



EBA's recommendations

*Revision of the Third Energy Package for Gas
(Gas Package)*

Version of 21/06/2022

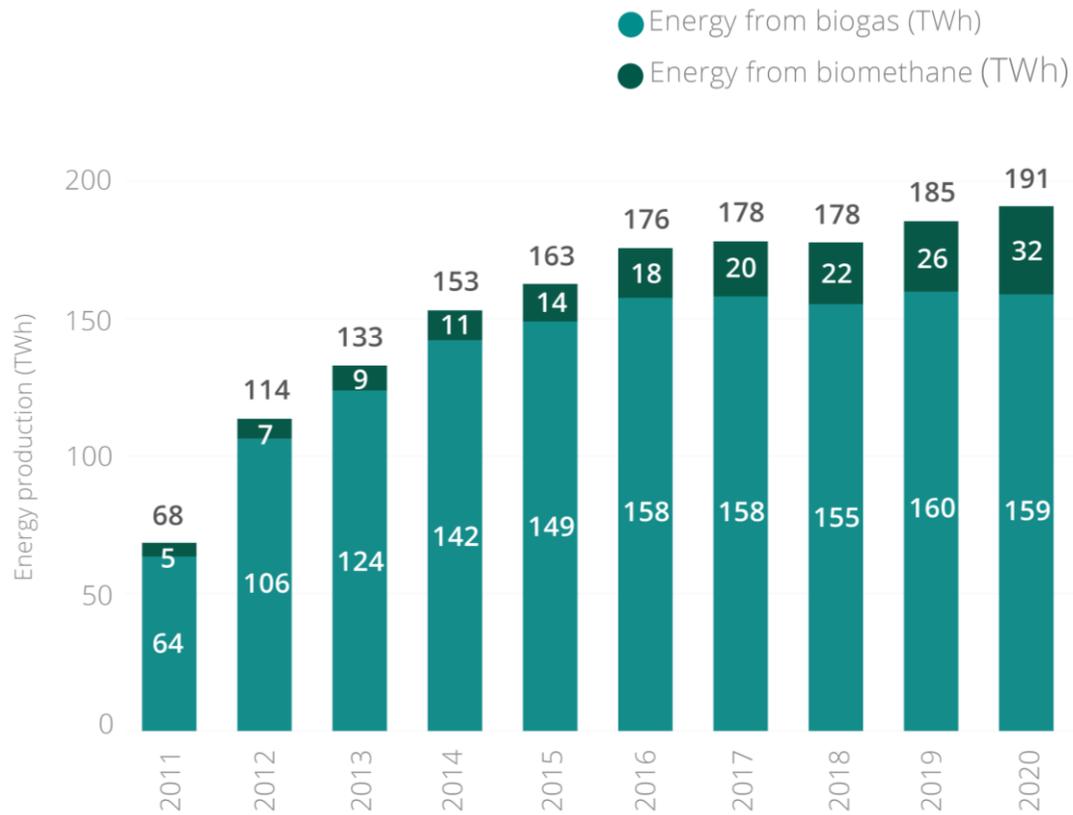




Background – Biomethane can contribute significantly to the urgent need for energy security

Biomethane is a growing renewable energy in the European Union

Biogas and biomethane combined are equivalent to 4.6% of the natural gas consumption of the EU



Scope: EU, EFTA, Ukraine and Serbia. Source: European Biogas Association

- Biogas and biomethane in 2020: **191 TWh** or **18.0 bcm** of energy
- They are already the **5th** renewable energy (11%) produced in EU
- Increasing share of **biomethane (3 bcm in 2020)**
- **Germany and Italy** are the EU countries with the highest biogas + biomethane production.

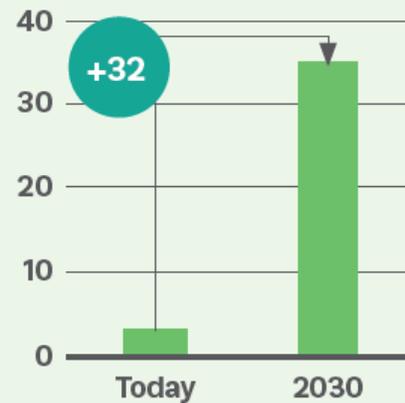
Biomethane can contribute to energy security and climate objectives by replacing 10% of today's EU gas demand by 2030

Scale-up efforts: REPowerEU



The potential is strong enough to deliver 35 bcm in 2030

From 3 bcm biomethane production today to 35 bcm EU-27

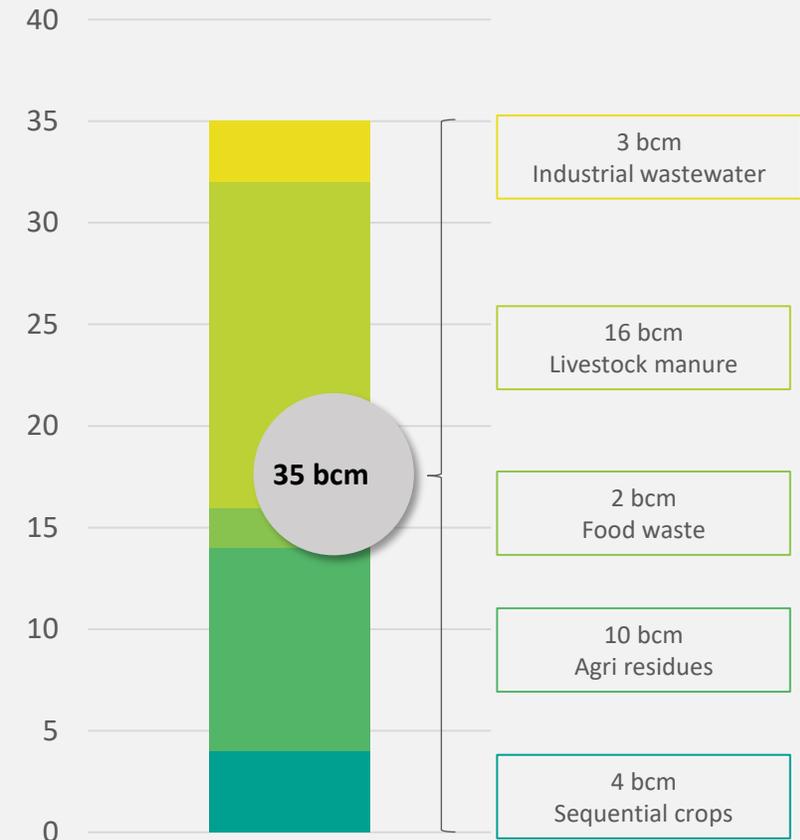


Equivalent to 10% of today's natural gas demand



20% of gas imports from Russia

This scale-up can be done using only sustainable feedstocks

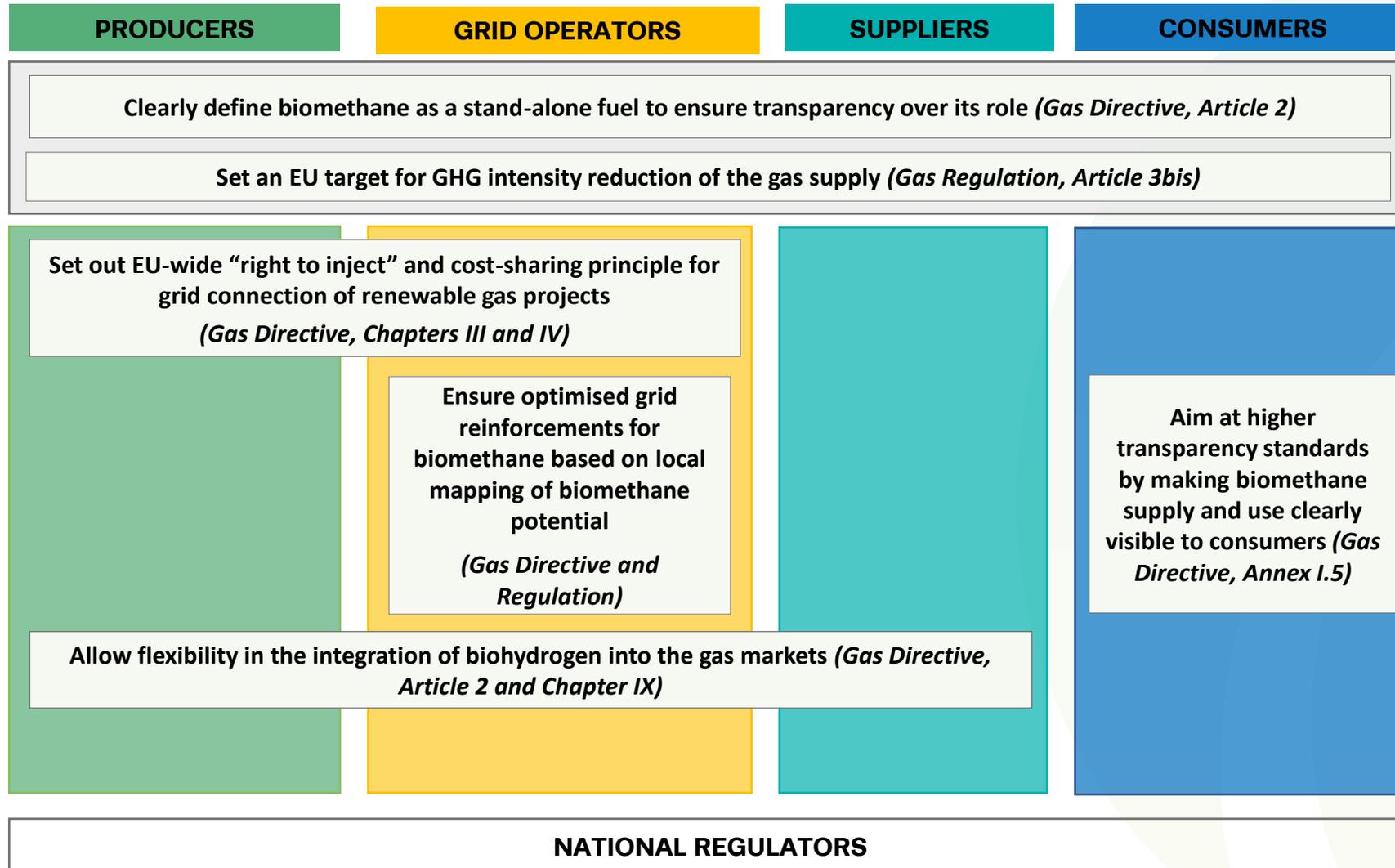


Source: EBA and Common Futures, 2022



How can the Gas Package remove barriers to biomethane integration in gas networks? Our recommendations

Overview of EBA's recommendations



Three focal points for the European biomethane industry

GRID CONNECTION

Before

Legal gap and financial burden for biomethane producers !



Right to inject proposed 
Financial burden not addressed !

Proposal



Right to inject should be kept and improved
Cost-sharing principle

GRID REINFORCEMENT NECESSARY FOR BIOMETHANE UPTAKE

Before

No cost-efficient approach to grid reinforcement !



No cost-efficient approach to grid reinforcement !

Proposal



Optimised grid reinforcement based on local long-term biomethane potential and oversight of Regulator

SUPPLY-CHAIN DRIVER

Before

Lack of driver and signal providing long term certainty to the value chain and investors !



No EU decarbonization target of gas sector !

Proposal



EU target for GHG intensity reduction of gas consumption: at least 20% by 2030 compared to 2018



Focus on grid connection

Focus on grid connection: EU and national laws must secure a right to inject with cost-sharing rules for the grid connection



Issues hampering injection of biomethane

Legal gaps

- × DSOs not obliged to connect a plant located outside a gas-served area
- × Lack of priority access of renewable gas against fossil gas in order to provide firm capacity to biomethane

Financial constraints

- × Full financial burden on biomethane producers
- × Grid operators not allowed to and limited in investing in grid connections



EU-wide right to inject for biomethane producers

Including when located outside gas-served areas

- Priority connection for renewable gas against fossil gas **×** *Not clear in the Commission's proposal*
- Technical and economic criteria for assessing grid connection requests defined by the national regulator ✓
- Firm capacity ensured by network operators ✓
- Cooperation between network operators to ensure firm capacity ✓
- Time limits for the network operator to assess the request, make an offer and implement **×** *The principle is lacking in the Commission's proposal*



Cost-sharing of grid connection

Proposal of the EBA

- Principle of cost-sharing between renewable gas project developers and network operators in the Gas Directive
- This should include the case of shared connections between several producers to avoid the practice of "first come, first paying"
- Levels of cost-sharing and terms to be determined at national level



Focus on grid reinforcements

- *Grid reinforcements ensure continuous injection of decentralised biomethane production into the networks*
- *The Commission's proposal does not provide an approach to grid reinforcements that ensures that these are performed in a transparent, effective and cost-efficient way by the distribution and the transmission operators*
- *How to fix this? The EBA proposes an approach inspired by the successful French practice*

Grid reinforcements – Three main types of grid reinforcements

Definitions

“**Network reinforcements**” aim at adapting transmission and distribution networks to very distributed injections of renewable gases (especially biomethane) across the territory, in order to ensure continuous injection by the producers.

From the distribution system to the transmission system

Reverse flow units

Physical facility compressing the gas from the distribution system to send it back to the transmission system allowing its consumption in a wider area

Distribution systems

Network meshing

Building of pipes in the distribution system to connect two or more local consumption areas (e.g. two nearby municipalities) to accommodate local injections of biomethane

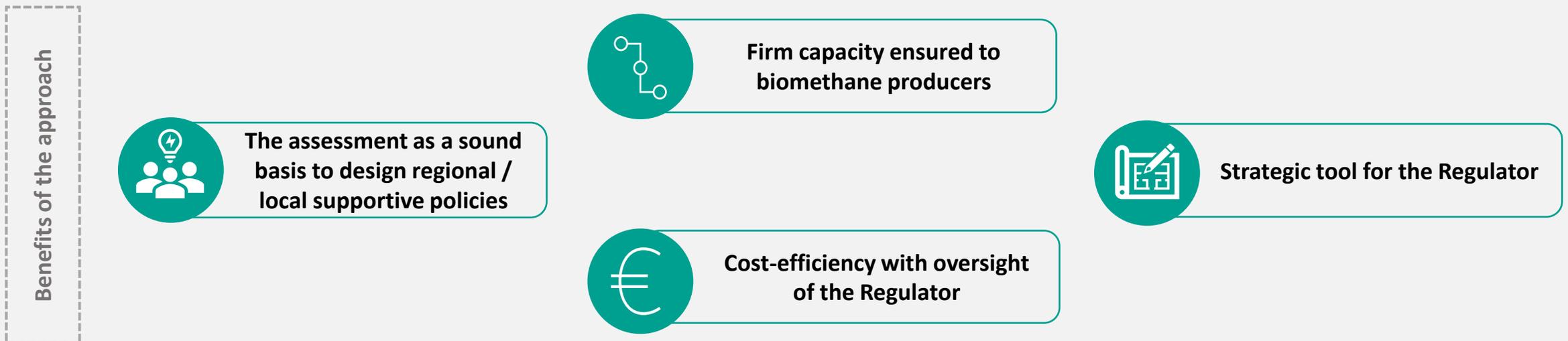
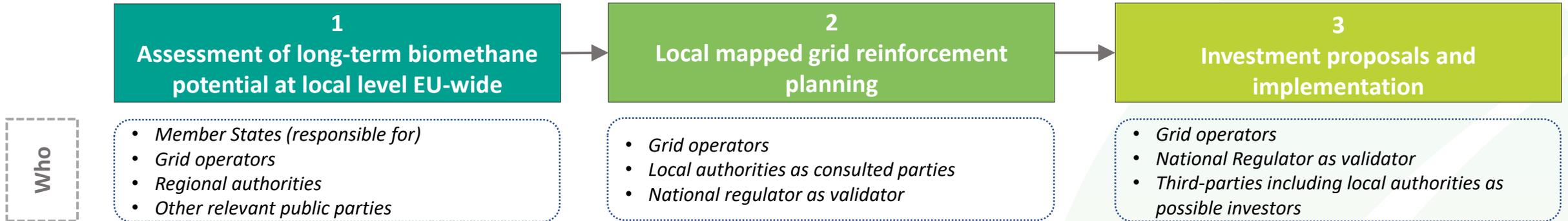
Distribution and transmission systems

Smart gas grids

Digital instruments set on the networks and digitalization of operation centres to enable remote operation of the networks and dynamic flows of gas

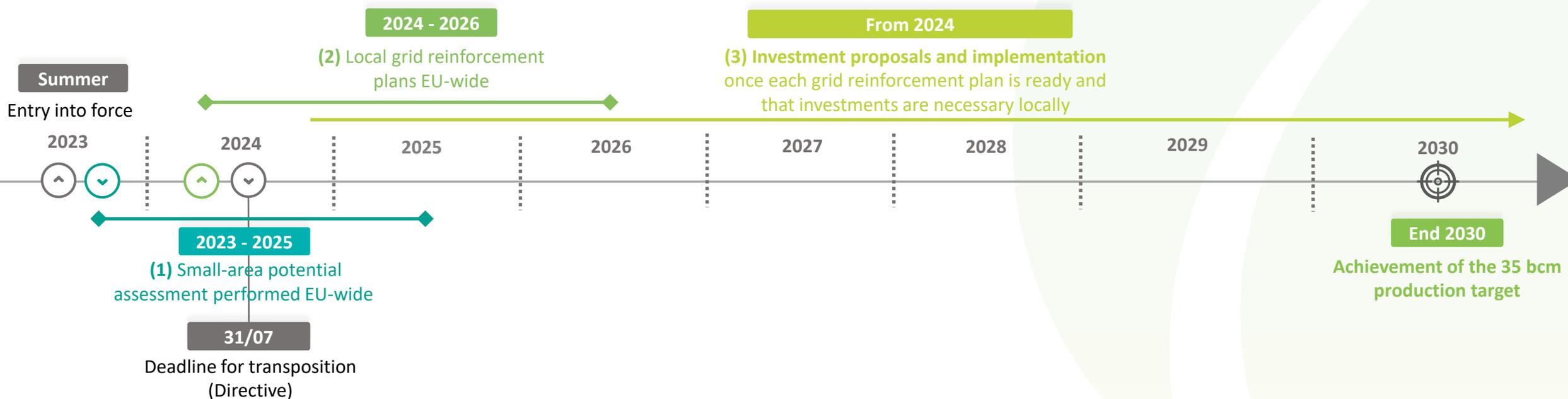
Grid reinforcements – A forward-looking and cost-efficient approach in three overlapping steps

Concept and benefits



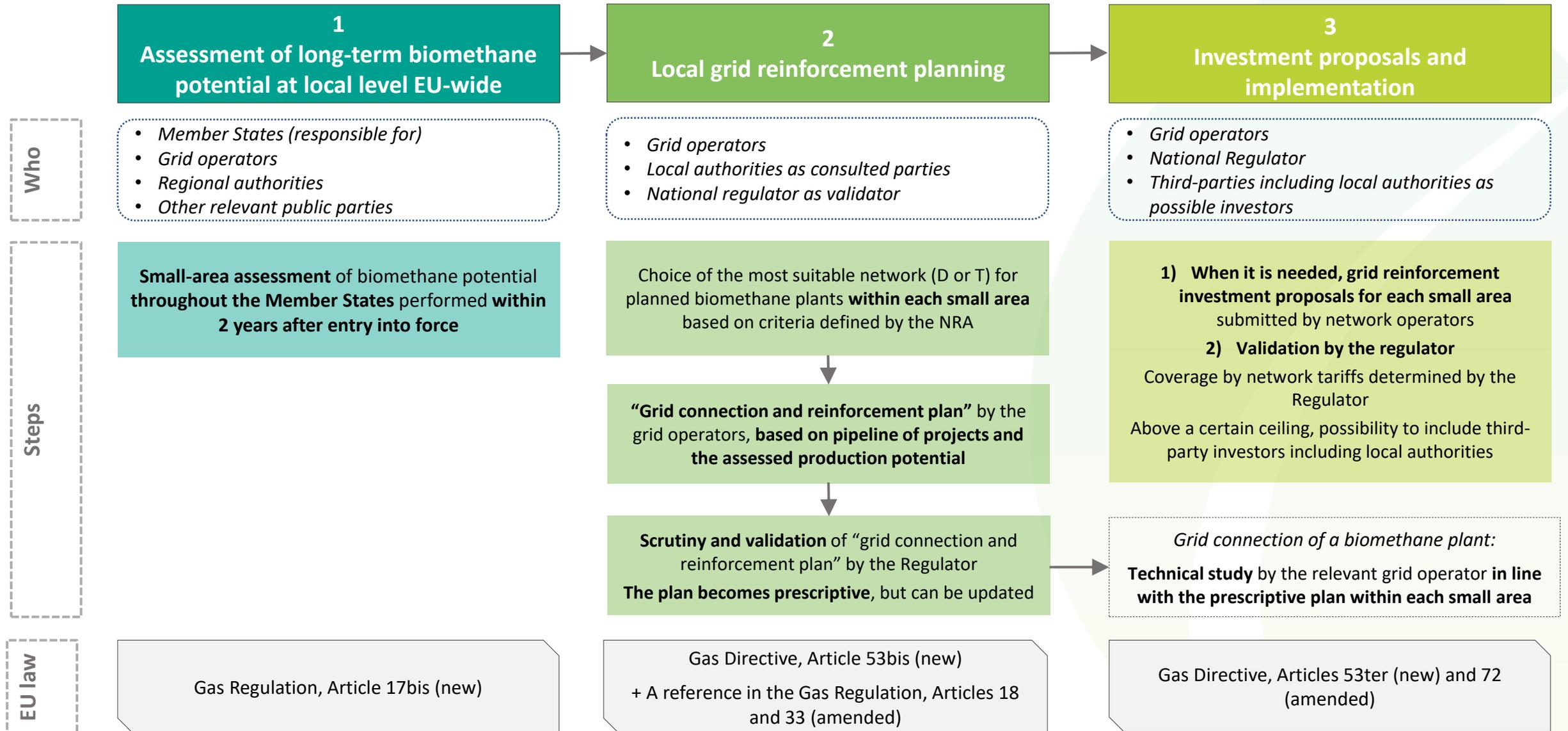
Grid reinforcements – Three overlapping steps to prevent barrier to decentralised biomethane injections

Timeline



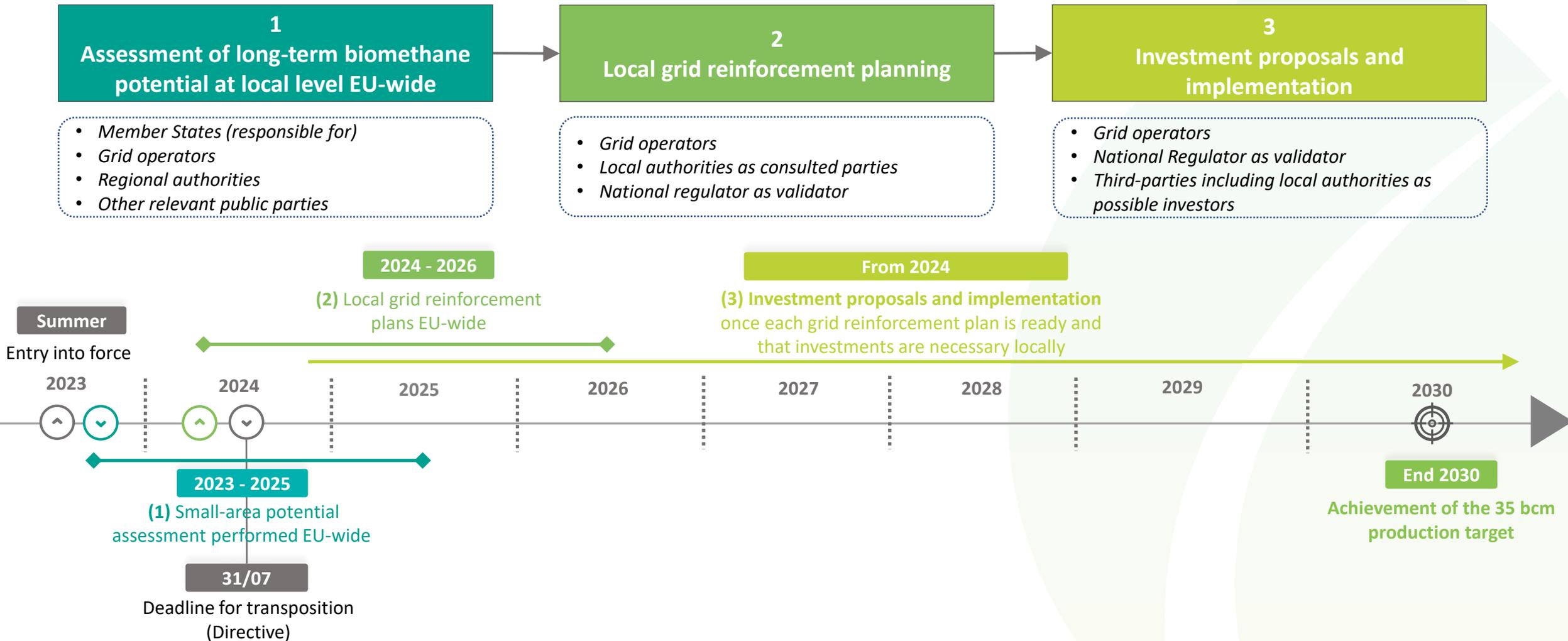
Grid reinforcements – A bottom-up approach to network planning adapted to decentralised biomethane production

Detailed process



Grid reinforcements – A bottom-up approach to network planning adapted to decentralised biomethane production

Synthetic view



 Firm capacity ensured to biomethane producers

 Cost-efficiency with oversight of the Regulator

 Strategic tool for the Regulator

 The assessment as a sound basis to design supportive policies



THANK YOU!

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