

POSITION PAPER FOR BUENOS AIRES

INTRODUCTION

1. Eurogas, the European Union of the Natural Gas Industry, accepts the prevailing scientific consensus which points to shifts in world climate pattern, due in part at least to anthropogenic activities, notably the increasing emissions of climate change gases into the atmosphere in particular CO₂ from fossil fuel use. Eurogas hopes that the ambitious and hard-won consensus at the meeting of the Conference of the Parties in Kyoto in December 1997 can be realised. The next Conference of the Parties in Buenos Aires represents an important opportunity towards a more concrete framework for action. Eurogas confirms the contribution which the gas industry can make to achieving climate change policy objectives. By virtue of not just its chemical composition but also its ease and efficiency of use, natural gas can make a substantial contribution to the reduction in emissions of climate change gases, in particular carbon dioxide (CO₂) through displacement of other fossil fuels.

NEED FOR CONTINUOUS DIALOGUE

2. The realisation of climate change policy objectives within a framework of global sustainable development will be among the major challenges of the 21st century. The decision making in Buenos Aires will lie with Governments, but the implementation will require continuous dialogue with a wide range of parties, in order to develop cost-effective approaches, based on sound analysis and involving flexible options. Within a framework of objectives agreed with authorities, industry should be free to focus on policies and measures which offer the most advantageous cost-benefit relationships, and guarantee international competitiveness on a fair basis for global growth.

SUPPORT FOR EUROPEAN INITIATIVES

3. Eurogas supports a number of policy initiatives underway in Europe, which will reduce emissions of climate change gases :
 - increased share in electricity generation of CHP technology, for which natural gas is the fuel of choice

- promotion of renewables on an economic basis, of which the use of natural gas and renewables in combination offers an ideal approach
- energy efficiency and rational use of energy, to which policy, promoted on a market-oriented basis, the natural gas industry can make an important contribution
- a new emphasis on environmental agreements as a way of implementing policy. Such agreements can meet objectives on emissions' levels while in so far as they represent balanced cost-effective commitments suited to companies' concerns, they safeguard industrial competitiveness. Eurogas is currently considering follow-up possibilities for the gas industry.

OBJECTIONS TO ENERGY TAX

4. Eurogas does not agree with the imposition of new and additional taxes to achieve energy efficiency; in particular EU unilateral action would damage the competitiveness of European Industry. If, however, taxes are used as an emission control instrument they should be structured as a carbon-tax, encouraging fuel-switching to gas from other fossil fuels emitting more CO₂.

PROPOSED POLICIES AND MEASURES

5. Eurogas affirms its recommendations on policies and measures to reduce CO₂ by using natural gas.
 - Replace other fossil fuels which emit more CO₂ per unit of energy produced, by natural gas, in both the production of electricity, especially through cogeneration of heat and power (CHP), and in end-use applications.
 - Promote hybrid energy schemes
 - gas and renewables applications (e.g. gas used in combination with solar)
 - Stimulate energy efficiency in a market-based approach including :
 - greater consumer awareness generally of ways of conserving energy and using energy efficiently
 - promote research and development of more efficient gas combustion
 - development of energy efficiency standards
 - actions to encourage large users in co-operation with energy supply companies to agree energy efficiency programmes with national authorities.

- Promote natural gas as a motor fuel for vehicles.
 - Promote research and development of new energy efficient technologies in applications for using natural gas, including gas fired heat pumps for use in heating and cooling, and also development of fuel cell technology.
 - Stimulate technology transfer to developing countries
 - experience and know-how in gas supply
 - efficient gas end-use applications.
6. For its part, Eurogas notes that the European gas industry will address its responsibilities with regard to minimising ever further emissions of methane, also a greenhouse gas. The impact of these emissions, in any case, in no way negates the contribution gas can make to combatting climate change. The insignificant emissions of methane from gas industry activities are of a different order of magnitude than those from natural sources and other anthropogenic sources which are much higher.
7. Increasing gas use in replacement of other fossil fuels will also bring added-value benefits in terms of reduced emissions of sulphur dioxide, nitrogen oxides and solid residues.

ELEMENTS FOR AN EU IMPLEMENTATION STRATEGY

8. Eurogas supports the broad approach which the EU brings to the negotiating process in Buenos Aires. Specifically Eurogas,
- supports the development of indicative targets for climate change gases derived from a combination of the most cost-effective policies. The gas industry will co-operate with the EU and national authorities to contribute to the establishment of a sound emissions database for the gas sector and in the preparation of a shared analysis of the economic impact of the targets for climate change gas emissions.
 - agrees with the principle of flexible mechanisms. Their application should strengthen the possibility of achieving overall real reductions in climate change gases over time.
 - supports especially the principles underlying the approach on joint implementation which will offer very important opportunities to meet targets on emissions levels.
 - supports the clean development mechanism which will enable developing countries to co-operate in a co-ordinated way in climate change policy.
 - considers that the system should be transparent at global level, and caution should be exercised on any use of public funds in project funding, to avoid the possibility of introducing market distortions.
 - considers that a common global framework approach should be set up for emissions trading, which avoids market distortions. In view of the complexity of developing a trading system, the approach should be staged, initially trading in CO₂ and later, when there is more certainty about their sources and measurement, in other climate change gases expressed as CO₂ equivalent. The system should allow opportunity for private entities to trade.
 - endorses the importance of establishing transparent and reliable monitoring mechanisms world-wide.
9. Eurogas expresses the wish that the EU should ratify the Kyoto Protocol parallel to other major Parties, especially the USA and Japan. Benefits of an unilateral action would be rather limited without support of other Players. The EU should make best efforts to achieve real reductions in climate change gases which will meet policy objectives, underpinned by transparent and reliable and fair modalities. Also, non Annex 1 developing countries in particularly those which are more advanced economically and industrially, should be encouraged to engage in efforts within the framework of objectives set by the Protocol.

