



Eurogas sets ambition to develop a carbon neutral gas sector before 2050

Eurogas, the European gas industry association, holds an established commitment to the Paris Agreement, 2050 climate neutrality and 55% emissions reductions by 2030. The European gas industry sees that the gas sector alone could be carbon neutral before 2050. A recent study of DNV GL, commissioned by Eurogas, shows that this could be cost-effectively achieved not much later than 2045. This will be possible only if the EU legislative packages developed in the coming years deliver an enabling framework in favor of gaseous fuels, allowing a fast transition away from coal to natural gas and a progressive transition from natural gas to renewable, decarbonized and low-carbon gases.

Meeting the EU's ambitious climate and energy targets, in the most cost-effective way, requires a multi-vectored approach across all sectors. It requires an integrated energy system, that delivers energy efficiency improvements, growing shares of renewables and the progressive decarbonisation of electricity and gas. The European Commission's Climate Target Plan and the Eurogas Pathways study by DNV GL confirm this. Both foresee a strong role for gaseous fuels in a climate neutral 2050.

The delivery of a carbon neutral gas sector before 2050 could be possible if:

Urgent, targeted action to decarbonise the gas sector is taken. The EU cannot afford to wait until carbon pricing signals are in place and must start delivering appropriate investment signals. Eurogas advocates for a binding 2030 EU target to reduce the greenhouse gas intensity of gas consumed in Europe by at least 20% compared to 2018. At the same time a binding 2030 EU target of at least 11% of renewable gas is needed to deliver a long-term sustainable pathway. It must be accompanied by a competitive internal energy market that ensures security of supply and promotes the integration and trading of renewable and low-carbon gases, including through a liquid and tradeable pan-European market for certificates and Guarantees of Origin.

Gas decarbonisation technologies are supported by research, development and investment, to reach commercial maturity. Biomethane, electrolysers, biogenic hydrogen production, hydrogen filter technologies, hydrogen ready end-user equipment, methane pyrolysis, carbon capture, storage and utilisation, as well as carbon dioxide removal technologies and hydrogen storage have different technology and commercial maturity levels but are without alternative for the long-term cost-effective decarbonisation of the EU.

Realistic and pathway-oriented policy, regulatory and financing frameworks are developed. Switching from coal and oil to gas in power, industry, transport, and heating can deliver significant and fast emissions reductions in many parts of the EU. The supporting frameworks should set the course for cost-effective delivery on targets considering the strategic role of gas infrastructure for security of supply, system resilience and ability to support the system-wide energy transition in the most cost-effective way. Energy system integration and a move to a more decentralised energy system requires that adequate consideration be given to the distribution infrastructure and connected end-users. Aforementioned gas decarbonisation targets prevent carbon lock-ins by guaranteeing the steady decarbonisation of gas use.



The benefits of the existing gas infrastructure and connected end-users are leveraged. An enabling regulatory framework covering renewable and low carbon gases in heating is needed. It must be recognised that a forced technology change to other heating systems would lead to massive investment needs and re-utilising the existing heating technologies and gas infrastructure assets will be the most cost-effective approach in many parts of Europe. Moreover, blending hydrogen with natural gas into existing gas networks must be recognised as an enabler to accelerate the development of a hydrogen economy. While pure hydrogen networks will become essential in the mid to long-term, blending of hydrogen in the existing gas infrastructure is the quickest and most cost-effective route to integrate renewable and low carbon hydrogen production. It enables the rapid creation of a market for hydrogen, the injection of large volumes of hydrogen in the short-term.

Carbon pricing is used to send appropriate, cost-effective investment signals to end-users. Eurogas supports a strengthened EU Emissions Trading System and the extension of carbon pricing through a well-designed, market-based system to sectors not currently covered. The mid to long-term goal should be the inclusion of heating and transport into the EU ETS. The carbon abatement costs can vary significantly between these difficult to decarbonise sectors and depending on local circumstances. The Energy Taxation Directive should introduce transitional measures that give Member States flexibility to rapidly give targeted investment signals to end-users, while at the same time ensuring a harmonized approach that will facilitate the transition to carbon pricing through the EU ETS in these sectors. The EU ETS reform should also valorise Carbon Dioxide Removal technologies, which are needed to meeting EU climate targets.

Methane emissions are managed responsibly. The increased ambition to 55% GHG emission reduction by 2030 put forward by the Commission means that additional commitment is needed to address all greenhouse gases rather than just CO₂. Higher commitments mean more investment requirements and to this end cost-efficient solutions should be pursued. As a signatory of the Methane Guiding Principles, an active participant to the development of the OGMP 2.0 reporting framework, and with members active in OGCI and the OGMP 2.0, we welcome the focus, already expressed in the Methane Strategy, on Measurement, Reporting and Verification, Leak Detection and Repair across the value chain. We believe that a clear pathway and a supportive regulatory framework can help address the issue of methane emissions more comprehensively across Europe both within the gas value chain itself but also by building on sector integration and methane mitigation across agriculture and waste sectors through waste-to-energy and biomethane production for instance.

A level playing field to leverage the potential of all viable decarbonisation options is developed. EU policies for all technologies and energy carriers should be based on a full life-cycle analysis, which considers greenhouse gas emissions and avoidance costs, covering energy, infrastructure and end user equipment costs. Policies and economic evaluations must integrate the costs and benefits for the energy system and other sectors and give adequate price signals to end-customers. Energy system costs, including incentives and subsidies should be allocated without cross-subsidisation between energy carriers.