

Securing Feedstocks from Agricultural Sources

Ryan Dougan



Presentation Outline

- Background
- Project Appraisal
- Feedstock Availability
- Feedstock Procurement
- Project Risks – Feedstock
- Impact on Land Values
- Securing Feedstock
- Summary



Background

- Circa 100 planning applications for 'On Farm' AD plants
- Plants are largely based on energy crops and farm based slurry
- Circa 30 approvals to date
- Very small number of completed/commissioned plants



Project Appraisal

- Considerations when assessing an AD project:
 - Project commitment
 - Feedstock availability - quantities and type
 - Size/suitability of plant
 - Availability of land/use for digestate
 - Statutory approvals
 - Grid Connection
 - Finance
 - Operation
 - Outputs – Electricity, Heat



Feedstock Availability

- Average size of farm in NI 41 Ha
- Majority of applications in planning are 500kw to capitalise on NIROCs
- Size of plants normally dictate additional land/feedstock requirement
- Feedstock availability and security is directly linked to finance
- Various options for feedstock procurement



Feedstock Procurement

- Obtain additional land
 - Purchase
 - Capital cost not viable within project economics.
 - Availability of land and location
 - Conacre
 - Insufficient for securing finance
 - Term lease
 - Willingness of land owner
 - Impact Agricultural Property Relief
 - Cost



Feedstock Procurement

- Contracts to supply
 - Price offered for feedstock
 - Length of the contract
 - Indexation
 - Quality
 - Appropriate legal contracts



Project Risks - Feedstock

- Feedstock availability, security and cost represents real risk to the NI emerging AD market
- Concerns within the farming community that AD required feedstock will inflate land and crop prices, due to unrealistic prices being offered for land/feedstock for AD projects
- Willingness of farmers to enter into long term contracts



Impact on Land Values

- Agricultural land prices are rising irrespective of AD:
 - High conacre prices due to Single Farm Payment
 - Expanding cattle holdings and associated land required by farmers
 - Nitrates Directive
 - Stable Investment



Securing Feedstock

- Supplying feedstock to an AD project represents an opportunity to have a sustainable income stream
- Ensure that any indexation mechanism is fair and equitable to both parties
- Agree a price for land / feedstock that is economically viable
- Agree a term for any contract that meets with funding requirements



Summary

It is imperative that both project promoters and feedstock providers / land owners are realistic about what is required to deliver a successful AD project.

The AD market requires a standardised approach to feedstock procurement across the sector to ensure the industry is developed in a balanced way.

vision design
vision design



renewable architecture
project management

Thank you

31 rainey street, magherafelt, bt45 5da
www.visiondesign.org.uk +44 (0) 28 7930 0866

vision design
vision design



renewable architecture
project management