's current consultation on [‘Utility Regulator \(Support for Decarbonisation Preparation\) Bill’](#), we agree that legislation should be brought forward to allow the UR to provide advice, information and assistance to support the Department in development of energy proposals, policies, strategies and plans, essential to fulfilling obligations under Climate Change Act (NI) 2022. This should

¹³ Lucid Talk, (2023). [Northern Ireland \(NI\) Attitudinal Poll – NATIONAL ENERGY ACTION NORTHERN IRELAND](#).



include granting the UR powers to provide advice, information, and assistance to the Department on development of a sustainable biomethane sector, to help ensure consumer's interests are promoted and protected.

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