

## RECOMMENDATIONS

### Revision of EU ETS

8 November 2021

## EBA position on the revision of the EU ETS

EBA agrees with the European Commission that the EU ETS must be aligned with the European Green Deal and the higher 2030 ambitions for greenhouse gas emissions reduction. The carbon price must increase and the emissions cap for the ETS sectors must be tightened. The ETS should be combined with an efficient Innovation Fund - supporting also renewable methane production - and a carbon border adjustment mechanism to avoid carbon and investment leakages. We likewise welcome a review of the market stability reserve (MSR) to enable the effective functioning of the system to ensure a meaningful carbon price signal to deliver fuel switching, renewable electricity and gas leading to the decarbonisation of industry.

Renewable gases will play a significant role decarbonizing hard-to abate heavy-duty mobility and industry sectors such as steel, chemicals and the manufacturing and processing industries including the agri food and drinks sector. Biomethane is already available and can be quickly scaled up throughout Europe with a potential of at least 370 TWh by 2030. **The new Monitoring and Reporting rules (ETS MRR) facilitated the deployment of biomethane at ETS installations by rightly introducing the emission factor zero for biomethane which, following the ETS extension, will also finally categorise biomethane under the zero-emissions fuels in road and maritime transport. Further clarity is however needed on practical implementation. We recommend that guarantees of origin (GOs) continue to be recognized as one way to prove the share of biomethane in the purchased and used gas by the ETS operator.** A GO and/or, where necessary, another purchase agreement/receipt of the biomethane purchase together with sustainability information/certificate verified by accredited bodies recognised by EU Commission, should be more than enough, as authority in these matters rests within the Commission. Recognising also GOs as “purchase record” would make the biomethane market more efficient and encourage Member States to properly implement guarantees of origin. We also request that MRV requirements for all energy carriers are commensurate with the administrative burden and scientific rigor reflected in the upcoming proposal on methane fugitive emissions. For instance, if the said proposal introduces full lifecycle requirements for gaseous fuels, such requirements should also be introduced for liquid and solid fuels.

EBA supports gradual extension of the EU ETS to further sectors in order to create a price on carbon emissions throughout the economy. In the maritime transport sector, the ETS should be explored as one of the regulatory measures decarbonizing the sector, along with the temporary authorisation to use GOs and/or other certificates (the only solution to allow time for liquid biomethane production scaling-up and the phasing out of fossil fuels in the maritime sector). Given the global nature of the shipping business, EBA supports a global approach to the decarbonisation of the maritime sector to avoid competitive distortions and to drive GHG emission reductions in a cost-effective manner. We support putting a robust and rising explicit price on fossil carbon from shipping through an ETS and welcome the phase-in period allowing a smooth transition and helping to avoid high consumer prices. EBA likewise supports the gradual extension of ETS to road transport and buildings which should be eventually merged with the general ETS to avoid competition on carbon pricing. EBA would welcome a proper impact assessment on the influence of the EU ETS on how biomethane and other fuels are allocated between the transport, buildings and industry sectors.

Finally, it is also important to ensure that the whole climate and energy policy is coherent and respects the principles of technological neutrality. The revenues from the ETS should be spent to accelerate the energy transition by supporting production of renewable energy and ensuring a just transition across Europe.

#### Contact

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#### About the EBA

The **European Biogas Association** is the voice of renewable gas in Europe since 2009. EBA advocates the recognition of biomethane and other renewable gases as sustainable, on demand and flexible energy sources that provide multiple knock-on socio-economic and environmental benefits. Supported by its members, EBA is committed to work with European institutions, industry, agricultural partners, NGOs and academia to develop policies which can enable the large-scale deployment of renewable gases and organic fertilisers throughout Europe, supported by transparent, well-established sustainability certification bodies to ensure that sustainability remains at the core of the industry. The association counts today on a well-established network of over 200 national organisations, scientific institutes, and companies from Europe and beyond.