

COMMENT ON THE COMMISSION'S STRATEGY PAPER
FOR REDUCING METHANE EMISSIONS
(COM(96)557 final)

1. Eurogas has studied the Commission's strategy paper for reducing methane emissions, with particular reference to the proposals concerning gas. Eurogas shares the concern of EU policy makers for a better environment, including the policy objective of reducing all greenhouse gas emissions. In this respect, Eurogas welcomes the confirmation in the strategy paper that gas production and distribution account for only 8.8% of EU anthropogenic emissions sources of methane. Emissions of methane from gas industry operations in the EU constitute less than 1 % of annual world-wide anthropogenic sources.
2. Eurogas, however, is concerned that despite the recognition that the gas industry is not a major source of methane emissions, the strategy paper envisages a command and control approach to reducing its fugitive emissions. The proposals outlined are arguably tougher than those proposed for the other sectors. It has long been the policy of the gas industry for safety, operational, and economic reasons to prevent fugitive methane emissions. A variety of technological means and implementation strategies are employed. For the gas industry, leakage represents a revenue loss. In contrast other methane emitting sectors regard methane as a waste product ; they do not have the same economic incentive to act to reduce their emissions. Eurogas wishes to highlight its concerns about the context of the suggested measures for the gas sector, as well as the specific measures, which in its view reflect misunderstanding of gas industry operations.
3. Natural gas use is widely recognised as a means of reducing CO₂ emissions when it substitutes other fossil fuel use. Natural gas in combustion produces less CO₂ than either coal or oil for the same unit of energy (up to 30% less CO₂ than oil, up to 50% than coal, depending on the utilisation process and fuel quality). Moreover, Eurogas has estimated that as average methane losses in Western Europe are only about of 0.7% of throughput (derived from various studies made available in recent years), natural gas use retains its advantage as an instrument to combat climate change, and would continue to do so, even if losses were substantially above levels found in any European country. Leakage from natural gas networks would have to exceed 6% and 11% of throughput for natural gas to lose its comparative advantage with oil and hard coal respectively. When utilisation efficiencies of, for example, power generating applications are taken into consideration, the advantages of natural gas are even greater.
4. Eurogas reaffirms that increased gas use is one of the most favourable and feasible policy options for reducing CO₂ emissions in Europe, and this should be recognised. Instead,
 - although the Communication states that CO₂ *remains, however, for the future the main concern for global warming*, the approach of tackling methane emissions, not recognising in the case of the gas industry the integrated CO₂ policy reduction consideration, weakens the stated principle of tackling CO₂ as the main problem. The choice of a 20-year horizon is a particular matter of concern. The IPCC recommends 100 years as a basis for policy decisions with regard to fossil fuel use which is reaffirmed by the March EU Environment Council Conclusions.

- furthermore proposing measures which are not cost-effective and could involve heavy costs for gas companies, penalises and risks damaging the competitiveness of natural gas, with regard to other fuels emitting more greenhouse gases.
 - indeed the supporting material in the Communication shows that measures concerned with gas supply are among the least cost-effective, but this consideration is not taken into account in presenting the proposals. Policy should focus on those measures which offer the most advantageous cost-benefit relationship.
 - the Communication does not adequately recognise the continuing efforts of the gas industry to reduce methane emissions.
5. Eurogas reserves its strongest criticisms for the actual proposals for limiting methane emissions from natural gas pipelines.
- setting up of an EU leakage's standard
 - increase control frequency of pipelines at national level

Proposal to set up an EU minimum leakages standard

6. First, Eurogas would like clarification, as to what a *minimum leakages standard* means and whether a legislative instrument is intended. The figure of 350 m³/km/a year is cited. This figure has been taken from a report in which it was presented as an optimum leakage level for newest pipes in specific material. A gas network is a very complex system, which consists not just of pipelines but valves, compressor stations, pressure reduction and metering installations. It is impractical to talk of standards : sources are diffused (unlike for example landfills); common approved methods for accurate measurement are not defined and the most accurate methods would be very complex and costly. Furthermore, the figure of 350 m³/km/a year could not be met or applied in an overall system which consists of a variety of pipeline materials under a range of pressures. Even on the basis of the data within the strategy document, it is clear that the Commission is envisaging an approach which would require a massive investment to achieve an unreachable target, which would be uneconomic for the companies concerned, and which are not identified as cost-effective in the study to which the Commission refers.
7. Gas companies carry out on a regular basis replacement programmes of cast-iron lines ; this measure is part of their forward planning activities and budgets. With respect, however, to the suggestion that replacement programmes of cast-iron lines could be implemented according to specific time schedules, it should be considered that much remaining cast-iron piping, for example, is located in busy urban areas. This makes replacement expensive and, for practical as well as budgetary reasons, difficult to accelerate which would be implied by the present proposals.

Proposed inspection frequency of 800 km inspected each year

8. This proposal also needs to be re-examined. It is not explained how the Commission arrives at its assertion of present EU average control as 400 km/year/man nor how it concludes that doubling the frequency may result in a leak rate cut of 50%.

9. While some proportion of leakage might be lowered sooner than otherwise by this approach, it would yield nothing like the 50% envisaged and it would seem a very cost-ineffective way of achieving an unquantifiable reduction. More frequent inspection does not necessarily lead to more efficient detection. Increased rate of inspection should focus mainly on the sections of the systems where higher rate of fugitive emissions is suspected, (likely in practice to be low pressure sections of the system) which is the present policy of most gas companies.

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10. Eurogas assures the Commission that the industry expects to see further reductions in methane leakage because of its planned measures particularly as older parts of the system are replaced within industry programmes already in place. The foreseen increase in gas consumption should not lead to an higher emissions percentage.
11. Eurogas is ready to inform the Commission about the continuous actions of the gas industry to reduce fugitive methane emissions downstream.

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