

# Bioenergy WG 2018 Update

## Summary of Progress



UNEP

- Progress Since Adoption (September 28, 2017)
  - Administrative Changes
    - Clarification on Rate of Replenishment provided to REN WG
    - Bioenergy WG incorporated within parent REN WG
  - UNFC Outreach
    - ABLC Biofuel Conference
    - WEI Renewable Gas Forum for Utilities
    - BP Classification of Ethanol Assets within Sustainability Report
  - Bioenergy reserve concepts are showing up in private sector contracts
    - Renewable Natural Gas (RNG) offtake contracts
  - Keen interest in Bioenergy Specification in 2019
    - RNG Producers (offtake contracts)
    - Debt and Bond Lenders (E1.2 classification)
    - Scale Players (demonstrate GHG reductions)

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## Emerging Stakeholder Interest



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- RNG Producers
  - Executing offtake agreements for development projects
    - Interested in shifting some production risk from ProjectCo to Offtaker
    - Many developers have oil and gas background and recognize potential value in classification
- Debt Lenders and Bond Purchasers
  - Very interested in E1.2 classification because Credit Committees wont allow loan terms for E1.2 Project to extend past contracted revenues
    - Identifies projects with more regulatory risk
    - E1.2 used in Lender context to classify Projects with *Direct Payments* to Projects for Energy Products, environmental attributes, or co-products that are significantly above market rates
    - Lenders are interested in *Recontracting* potential, E1 loans can extend past contracted revenues while E1.2 will not

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## Emerging Stakeholder Interest



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- Scale Players
  - US Natural Gas Utilities
    - 100% electrification efforts in the Western and Northeast US represent an existential challenge to US Gas Utilities
    - RNG is seen as the only near/medium term opportunity to provide greater GHG reductions than electrification
    - Utilities interested in UNFC in combination with Project level Carbon Intensity (CI) scores to build auditable Integrated Resource Plan
  - Integrated Natural Gas Producers/Marketers with GHG Interest
    - UNFC reserve concepts are getting added to offtake contracts, particularly future ownership rights
    - Unclear if interest is a hedge against activist investors or long term contributions to reserve quantities