

13 June 2016

EBA Position on the revision of Security of Gas Supply Regulation

EBA welcomes the new proposal on Security of Gas Supply Regulation as it is a clear sign of the place that gaseous fuels will hold in Europe's future energy mix, while setting a strategic plan to avoid future gas disruption and enabling the single energy market to operate with better effectiveness.

However, EBA believes that boosting domestic and renewable gaseous resources is the most reliable way to safeguard the security of supply in the long run. Besides the geographical diversification and regional cooperation, the prevention of potential disruption should be firstly tackled through the expansion of the domestic diversification of sources.

The contribution of biomethane to Europe's Gas Security of Supply

The full deployment of biogas and biomethane potential could significantly contribute to secure the EU's gas supply as well as meeting EU climate GHG reduction targets, as:

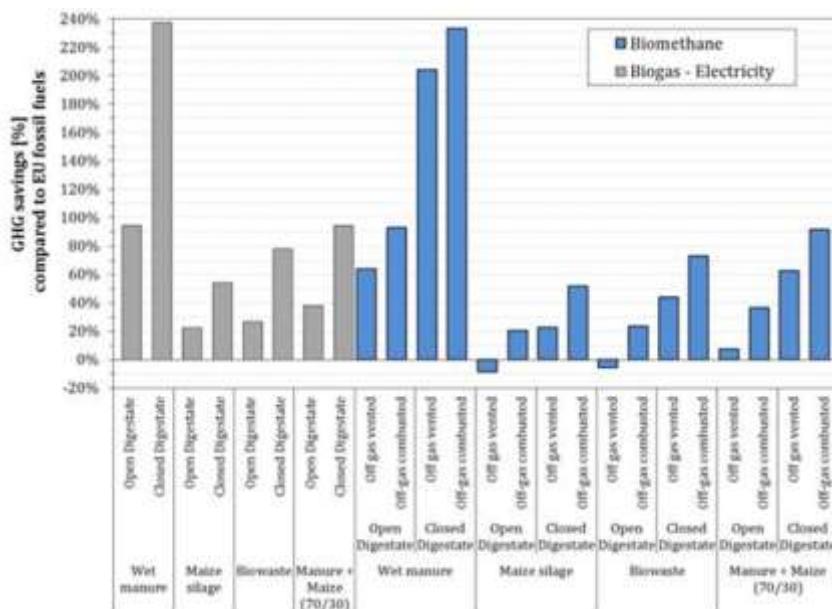
- **Biomethane is a sustainable and complementary domestic source to natural gas** – Biomethane is obtained through the upgrading of biogas. As such it is a domestically sourced renewable fuel that can be produced anywhere in Europe, thus avoiding gas imports from third countries and politically unstable regions. With the same physical properties as natural gas, biomethane is a flexible and storable energy source that can be injected into the existing grids, reducing the amount of imported gas.

Current biomethane production capacity is equal to 2.8 billion m³ and approximately 10 % is used in transport. Projections show it could be raised to at least 48 billion m³, representing almost 10% of the total projected natural gas consumption in 2030. The volume of biomethane production is *de facto* a domestic gas corridor. Therefore, it is not only to be considered as a back-up for natural gas in the event of a supply crisis but a complementary domestic source, which contributes to maximise availability and prevents the risk of shortage.

- **Biomethane is carbon neutral and in many cases even carbon negative** - If natural gas emits half of the CO₂ and releases much less harmful particles in power production compared to other fossil fuels, biogas goes even further as it can be carbon neutral. In fact, when considering all life-cycle emissions, there are additional reductions in GHG emissions which make anaerobic digestion (AD) unique as a low carbon energy technology. Compared to other energy sources, AD brings one of the best CO_{2eq} reduction rates per unit of energy produced. This can be explained by the substitution of fossil resource-based mineral fertilisers, the avoided methane emissions from animal husbandry and by carbon sequestration via soil build-up of humid organic matter. In addition, it also limits the use of more polluting fossil fuels by replacing the imports of conventional electricity and fossil, oil-derived, fuels. As it is clearly shown by the graphic here below, some specific pathways are even carbon neutral when considering the whole LCA.

To sum up, biomethane production allows for the conversion of waste, which would otherwise have to be disposed of in a costly way, into an energy which can be re-injected directly into the gas grid, and digestate which can be used as fertiliser by farmers, thereby also helping the decarbonisation of the agricultural sector and making the economy more circular and local.

To value the emission reduction achieved by AD, an appropriate fuel comparator (EU fossil fuel mix in power and heat; diesel / petrol mix in transport), should reflect the GHG emissions saving.



GHG savings for the most representative biogas and biomethane pathways. Values are based on default GHG emission values. Values higher than 100% represent systems in which credits from improved agricultural management more than offset any supply chain emission. Values lower than 0% indicate systems which emit larger amounts of GHG than the fossil fuel comparator (Source JRC).

- **Biomethane is a flexible renewable source able to stabilise intermittent renewables** - Of identical physical properties to natural gas, it can bring the necessary flexibility to integrate variable RES electricity generation in the power market as a secure base-load to balance the demand, whilst being a renewable energy source itself. In fact, it is sustainably produced from renewable feedstocks and biodegradable fraction and wastes, including animal manure, agricultural residues and sewage sludge.
- **Biomethane should be traded freely on the internal energy market across the EU** - To deploy its full potential, biomethane needs a common European market, i.e. a possibility to be traded across the EU's internal borders. The current European mass-balancing requirements do not take into account the specifics of the gaseous biofuel. A crucial pre-condition for freeing biomethane trade is to recognise the natural gas system operating on the European territory as a closed logistical facility, accepting that the mass-balancing requirement is fulfilled as soon as the respective biomethane volume has been taken out of the European natural gas network. In parallel, certificates on guarantees of origin and sustainability should be issued in the producer country prior to grid injection and in the consumer country to track it through the supply chain and to certify the cross-border transfer of sustainability claims.
- **The delocalised production of biomethane neutralises security threats** – Biomethane comes from the local treatment of waste produced in rural areas, urban and peri-urban centers. The thousands of decentralised plants producing biomethane are not an attractive target for terrorist acts but on the opposite, contribute to a widespread security of supply.

Revising the Security of Gas Supply Regulation to strengthen EU energy independence

The current proposal on the revision of the Security of Gas Supply Regulation does not properly consider the potential of biomethane and biogas in contributing to our security of energy supply. EBA calls for the following amendments to be included in the new Regulation:

- **To extend the domestic natural gas and electricity networks towards local communities** Article 8 paragraph 1(e) - Maximisation of the availability of domestic and sustainable biogas and biomethane produced from local and sustainable feedstocks is possible by facilitating local producers' connection to the main natural gas network and electricity grids. These projects should be specified in the Preventive Plan adding a **new point 1(e bis) to article 8: 'Information on the preventive measures designed to address the risks identified in the risk assessment, such as those related to the need of connecting local communities to the main grids and concurrently increase domestic supply'**. This should be equally reflected in Annex V regarding the Preventive Plan template, i.e. point 5 (a) (4), 1.1 and 1.2 b.
- **Acknowledgment of biogas' and biomethane's security of supply contribution** Annex II. In the N-1 scenario, defining the risk indicators, the national maximal technical production capability should be divided between natural gas and biomethane. Therefore, a **new PNGm** should represent the maximal technical production capability of natural gas production facilities, while a **new PBm** should stand for the maximal technical production capability of biomethane. The contribution should also be visible in Annex IV and V regarding the Preventive Plan template, i.e. points 1.1 a) and 1.2 a) 'Main gas consumption figures **divided by type of gaseous fuels**'.
- **Acknowledgment of the climate and environmental benefits** Articles 7 (2), 8 (3) and (4) - As mentioned in recital 23, the Regulation is strictly interlinked with the Energy Union's strategic planning and reporting tools. When applying preventive measures, priority should be given to the technologies with the lowest carbon footprint. In **article 7 (2)** the following sentence should be introduced '..developed at regional level. **Priority shall be given to those national measures that can provide a positive impact on GHG reduction**. Such national measures..'. Similarly, a **new paragraph 3 bis** should be added to article 8, reading: '**The preventive action plan shall give priority to those measures that can have a positive impact on GHG emissions reduction**'. The carbon reduction benefits of preventive measures should be valued also in the impact assessment to be foreseen for all preventive non-market based measures. EBA proposes to include in article 8, paragraph 4 a **new point** as follows: '**(h) description of the benefits of the measures with regards to GHG emissions saving**'.
- **Be part of the Gas Coordination Group** Article 14 - Biomethane industry representatives should be included in the Gas Coordination Group to facilitate the coordination of measure concerning security of supply. Biomethane and biogas are a reality across EU countries, expertise and best practices are growing in parallel. The coordination and information sharing among all the gas undertakings of the market are essential for meeting the supply demand and protect consumers.