

STATEMENT ON THE REFORM OF THE EU GAS MARKET: ACCELERATING THE DEVELOPMENT OF RENEWABLE AND LOW-CARBON GASES

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GasNaturally represents the European gas value chain. Our mission is to enable the EU's decarbonisation in the coming decades – both in hard-to-abate sectors, such as heating, that cannot be fully electrified for technical or economic reasons, as well as sectors where a mix of solutions will be required to fulfil demand up to and beyond 2050. Gas can create immediate carbon reductions and is the catalyst for enhanced renewable energy capacity. We work to decarbonise our sector and call for binding 2030 EU targets to reduce the GHG intensity of gas by at least 20% compared to 2018 levels and increase demand for renewable gases of at least 11% in terms of energy content of gas consumed.

The review of the EU gas market framework in December 2021 presents a clear opportunity to confirm the role of molecules in the EU energy transition by developing a framework to accelerate the development of **renewable and low carbon gases**, both in gaseous and liquid form. This acceleration will bring huge benefits to the whole energy system. Renewable and low carbon gases offer viable solutions for a net-zero economy and provide flexibility during the transition, leveraging the already existing well-developed energy infrastructure.

The key objective of the Third Gas Package – the completion of the Internal Gas Market – has largely been achieved. In this context, GasNaturally believes the development of a market for renewable and low carbon gases should take place within the existing framework for natural gas.

To that effect, we recommend that the upcoming legislation addresses the following: **(1) enhancing the current natural gas market functioning and (2) fostering rapid scale-up of renewable and low-carbon gases into the market to reach the EU's decarbonisation objectives.**

For these reasons, the review of the EU gas market framework should:

- Acknowledge the role of **natural gas as an enabler of the transition.**
- Ensure that the regulatory framework for decarbonisation provides a **level-playing** field for renewable and low-carbon gases, including, biomethane and hydrogen, building on the achievements of the Internal Gas Market.
- Acknowledge the role of **existing gas infrastructure**, including to integrate hydrogen and biogas / biomethane **by retrofitting and repurposing pipelines.**
- Include **incentives for the production and consumption** of renewable and low-carbon gases in a manner that is consistent with other policy instruments.
- Enhancing **consumer protection** by extending consumer benefits, including the ability to switch suppliers and provisions to support energy communities.
- Ensure the **credible, robust, and manageable certification of renewable and low-carbon gases**, building on the guarantees of origin under RED II, to value their life cycle GHG intensities.
- Avoid **undue gas quality restrictions** at system entry point and **allow for blended products.**
- Incentivize the **role of CCUS** in reducing GHG emissions and the production of **low-carbon hydrogen**, while also scaling up the production of **renewable hydrogen.**
- Leverage the benefits of **biogas and biomethane** in terms of valorising otherwise emitting waste products and diversifying income in rural areas.