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Europe remains most important market for new biogas plants by 2025

Throughout the world, around 2,600 MW_{el} of new biogas will be constructed by 2025, with RE subsidisation schemes being the most important market driver. Europe will remain the dominating region, despite the slump on the German market. These are some of the results of a new market study by ecoprog GmbH.

More than 12,000 biogas plants are currently active worldwide, reaching a capacity of about 7,000 MW_{el}. Over 90% of these facilities are located in Europe, as parts of this region already started to introduce subsidisation schemes for renewable energy (RE) in the 1990s. About two thirds of all the world's biogas plants are installed in Germany, where about 8,000 facilities were constructed based on the regulations of the German Renewable Energy Act (*Erneuerbare-Energien-Gesetz*, EEG).

However, Germany cut subsidies considerably in 2012 and the market, once dominating global market activities, slumped. Other countries have also begun to focus their subsidisation schemes on competition, saving costs and sustainability criteria. In Bulgaria and the Czech Republic, this has even resulted in a complete halt of state support.

Consequently, the number of biogas plants will increase in the years to come, but to a significantly smaller extent than in the booming years of the early 2010s. Whereas about 3,000 MW_{el} were installed between 2010 and 2015, the installed capacity will only increase by about 2,600 MW_{el} to 9,600 MW_{el} from 2016 until 2025.

About 90% of all capacities were built in Europe in the booming years around 2011, but the share of new constructions will decline to about 75% by 2025. Europe thus remains the by far strongest regions worldwide. The strong biogas markets in France, the UK, Italy and Poland will at least compensate some of the considerable decrease of the German market.

Asia and North America become more important as well, as individual advantageous subsidisation schemes will produce positive outcomes, e.g. in Thailand. In the regions South America, Australia and Pacific as well as Africa and Middle East, the construction of biogas plants will remain limited to individual, sometimes very large projects. In most of the countries of these regions, lacking subsidies are the cause for the sluggish market development. Japan, by contrast, mainly struggles with gridlocked structures on the energy market and obstacles in the approval processes.

France will be the world's strongest growth market by 2025. About 440 MW_{el} will be constructed there, thanks to the expansion of the national subsidisation system: in the course of the new energy transition law passed in 2015, the feed-in tariff was increased and an additional auction system was introduced.

The reorganisation of the biogas market has also modified the market conditions for many technology providers and plant operators. Many companies that primarily worked regional or national markets, now try to tap new sales markets by internationalising their business. Many technology providers furthermore diversify their focus also towards service features and the repowering business at existing plant sites. As the biogas plants get older and many plant operators face a toughening competition caused by low subsidies and high substrate prices, the demand for optimisation measures is increasing. In terms of technological improvements, processing the biogas to biomethane quality and injecting it into the natural gas grid becomes ever more important as well. For doing this, however, national legislations must support the grid injection of biomethane under their subsidisation systems.

The market study “Biogas to Energy” is the most comprehensive of its kind as it is the only one based on evaluating the existing biogas plants throughout the world, and not only on analysing public statistics. Go to www.ecoprog.com for more information on the fourth edition of this study.

As a respected strategic consultancy, German firm ecoprog accompanies clients from Germany and abroad in dealing with implementation-oriented management issues with political, technical or economic backgrounds in the sectors of environmental and energy technology. We focus on strategy consulting, market and competition analyses as well as multi-client studies.