Secretary of State for Energy Security and Net Zero
Department for Energy Security and Net Zero
55 Whitehall
London
SW1A 2HP

Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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Open letter to the Secretary of State for Energy Security and Net Zero and the Chancellor of the Exchequer

Dear Secretary of State and Chancellor,

We are writing to ask Government to fix a long-standing problem that is stopping UK industry from using home-grown green gas to cut its emissions.

Biomethane is a renewable, drop-in replacement for natural gas. It is made from domestic wastes and residues at plants across the country, flows through the existing gas grid and can be used in the furnaces, kilns and boilers industry already runs. For many sites in sectors such as steel, chemicals, glass, ceramics and minerals, it is the most practical near-term way to cut emissions from high-temperature processes where electrification is not yet technically or economically viable.

We welcome the agreement to link the UK and EU Emissions Trading Schemes, and particularly its ambition to deliver a genuine level playing field for industry. That same principle should now be applied to biomethane.

The UK ETS does not recognise biomethane delivered through the gas network. This is a long-known issue that is holding back one of the most practical routes to decarbonising UK heavy industry. Today a UK manufacturer can buy biomethane through the grid and still have to surrender allowances as if it were burning fossil gas. Its competitors in the EU ETS can already count grid-delivered biomethane, backed by certified purchase records. Once the two markets are linked under a shared carbon price, it makes little sense for the rules on what counts as a zero-emission fuel to differ so sharply.

With UK-EU linkage now agreed, there is a clear opportunity for Government to reprioritise and resolve this issue. Doing so would:

- *Remove an unnecessary barrier to business investment in the UK*
- *Support domestic energy production and energy security*
- *Give hard-to-abate industries a viable route to reduce emissions while remaining competitive.*

We urge DESNZ and HM Treasury to treat this as a priority and use this moment to make the changes needed so the UK ETS provides a clear, workable route for recognising biomethane. The fix is well understood and can be delivered through the scheme's monitoring and reporting rules. We would welcome the chance to meet officials and the UK ETS Authority to discuss how it can be taken forward quickly, and we stand ready to support that work.

Yours sincerely,



Chris Huhne

Chair

Anaerobic Digestion and Bioresources Association

On behalf of the 82 organisations and individuals listed overleaf

ADBA | Anaerobic Digestion and Bioresources Association

Signatories

This open letter is supported by 64 organisations and 18 individuals from across the UK biomethane, gas network and industrial supply chains.

Organisations

2050 RNG Consultancy & Developments Ltd
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350 Strategy Limited
Rachel Lee, Director

Acorn Bioenergy
Daniel Lambert, Downstream Director

Adapt Biogas Ltd
Natasha Edwards, Commercial Procurement Manager

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DAH Renewable Consulting
David Hurren, Director

Decarbonise Fuel Limited
James Carr, Head of Strategic Partnerships

Durag Group
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Elveden Farms Ltd
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Farm Biomethane Ltd
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Tom Corbett, Director

Holden Environmental Ltd
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Horseway Energy Limited
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Individuals

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