10 August 2018

GIE feedback on the

Public consultation on the strategy for long-term EU greenhouse gas emissions reduction

GIE Members are committed to contributing to EU targets under the Paris Agreement. GIE appreciates the consultation undertaken by the European Commission and is pleased to contribute, based on its knowledge of the EU gas market.

GIE requests the Commission to fully consider the financial, environmental and social benefits provided by gases. The gas infrastructure can enable a robust decarbonised energy future whilst continuing to deliver EU energy and security needs.

Gases and the gas infrastructure are essential elements of the EU energy system and contribute in the short to long term[1] to achieve energy and climate goals in very cost-efficient ways with optimal use of existing assets; inevitably as **key guarantors of energy supply in the post-coal world**.

The gas infrastructure delivers natural gas as low-carbon fuel for power, heating and transportation and can accelerate emission reduction at low cost by replacing coal/lignite/oil used for electricity and heat production and fuels for heating, cooking and road/marine transport.

This infrastructure is the turntable for future supply of decarbonised energy through the transportation/storage of renewable gases created by optimal utilisation of wind/solar power through sector coupling (co-generation & power-to-gas/liquids). Carbon capture technology for clean gases and CCS will further reduce emissions.

Political goals should stimulate emissions reductions whilst addressing the needs of consumers in a socio-economic approach that balances cost with social, environmental and health needs.

The development of the EU gas and electricity infrastructure should be planned in an interlinked approach; production/transport/storage of gases and electricity need to be better combined for lower carbon content and infrastructure cost.

Operational management and planning of gas and electricity systems must therefore be further integrated to allow energy to move freely across borders and sectors. Provisions for network development plans and scenarios should be reviewed for feasibility of further integration at EU and national levels.

Regulation should address cross-sector concepts and services including markets for green gases, integration with other industries (eg agriculture, waste, transportation) and integration between regulated and non-regulated entities.

National and European regulatory frameworks and subsidy regimes should **enable necessary and efficient investment** in innovation and new technologies, not only focusing on established renewable

[1] Short (10 years), medium (2030) and long terms (2050 and beyond).

sources.

A fair assessment (incentivised technology-neutral approach based on maturity and purpose) of low carbon energy solutions is needed to harvest opportunities for innovative products and services. GIE believes that distinguishing between technologies and value creation is needed to ensure a transition for the entire EU system. Further alignment of regulatory approaches to projects, infrastructure ownership and innovation to facilitate decarbonised energy is needed.

The gas industry can meet the challenges of **modernising energy grids, storage and LNG facilities** to achieve the energy transition whilst ensuring security of energy supply throughout. *Therefore clear, positive signals from EU policy makers regarding the role of gas in the future energy mix are essential for continued investment in the gas sector.*

A flexible approach to regulation is required; the energy transition is accelerating and needs a significant step change in the short term. Opportunities exist in fostering new gas markets, products/services, carbon pricing, sector coupling and digitalisation.

Coordinated national and regional approaches are essential to operate and develop a decarbonised EU energy system. Similarly it is important to cooperate beyond EU borders to capture wider network benefits.

The EU should continue working towards the achievement of a well-interconnected, diversified and well-functioning internal gas market, where the situation in more developed markets is extended to other parts of Europe, to reach comparable levels of liquidity, diversification, competition and price convergence. EU institutions should ensure a level playing field to encourage primarily market-driven investments.

The ETS should be the main policy instrument to deliver market-based CO2 emission reductions. Consideration should also be given to cost of abated CO2, new gases trading and an EU-wide Guarantee of Origin system to capture the broader value of renewable gases.

GIE promotes 68 gas transmission, storage and LNG system operators in 25 EU countries www.gie.eu