

EUROGAS COMMENTS ON EU COMMUNICATIONS
(1) ENERGY DIMENSION OF CLIMATE CHANGE (COM(97)196)
(2) CLIMATE CHANGE - THE ROAD TO KYOTO (COM(97)481)

INTRODUCTION

1. Eurogas has issued the European gas industry's view - Natural Gas and Climate Change Policy - for the Kyoto Conference of the Parties to the UN Convention on Climate Change.
2. Within the policy framework set by that statement, Eurogas here gives its general views on the two climate change Communications issued by the Commission. *The Energy Dimension of Climate Change* (COM(97)196) and *Climate Change - the Road to Kyoto* (COM(97)481).
3. Eurogas has for a long time demonstrated awareness of and responsibility on environmental concerns, including climate change. The contribution which the gas industry can make to combatting climate change problems, and meeting greenhouse gas targets has already been highlighted in the Eurogas Code of Conduct "*The Natural Gas Industry and the Environment*", the brochure "*Natural Gas - a cleaner energy for a greener Europe*" and the brochure issued jointly with the International Gas Union (IGU) and with the European Technical Union of the Natural Gas Industry (MARCOGAZ) "*Climate Change - the Case for Gas*".

General Comments on the Negotiating Position for Kyoto

4. Eurogas hopes that the Conference of the Parties will be able to reach agreement on ambitious but realistic objectives for climate change policy. Eurogas recognises the EU's declared objective of reducing emissions of greenhouse gases by 15% for 2010 (base-year 1990) is a negotiating position. Eurogas considers that :
 - * all industrialized countries should make concerted efforts to tackle the problem
 - * means should be found of encouraging other countries to develop and implement complementary climate change strategies.

5. The analysis in the Commission's Communications confirms that all key sectors of the economy have a responsibility to co-operate with political decision-takers on meeting the climate change challenge. Eurogas confirms its readiness to participate in dialogue with regard to the energy sector in the light of the decisions of Kyoto, in order to identify realistic and cost-effective policy options, and to work towards successful implementation of agreed measures.

6. The comments below focus on the Communication specific to the energy sector. A few additional comments are made on the second more general Communication.

(1) **Communication : The Energy Dimension of Climate Change**

7. From the undisputed starting-point that the energy sector, among other economic sectors, produces CO₂ and other greenhouse gas emissions, the Communication *The Energy Dimension of Climate Change* examines potential areas for action in energy policy, and the implications of the choices available.

8. Eurogas agrees that a flexible range of policies and instruments will be necessary. Eurogas proposes that, as a general rule, opportunities of environmental negotiated commitments are explored in preference to command and control measures. Such an approach offers cost-effective means to achieve environmental goals. In its recently issued *Guidelines to Environmental Management Systems within the Natural Gas Industry*, Eurogas reaffirmed that environmental good practice can be effectively achieved on the basis of a voluntary approach by the industries concerned.

9. In assessing the policy options after Kyoto, to be developed on a cost-effective basis, Eurogas recommends

- * promotion of negotiated environmental agreements
- * promotion of dialogue with the natural gas industry about energy saving services
- * promotion of best-available energy technologies, including more energy efficient less polluting electricity generation, for example CHP and combined cycle gas turbines (CCGT) ; also gas fired refrigeration and air-conditioning
- * promotion of research and development into improved technologies in gas utilisation
- * promotion of fuel switching away from heavy CO₂ emitting fuels to natural gas which, as a *bridge to the future* offers a secure energy source well into the next millennium, and which because of its environmental properties generates on combustion substantially less CO₂ than other fossil fuels for the same amount of energy produced

- * promotion of integrated energy solutions, for example use of renewable energies with natural gas
- * promotion of natural gas in transport
- * promotion of mutually beneficial joint implementation activities with the gas industries of non-EU countries, Europe-wide and internationally.

10. In respect of the above points.

- * Eurogas regrets that the Communication does not lay more emphasis on some of these measures, particularly fuel-switching, and research and development into improved and new gas use technologies
- * It is a matter of concern that the Communication seeks to justify the proposal extending the Community system of minimum rates of excise duties to all energy products, as endorsing the Commission's environmental approach. The proposal risks penalising natural gas in relation to other more polluting fossil fuels, thereby inhibiting its market growth, and by running counter to the advantages to be gained from fuel switching leading to higher CO₂ emissions.
- * Eurogas seeks assurance that the policy of "transforming" energy companies into service companies will not involve bureaucratic instruments, such as the Rational Planning Directive, which is still on the table despite heavy criticism by the energy sectors and other parties including the Council of Ministers. Companies are developing flexible responses to customer requirements and ways should be found of encouraging these to evolve driven by market forces, rather than being imposed by legislation.

11. With regard to policy on CHP and renewables, Eurogas reserves its more detailed comments for the respective Communications.

12. Finally, Eurogas notes that the gas industry is very aware of its responsibilities on the methane issue, even although fugitive emissions from the gas chain are not a major source of methane emissions compared with other sectors. Eurogas has developed a constructive position on this issue in response to the Commission's strategy paper for reducing methane emissions (COM(96)557). Eurogas welcomes that the Communication on the Energy Dimension of Climate Change emphasises the approach of voluntary commitments with the gas industry in this area, rather than command and control measures.

(2) **Communication : Climate Change - the Road to Kyoto**

13. All of the above applies equally to the second Communication. With regard to the Communication, *the Road to Kyoto*, which largely draws on the earlier Communication in respect of what is said on energy policy, only a few additional remarks are offered.
- * Eurogas welcomes that the Communication is much more explicit than previous policy papers in calling for the largest efforts of the strategy to control greenhouse gases to focus on the main gas CO₂
 - * Eurogas notes that the Commission gives urgent priority to a strategy for the reduction of growth of CO₂ from transport, a sector forecast to continue as a main source of CO₂ emissions despite increasing fuel efficiency. The advantages of promoting a more widespread fuel switch to natural gas use in transport should be an element of this strategy
 - * Eurogas regrets that in considering policy on other greenhouse gases, the Communication is specific in identifying for the gas industry minimum leakage standards and more frequent control of pipelines as ways to be pursued. In its response to the Commission's strategy paper on methane (above para.12) Eurogas was critical of this narrowly defined approach, which is not cost-effective. Eurogas stresses the continuing importance of technical and policy dialogue on this issue already underway between with the Commission, to identify more effective and less costly ways of achieving reduction of methane emissions from the gas chain, based on a mix of measures.

CONCLUSIONS

14. Eurogas hopes that the Conference of Parties in Kyoto reaches agreement on common targets for CO₂ emission levels in 2010 (base-year 1990). Eurogas welcomes the Commission's intention, embodied in the two Communications, for a co-ordinated strategy on climate change. Eurogas will be available to co-operate in dialogue on the definition and cost-effective implementation of consequent measures.
15. Eurogas participates as a Non-Governmental Organisation in Kyoto, under the aegis of the International Gas Union (IGU).

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