

Stream BioEnergy Ltd

Submission to the Northern Ireland Assembly Public Accounts Committee

Inquiry into the Northern Ireland Energy Strategy

Thank you for the opportunity to provide evidence to the Public Accounts Committee's Inquiry into the implementation of the Northern Ireland Energy Strategy.

Stream BioEnergy is a leading developer, owner and operator of anaerobic digestion and biomethane facilities across the UK and Ireland. We have successfully developed and operated renewable energy infrastructure in Northern Ireland and remain committed to investing in the region. However, the implementation of the Energy Strategy has failed to create the conditions necessary to unlock further private investment in biomethane.

1. Has the Energy Strategy and its implementation had a positive, negative or mixed impact on your sector?

The impact on our business has been overwhelmingly negative.

The Energy Strategy rightly recognises biomethane as a strategically important renewable gas that will play a key role in decarbonising heat, improving energy security and supporting Northern Ireland's transition to net zero. It also acknowledges Northern Ireland's significant opportunity to produce indigenous biomethane from its strong agricultural sector.

However, the implementation of the Strategy has failed to translate these ambitions into investment.

Five years after publication of the Energy Strategy, Northern Ireland still has no effective commercial support mechanism for biomethane production. Unlike other parts of the UK and Europe, there is no production tariff, renewable gas obligation, contracts-for-difference mechanism or capital grant programme capable of supporting investment in new biomethane facilities.

Our proposed **Tully 2 Biomethane Project**, for which planning permission has already been secured, has been unable to proceed because there is no support tariff, revenue support mechanism or capital funding available to make the project commercially viable. Similar projects are progressing elsewhere in Great Britain and Europe because governments have introduced stable policy frameworks that provide investors with confidence.

While the Strategy clearly identifies biomethane as part of Northern Ireland's energy future, its implementation has not provided the policy certainty or commercial framework necessary to deliver that ambition.

2. What impact is the current Energy Strategy having on investment decisions within your sector?

The absence of a workable support framework has had a direct impact on our investment decisions.

Stream BioEnergy is actively diverting investment away from Northern Ireland towards projects elsewhere in the UK and Europe, where governments have introduced effective support mechanisms for biomethane production.

This is not our preferred outcome. We have invested significant time and resources developing the Tully 2 project and remain committed to delivering it in Northern Ireland. However, after several years of policy uncertainty, we are rapidly reaching the point where the project can no longer remain viable.

No developer can invest on the basis of policy ambition alone. Capital is deployed where there is regulatory certainty and a viable commercial framework. At present, Northern Ireland offers the former but not the latter.

Investors require certainty. Continued delays in implementing effective support mechanisms significantly increase investment risk and reduce Northern Ireland's competitiveness when competing for international capital.

3. Are there aspects of the current policy, regulatory or infrastructure environment that are creating barriers to investment?

Yes.

The principal barrier is the absence of an economic support mechanism for biomethane production.

In addition, limited capacity within the Northern Ireland gas distribution network is becoming an increasing constraint on biomethane developments.

A practical solution exists through the installation of reverse compression facilities, which would create substantial additional injection capacity within the gas distribution system and unlock multiple biomethane projects across Northern Ireland.

However, reverse compression represents strategic gas network reinforcement rather than project-specific infrastructure. It would be inappropriate and uneconomic for individual biomethane developers to bear these costs alone. As with other forms of strategic network investment, these costs should be funded through the regulated gas network and socialised across network users.

4. Does the current pace of delivery under the Energy Strategy provide sufficient certainty for businesses to plan and invest?

No.

The pace of implementation has been extremely slow and continues to create significant uncertainty for developers and investors.

While the Energy Strategy sets ambitious long-term objectives, these ambitions have not been matched by the timely delivery of the policies and investment mechanisms required to achieve them.

Businesses cannot continue investing indefinitely in projects while waiting for essential policy decisions. Every year of delay reduces investor confidence and encourages businesses to allocate capital to other jurisdictions where governments have demonstrated a clear commitment to renewable gas.

5. Are there any particular implementation issues the Committee should be aware of?

The Committee should recognise that biomethane projects such as Tully 2 are considerably more than renewable energy projects.

Unlike many other renewable energy developments, biomethane infrastructure delivers multiple policy objectives simultaneously.

The Tully 2 project would:

- Process approximately 100,000 tonnes of poultry litter annually.
- Significantly reduce nutrient surpluses that are contributing to poor water quality and the ongoing environmental challenges facing Lough Neagh and other water bodies.
- Export significant quantities of nutrients out of Northern Ireland in the form of concentrated fertiliser products, reducing pressure on agricultural land.
- Produce indigenous renewable gas, improving energy security and reducing dependence on imported fossil fuels.
- Support rural employment, construction activity and long-term skilled operational jobs.
- Attract substantial private investment into Northern Ireland's green economy.

The Committee should also consider whether the implementation of the Energy Strategy is delivering the outcomes originally envisaged. While the Strategy identifies biomethane as a strategic renewable fuel, the absence of an effective support framework means very few projects are

progressing. As a result, Northern Ireland is failing to realise the renewable energy, environmental and economic benefits that the Strategy itself anticipated.

Conclusion

Stream BioEnergy remains committed to investing in Northern Ireland and wishes to proceed with the Tully 2 Biomethane Project.

However, there is now a significant gap between the ambitions of the Energy Strategy and its implementation. Biomethane has been recognised as a strategic component of Northern Ireland's transition to net zero for several years, yet the commercial mechanisms needed to unlock private investment remain absent.

Without the introduction of an effective biomethane support mechanism, together with strategic investment in gas network infrastructure such as reverse compression, it is becoming increasingly difficult to justify continued investment in Northern Ireland when more attractive and stable policy environments exist elsewhere in the UK and Europe.

The Committee has an opportunity to help change this. We urge it to recommend that the Executive moves beyond policy development and rapidly implements practical measures that enable investment in biomethane. Doing so would stimulate genuinely additional renewable gas production, unlock substantial private capital, strengthen energy security, reduce agricultural emissions, improve nutrient management, help address the environmental challenges facing Lough Neagh and deliver lasting economic benefits for Northern Ireland.

We would welcome the opportunity to provide further evidence to the Committee or attend an oral evidence session if that would assist its Inquiry.



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