

ESG Investing Alert: Why methane is ‘carbon dioxide on steroids’

Investors spend a lot of time on carbon dioxide emissions, but they are potentially ignoring a second and, also significant contributor to global warming – methane. While carbon is the leader in the planet warming stakes, methane packs a heavier punch.

Methane is responsible for 23% of the rise in temperatures since industrialisation began. Methane emissions must be addressed if planetary warming is to be kept in check. It is more than 80 times more potent than CO₂ when it comes to global warming. SOURCE: Economist 04/2021

Human beings seem to be the largest contributor to the increase in methane gas in the atmosphere this century – agricultural activity and the fossil fuels industry seem to be at the forefront of this and yet both food security and energy security remain high on the agenda of all governments.

How can investors help in curbing methane emissions?

Wind and solar technology are lynchpins in the strategy to create more clean energy for the planet, but they do not address the ongoing build-up of methane emissions.

One solution is to harness methane into energy – reducing emissions created by agricultural waste and landfill by broadening the UK’s network of biogas plants. These facilities have the advantage of being able to process waste into both clean energy and fertilizer. They could be a very important building block in many countries’ carbon neutral strategies.

The UK is one of the most populous parts of Europe with a population of 67 million – projected to rise to 77 million by 2050. It has a legally binding commitment to become carbon neutral by 2050. The UK needs a comprehensive strategy that will coordinate private and public finance into reducing methane emissions as well. SOURCE: The Guardian Newspaper

Prestige Funds has raised over USD 2 billion in the last 10 years and has channelled much of this through Privilege Finance, a specialist finance arranger, which has funded approximately 50 renewable infrastructure projects, many of which are biogas plants in the UK as well as contributing clean energy to more than one million UK homes.

In the process, Privilege Finance has also accumulated considerable in-house expertise around financing and operating biogas plants.

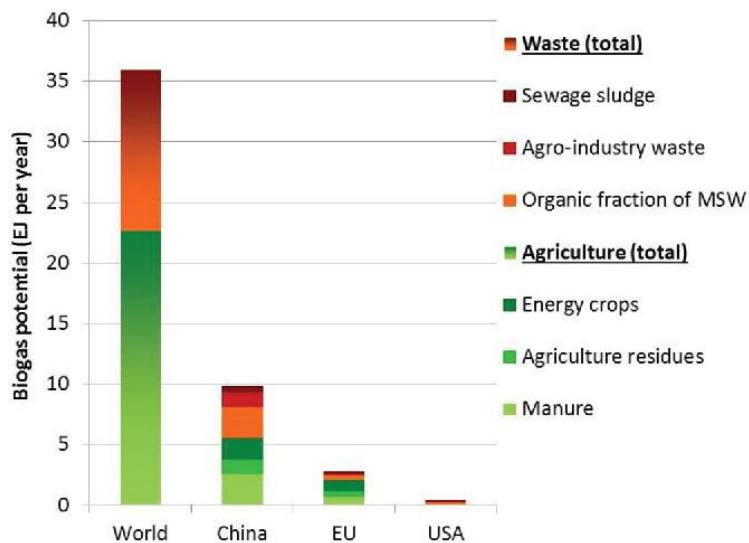
Biogas plants can help to bring planetary methane levels down

Biogas plants could be the answer to helping to bring methane content in the atmosphere down. Methane does not persist on the atmosphere if carbon dioxide does, so a large reduction in planetary methane output could have a more immediate impact. According to the Intergovernmental Panel on Climate Change, to keep temperatures stable, human methane emissions must be cut by 35% to where they were only in 2010. And this must occur by mid-century.

Ongoing finance of biogas infrastructure has the scope to assist with meeting this methane reduction challenge. Agriculture has been identified as a major contributor, and it is useful to have biogas plants sited on farms where they can have an immediate impact.

According to the European Biogas Association (EBA), the biogas and biomethane industries are “significant and growing contributors to achieve climate neutrality by 2050.”¹ The EBA says that the sector has the potential to reduce greenhouse gas emissions by 10-13% and compared to fossil fuels, biogas production can save up to 240% of Green House Gas emissions².

Energy Potential of Biogas



SOURCE: Journal of Environmental Science & Health

Counting down to COP 26

The UK will host the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow on 1-12 November 2021.

The COP26 summit will bring parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. The UK is committed to working with all countries and joining forces with civil society, companies and people on the frontline of climate change to inspire climate action ahead of COP26.

We expect new international agreements, policies and mandates in ways to tackle methane reductions.

<https://ukcop26.org/>

¹ The contribution of the biogas and biomethane industries to medium-term greenhouse gas reduction targets and climate neutrality by 2050 (European Biogas Association paper, 04/2020)

² Solid and gaseous bioenergy pathways – input values and GHG emissions (European Commission Joint Research Centre)

Additional source material: Economist / Privilege Finance 04/2021 / Prestige Climate Invest

ADDITIONAL RESEARCH:

www.Privilege.Finance

<https://www.prestigefunds.marketing/wp-content/uploads/Biomethane-Pathway-to-2030-Full-Report.pdf>

SOURCE: Anaerobic Digestion Bioresources Association (ADBA)

Prestige and its dedicated, specialist Finance Arranger have an established team and long track record 'monetising' bio methane from food, farm, animal waste renewable infrastructure projects.

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