

EBA Position Paper The Clean Industrial Deal

As the EU works toward a sustainable future, the biogases sector plays an increasingly vital role in achieving Europe's climate and energy objectives. Our strong European sector is able to build a more resilient, cost-competitive, and sustainable Europe, whilst strengthening the global leadership in this circular and clean technology. This leadership is essential not only for economic growth but also for addressing pressing environmental challenges.

Biogases produced within Europe have gained significant importance. It is the most cost competitive and scalable renewable gas. Currently, biogases provide 22 billion cubic meters (bcm) of renewable gas to the European market, and private investments of €27 billion are expected to flow into the biomethane sector by 2030. By 2040, the sector could supply up to 101 bcm of biomethane, potentially covering over 80% of the EU's gas consumption. In times where the EU's reliance on imported gas rose, it highlights the need and present opportunity for locally produced and sustainable gas, able to break the EU energy dependency and offer a very cost-competitive alternative to fossil sources.

The transition to a sustainable and circular economy is not just an opportunity but a necessity for future generations and the health of our planet. Biogases offers a circular model not only on energy but also on the ability to assist in revitalising European soils and displace the use of fossil CO₂ with biogenic CO₂. In all of those sectors, European technology and knowhow is leading. Through biogas and biomethane and its technologies, the EU can strengthen its position as a global leader in clean energy and play a crucial role in the worldwide transition to sustainability.

Biogas and biomethane will be key pillars in achieving a fully climate-neutral energy system. To allow this to happen, the sector must be recognised and supported to sustainably expand and significantly contribute to the European goals of competitiveness and clean transition. The Clean Industrial Deal represents a milestone to set a clear path towards for a sustainable EU economy and green industry, as well as valuable opportunity for the biogas and biomethane sector to:

1. **Speed-up the growth of EU-made biomethane**
2. **Unlock investments in Biogas and Biomethane**
3. **Defossilise all EU industries thanks to biogases**
4. **Create a market to valorise sustainable products**

1. Speed-up the growth of EU-made biomethane

Accelerating deployment of new biomethane production capacities

The REPowerEU Plan of 2022 set an ambitious objective of 35 bcm of biomethane production by 2030 (10% of 2020's natural gas consumption). With the potential to replace all of natural gas consumption in 2050 (150 bcm of biomethane for fossil gas volumes of 95 bcm¹), biomethane can play a transformative role in achieving the EU's climate and energy targets. Despite this, current permitting procedures, which can take up to five years in some Member States, as well as lack of adequately trained workforce, hinder progress.

¹ According to the Commission's projection in its Impact Assessment of the 2040 Climate Target Plan.

Modernising permitting processes and acting strong and fast about skills are essential steps to unlock biomethane's full potential and accelerate the energy transition.

Recommendations:

1. **Provide Guidance for Renewable Acceleration Areas applied to biomethane**, leveraging this framework to facilitate project development and streamline permitting.
2. **Simplify requirements** by reducing the volume of documentation required during early project stages, minimising costs and delays from later adjustments.
3. **Foster transparency and simplification** in permitting procedures to eliminate ambiguity and reduce variation within and across Member States.
4. **Enable digitalisation of permitting authorities** by creating an open-source digital platform that can be adopted by competent authorities across Europe.
5. **Launch a Net-Zero Academy for biogases** that will set-up training curricula for European-wide uptake and foster re-skilling in the biogas industry, as well as training programmes for permitting authorities to ensure sufficient expertise among their staff.

Maintain and promote the biogas value chain as a leading clean technology sector

The global race to localise clean technology supply chains is intensifying. Currently, China leads in many critical supply chains, leveraging its manufacturing scale and integrated infrastructure. This poses a challenge to the EU, which must strengthen its industrial base to remain competitive and secure its clean energy future.

The EU is already a global leader in biogas and biomethane technologies. These solutions are vital components of the EU's journey toward climate neutrality, offering domestic renewable alternatives to fossil fuels while enabling circular economy. Maintaining and expanding the EU's leadership in biomethane technologies is not just an environmental imperative but a strategic economic priority. Biomethane production potential in the EU can amount to 101 bcm in 2040, equivalent to 60 to 90% of natural gas consumption (based on projections in Commission's 2040 Climate Target Plan). By fostering a resilient value chain—from component production to energy generation—the EU can secure its industrial base, create new jobs, and reinforce its energy security.

Recommendations:

1. **Establish an EU guarantee fund** for biomethane equipment manufacturers to prevent long lead times, while mitigating the risks linked to raw material price volatility.
2. **Prioritise renewable energy produced in the EU in energy public procurement** as well as EU-manufactured technologies used for the production of energy, i.e. components used in a biogas or biomethane plant.
3. **Reform Customs Codes** to accurately track trade of biogas technologies within and outside the EU.
4. **Promote and safeguard EU leadership** in biogas technologies in new free trade agreements, securing and expanding the EU's competitive edge in this sector. At the same time, ensure compliance with EU environmental and production standards to guarantee fair competition globally in clean trade partnerships.

2. Unlock investments in Biogas and Biomethane

The Clean Industrial Deal should channel investments towards technologies that can scale renewable energy production and decarbonise European industries as of today. Biomethane, as a versatile and scalable renewable energy source, holds immense potential to bridge the gap in industrial renewable energy demand. Continued research and development (R&D) are essential to enhance productivity, develop cutting-edge technologies, and process new sustainable feedstocks. However, significant investment risks stemming from economic uncertainty and regulatory challenges often hinder progress. By leveraging the EU's funding programs and de-risking tools, the EU can stimulate innovation and support long-term growth in biomethane production and technology manufacturing, reinforcing its leadership in clean energy.

Recommendations:

1. **Channel R&I funding** to innovation that expand biomethane production potential, through productivity gains, technological advancements, and use of new sustainable feedstock.
2. **Extend the InvestEU Programme** to support new manufacturing capacities and prevent long lead times for biomethane technologies.
3. **Mobilise private capital through a comprehensive and supportive sustainable finance framework** by revising the EU taxonomy to effectively promote the biogas and biomethane sector, covering both production and end-use applications.
4. **Expand the Hydrogen Bank** to encompass all renewable fuels, including biomethane and CCUS technologies to create a more comprehensive and flexible support mechanism.
5. **Establish a new European Competitiveness Fund** to spur innovation, with disbursements tied to the implementation of member states' NECPs.
6. **Expand IPCEI to new categories** with cross-border impact such as e-methane production, smart gas grids, and biogas technology manufacturing.

3. Defossilise all EU industries thanks to biogases

Biogas and biomethane are vital for decarbonising industries and ensuring long-term energy security, particularly in the most emissions-intensive sectors where low-carbon alternatives are limited. As fossil fuels account for nearly half of the EU's final energy consumption in industry, transitioning to biomethane represents a transformative opportunity. Biomethane offers unparalleled versatility, directly replacing natural gas for energy and feedstock without the need to change equipment and processes, offering also the possibility to generate renewable electricity, heat, and steam on-site. Long-term price stability can be achieved through Biomethane Purchase Agreements (BPAs), protecting industries against the volatility of natural gas markets, particularly during geopolitical uncertainties.

Corporate off-takers can play a pivotal role by supporting new production capacities, reducing dependence on public subsidies, and securing a reliable supply of renewable energy. To fully unlock industrial demand, existing European certification for biomethane must be recognised into all EU reporting frameworks, including the Taxonomy, EU Ecolabel, Green Public Procurement criteria, and corporate reporting standards such as SFDR, CSRD, and CSDDD. International emissions accounting standards referenced in those EU frameworks, especially the GHG Protocol, should also be aligned to ensure consistency and enable widespread adoption.

Recommendations:

- **Incentivise Biomethane Purchase Agreements** as a decarbonisation pathway for industries combining price stability and supply security, by providing a **guarantee through the new Competitiveness Fund**.
- **Introduce State Aid measures** specifically designed to promote biomethane use in the decarbonisation of hard-to-abate sectors, with explicit inclusion of the biomethane sector in the upcoming Industrial Decarbonisation Accelerator Act.
- **Leverage tax credits** to alleviate the financial burden of investments in biogas and biomethane.
- **Ensure that both international and EU certification schemes** for carbon footprint calculation explicitly **recognise emissions reduction potential of biogas and biomethane**.
- **Simplify and harmonise the certification process and sustainability certificates** for biogas and biomethane in EU legislation and across Member States.

4. Create a market to valorise sustainable products

Before the market reaches full maturity, it is crucial to support demand for sustainable products to ensure that the most virtuous businesses are also allowed to flourish. To achieve this, the Commission should promote the creation of lead markets for the uptake of biogenic carbon and bio-fertilisers from digestate, the two key co-products of the biogas sector.

Recognize and promote the role of biogenic CO₂ in sustainable carbon management

The biogases sector is instrumental in achieving a fossil free carbon cycle by 2050. Production of biomethane and biohydrogen is one of the few technologically and economically viable industrial-scale methods for capturing biogenic CO₂ and achieving negative emissions (carbon removals). Use of biogenic CO₂ (CCU) for e-fuel production or in industrial processes (e.g. in the food and beverage, chemicals, construction, steel sectors, etc.) where it can displace its fossil counterpart should be incentivised. Its contribution to the sustainable management of carbon should be clearly recognised in legislation, with a formal definition of biogenic carbon and its promotion under all the pertaining initiatives.

Recommendations:

- **Introduce a legal definition of biogenic CO₂** and allow for its legal recognition and standardised certification.
- **Establish a CO₂ single market** where biogenic CO₂ is expressly acknowledged and taken into account since its design, with a favourable legal treatment to incentivise its use.
- **Set specific targets for biogenic CO₂ capture, use and storage** under the 2040 Climate law to provide clear regulatory support to fulfil its role in achieving the EU's climate neutrality goals.
- **Establish a carbon credit system under the EU ETS** where biogenic CO₂ removal certificates could be traded to offset the obligation to surrender emissions allowances.
- **Set targets of biogenic CO₂ content** in sustainable and circular products and introduce mandatory quotas for the purchase of these products in public procurement contracts
- Develop a **CO₂ transport network** under TEN-E.
- **Recognise BioCCUS technologies** as strategic net-zero technologies under the NZIA.

Boost the adoption of bio-based fertilisers

Bio-based fertilisers, particularly those derived from digestate, are key enablers of a clean agri-food industry. They are essential for advancing Europe's circular bioeconomy, reducing reliance on carbon-intensive synthetic fertilisers, strengthening the EU's resilient supply of sustainable fertilisers and they also support the improvement of soil structure and health.

Recommendations:

- **Establish achievable EU standards for bio-based fertilisers producers** under the EU Fertilising Products Regulation by setting achievable requirements and introducing new input materials for digestate-derived products.
- **Implement a mandatory blending target for recycled nutrients in fertilisers sold at European level**, encompassing a wide range of organic waste streams, including urban sewage sludge, agricultural residues, manure, bio-waste from households, industrial organic solid waste and wastewaters.

Contact

Anna Venturini, Policy Director, European Biogas Association, venturini@europeanbiogas.eu

About the European Biogas Association (EBA)

EBA fully believes in the future potential of renewable gas in Europe. Founded in 2009, the association is committed to the deployment of sustainable biogas and biomethane production and use throughout the continent. EBA counts today on a well-established network of over 300 national associations and other organisations covering the whole biogas and biomethane value chain across Europe and beyond.