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Tripartite Contract for Biomethane

Eurogas policy recommendations

Purpose of this paper

This paper sets out key milestones and recommendations to support the creation of a single, integrated biomethane market in Europe. It is intended as a strategic input to guide the European Commission in the development and implementation of the recently announced tripartite contract for biogas and biomethane deployment in the EU[1].

The tripartite contract presents a timely opportunity to foster discussion and collaboration, with a view to solve existing barriers in the EU biomethane market. This initiative comes at a crucial moment, as the EU prepares for discussions on the post-2030 climate and energy policy framework.

Key considerations

Creating a functioning biomethane market requires coordinated action across the entire value chain. Challenges are not limited to production or cost, but also include long-term feedstock availability, high operational costs, limited visibility of demand and lack of regulatory support and certainty. Addressing these interlinked barriers calls for a holistic, cross-sectoral approach.

Recommendations and next steps

This paper defines milestones in strategic areas identified by the European Commission. To ensure success, the European Commission is urged to follow and implement the recommendations below in a timely and coordinated manner, with the support of public and private stakeholders representing the entire value chain (including producers, off-takers across sectors, infrastructure operators, and the agricultural sector).

[1]Action 4, Roadmap towards ending Russian energy imports.

Strategic action areas

1. **Single market**
    a. Production
    b. Subsidy schemes
    c. Consumption
    d. Transport infrastructure
    e. Certification
2. **Coordination**
    a. ETS
    b. CountEmissions EU
    c. FuelEU Maritime
    d. EPBD
3. **Strengthen cooperation across Member States on issues relating to biomethane**
    a. Best practices and successful experiences
    b. Certification and compliance mechanisms
4. **Make biogases more affordable through circular (bio)economy business models with biogas, digestate and biogenic CO_2**
    a. Biogenic CO_2/carbon
    b. Certification
    c. Agricultural sector involvement
    d. Digestate
5. **Support Member States to optimise permitting processes**
    a. Transposition of EU policies
    b. Guidance
6. **Engage stakeholders across the chain, before and after biogas happens**
    a. Local communities
    b. Agricultural operators
7. **Produce biogases from the same feedstock, i.e., retrofitting AD plants**
    a. Retrofitting of biogas plants

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Milestones to streamline the achievement of the objectives in the strategic action areas

For each of the strategic action areas identified, Eurogas proposes a set of key milestones to guide implementation and ensure measurable progress towards the creation of a single biomethane market in the EU.

1. Single market

Production and consumption

- Stimulate biomethane production with a **legally binding biomethane production target**, starting at 35 bcm in 2030. Looking beyond 2030, the European Commission should start considering a dedicated production target for 2040 to provide long-term visibility and drive investments.
- Support an approach that allows biomethane producers the flexibility to choose between the averaging methodology and a feedstock-specific calculation for the respective mass balance period. This could be done by clarifying the interpretation of Annex VI(B)(1) so that "*n feedstocks*" refers to a "defined mixture of n substrates" comprised of any n feedstocks – any feedstocks chosen by the producer – rather than implying the use of "all feedstocks". Alternatively, this could be addressed with the revision of the RED Annex VI legal text.
- A functioning market requires not only supply but also robust and certain demand. To achieve this, it is important to explore and implement **incentives** that encourage biomethane consumption by off-takers:
    - **Explore and operationalise the concept of lead markets** in a technology-neutral manner, ensuring a level-playing field across decarbonisation solutions, including biomethane. Consistent with the Commission's own proposals, the labels should reflect both the carbon intensity and the energy source of the product, making it applicable to both low-carbon and renewable-based products.

Subsidy schemes

- Support the scale up of European production with **targeted subsidy schemes**, while safeguarding internal market rules.
- **Prioritise accounting rules under the RED** to ensure transparency, consistency, and facilitate cross-border trade through mutual recognition across Member States.
- Potential **market distortions** related to cumulation of State aid **should be monitored and swiftly addressed**, ideally during the design and approval phases of the support schemes, to avoid hindering cross-border trade of biomethane.
- Clarify the use of subsidised biomethane, particularly for compliance with RED, FuelEU Maritime and ETS quotas distinguishing between different support schemes (CAPEX, OPEX, fiscal, financing**)**. We encourage establishing an **inventory of national support schemes**, i.e., centralised and EU-wide mechanism where MS can publish information in a standardised format. The Biomethane Mechanism, currently under development by DG ENER TF.1, could fulfil this role.

Transport infrastructure

- **Rely on existing gas infrastructure** to facilitate the integration of decarbonised fuels such as biomethane. The current transmission, storage, and distribution systems are technically capable of handling these gases, which also contribute to energy security through local production and alignment with circular economy principles. As biomethane is molecularly identical to conventional natural gas

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yet nearly net-zero in emissions, it is fully compatible with existing networks and offers an effective pathway to accelerate the transition to climate neutrality.

- **Ensure that infrastructure planning in the EU is carried out in an integrated manner** to support a cost-effective and resilient energy transition. Therefore, future grid development should be holistic and coordinated, encompassing the networks for methane, CO_2, hydrogen and electricity, so that synergies are maximised, investments optimised, and cross-sectors decarbonisation effectively enabled.
- **Ensure that increasing volumes of biomethane can be effectively integrated into the European gas market**. A key technical challenge is manging situations where local biomethane production at DSO level, typically in summer, exceeds local demand. To avoid curtailing production, grid planning should assess cost-effective technical solutions. This may include enabling reverse flows where relevant to make full use of available injection capacity.

Certification

Union Database

- **Clarify the exact rules** for the Union Database implementation and enforcement timeline.
- Use the Union Database as the **sole certificate transfer mechanism** ensuring traceability and preventing double counting.
- Solve inconsistencies in biomethane accounting within **RES SHARES** that are impacting cross-border trade for compliance purposes. While we support the full deployment of the UDB as a means to cross-check national biomethane statistics, we also advocate for an interim solution to be implemented before the UDB is fully operational.
- Ensure the effective interface and synchronisation of Guarantees of Origin (GOs) in the Union Database as mandated by the RED III, while supporting Proofs of Sustainability (PoSs)-based compliance mechanisms to prevent fragmentation of the internal market.
- The Union Database should also contribute to removing technical barriers related to national and cross-border registries. This can be achieved by ensuring **bi-directional connectivity** between national and GO registries and the Union Database, as well as **interoperability** among national GO registries, including those operating under the AIB and ERGaR systems.
- **Include third country imports** under the Union Database when demonstrating the fulfilment of equivalent sustainability and GHG emission reduction criteria.

GHG Protocol

- **Deepen understanding of the challenges within the GHG Protocol** related to the recognition of market-based instruments and the broader impact it has on the renewable gases market, through the cooperation established under the tripartite contract. In this context, Member States and the European Commission should engage more proactively with the GHG Protocol to ensure these issues are appropriately addressed.

2. Coordination

Ensuring consistency and coherence between the RED and other EU legislation is paramount to ensure that consumption of biomethane is incentivised:

ETS

- Guarantee that biogas and biomethane remain eligible for **exemption under ETS and ETS2**, in line with the existing regulatory framework.
- Ensure **equivalence and alignment of certification and verification processes** between the RED and ETS, notably those related to sustainability and GHG savings requirements. To avoid duplication and

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minimise costs, the same accredited verifier should be allowed to perform compliance checks and certification of installations under both Directives.

- Address the **misalignment in transposition timelines**. ETS installations must comply with the RED biomass sustainability and GHG savings requirements to be considered zero-rated. While RED II criteria apply until 21 May 2025, RED III comes into effect on 21 July 2025. Many Member States will miss this deadline, creating legal uncertainty for ETS operators who may be expected to comply with RED III criteria before they are formally adopted in national legislation. This gap could result in sustainable biomass being temporarily classified as fossil fuel, undermining compliance and investment certainty.

CountEmissions EU

- Acknowledge the full decarbonisation potential of the use of biomethane in road transport. In light of the upcoming reform of the CO_2 Emission Standards Regulations planned in 2026, Eurogas recommends introducing an emissions accounting methodology that is considering **energy lifecycle emissions instead of tailpipe emissions**, as already included in the CountEmissions EU initiative.

FuelEU Maritime

- **Recognise both physical liquefaction and liquefaction by equivalence as valid, equally important and viable pathways to decarbonise** heavy-duty transport. A level-playing field can be supported in parallel with the following measures:
    - Revision of Implementing Regulation 2022/996: it should clarify that a physical liquefaction step is not required when converting consignments of energy from gaseous into liquid state, provided the LNG terminal is part of the same mass balance system.
    - Review of RED Annex VI: the revised annex should confirm the ISCC methodology, which uses a default value based on typical EU liquefier energy consumption data multiplied by the national electricity mix.

EPBD

- **Support the deployment of biomethane for use in the residential sector** as a fully compatible fuel with the vast majority of appliances already in use in European homes, such as gas boilers and heating systems. This is particularly relevant where alternative decarbonisation solutions, like full electrification, often require costly renovations, new equipment, or electrical upgrades that many households cannot afford.
- **Introduce the 'green contracts' concept in national law**, as renewable gases are expected to play a fundamental role in the cost-efficient decarbonisation of new and especially existing buildings. In order to ensure the decarbonisation via green molecules and to comply with requirements imposed at EU and/or Member States level, green contracts are a simple tool to ensure that the consumer can opt for green molecules and prove he has done so to meet its building decarbonisation objectives.
- **Enable the use of biomethane in co-generation systems** to decarbonize the heating sector in certain countries with efficient district heating and cooling infrastructure already in place.

3. Strengthen cooperation across Member States on issues relating to biomethane

Best practices and successful experiences

- Encourage the **exchange of best practices and successful experiences**, such as the development of the biomethane sector in countries like France, to inspire and support similar initiatives across Member States.

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Certification and compliance mechanisms

- **Overcome fragmentation across Member States** through harmonisation and the removal of national barriers. In particular, priority should be given to the consistent implementation of RED rules on certification and use of the Union Database, the recognition of Proof of Sustainability as the key compliance instrument, clear and uniform sustainability definitions, and the mutual recognition of certification and audit rules.

4. Make biogases more affordable through circular (bio)economy business models with biogas, digestate and biogenic CO_2

Biogenic CO_2/carbon

- **Adopt a legally sound, harmonised, and coherent definition of biogenic CO_2/carbon** to ensure consistent implementation and interpretation of the rules across all Member States within the CRCF framework.

Certification

- Once a definition is in place, **reliable certification schemes should also be developed**, ensuring the traceability, sustainability, and climate performance of CO_2/carbon sources.
- In parallel, a pragmatic and efficient **trading system should be put in place** to facilitate the free trade of certified biogenic CO_2/carbon.

Agricultural sector involvement

- Engaging the agriculture sector will be essential to unlocking cost-effective biomethane development. To reduce the cost of procuring agricultural waste and residues:
  - **Establish circular models** in which biomethane developers obtain agricultural waste at reasonable cost, while supporting farmers by managing their residues and returning digestate free of charge;
  - Position biomethane production as a **practical tool to lower emissions** from agricultural activities.

Digestate

- **Promote digestate's direct application** to agricultural soils as an organic fertiliser.
- **Fully acknowledge the potential of RENURE**[2], which delivers multiple benefits closely aligned with the Union's economic, geopolitical, and environmental objectives. While we recognise that the European Commission has proposed certain amendments to the Nitrates Directive, it is essential that these are effectively implemented to ensure no legal barriers hinder the use of this organic fertiliser.

5. Support Member States to optimise permitting processes

Transposition of EU policies

- **Fully transpose EU policies** aimed at accelerating permitting processes. Lengthy permitting procedures remain one of the key bottlenecks for biomethane deployment in the EU, with average project lead times reaching up to four years. To prevent further delays in project development, Member States must ensure the full and timely transposition of EU policies aimed at accelerating permitting processes under the RED III and Net Zero Industry Act (NZIA).

Guidance

[2] RENURE is an organic fertiliser derived from manure through processing (REcovered Nitrogen from manURE).

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- **Provide clear guidance to support biomethane developers** throughout the permitting process. This should include realistic assessments of production potential, approved facility types, strategies to improve social acceptance, and best practices.

6. Engage stakeholders across the chain, before and after biogas happens

Local communities

- **Streamline the involvement of local communities**, along with targeted awareness and education initiatives, must be central. Such public understanding should be grounded on its benefits: sustainability, domestically produced, socio-economic advantages, particularly for rural areas. It can stimulate local communities by creating new jobs, supporting farming communities and promoting regional development.

Agricultural operators

- **Ensure continued collaboration between biomethane developers and agricultural operators**. This collaboration would ensure a steady supply of feedstock (such as manure, residues, and intermediate crops) over a long-term period (at least 15/20 years). Securing consistent access to feedstock at reasonable costs remains a significant challenge in expanding biomethane production.

7. Produce more biogases from the same feedstock, i.e., retrofitting the existing AD plants

Retrofitting of biogas plants

- Encourage Member States to **integrate retrofitting into national energy and agricultural strategies**.
- **Provide an economically sustainable framework** to support the upgrading of existing biogas plants into biomethane plants, by facilitating their connection to distribution grids and offering the necessary incentives to upgrade existing infrastructure to accommodate renewable gases.

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