

Beyond Fit for 55: REPowerEU

19/05/2022 - GASDAGARNA

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Background

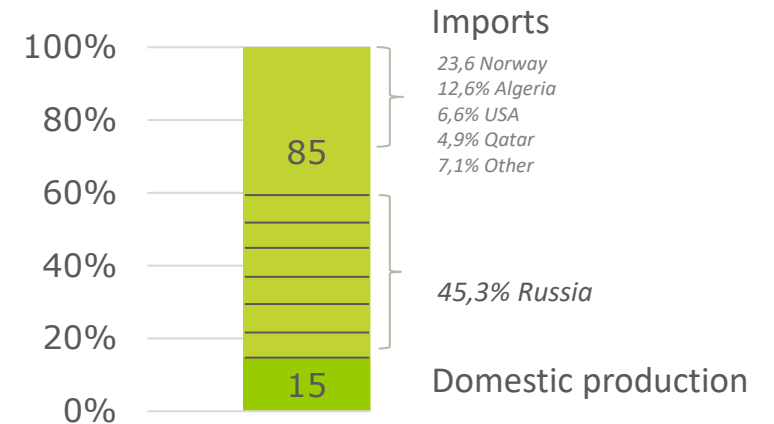
Following the **invasion of Ukraine**, the case for a rapid clean energy transition has never been stronger and clearer.

The **EU imports 85% of its gas consumption**

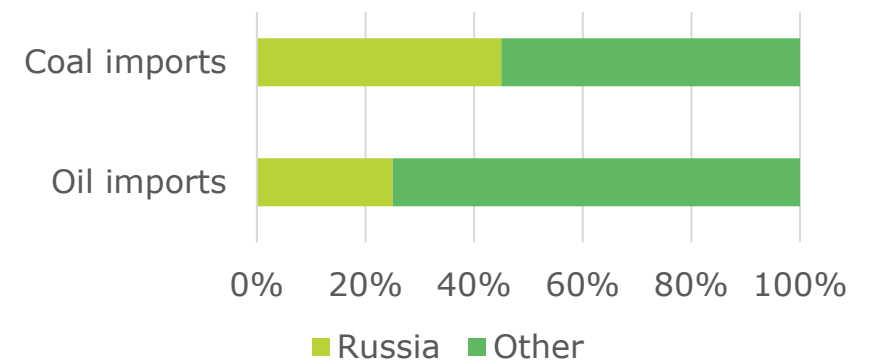
- 45% come from Russia
- Each Member State has different import shares

The EU imports also **other fossil fuels** from Russia

EU GAS CONSUMPTION



EU OIL AND COAL IMPORTS



EU plan to cut dependence on Russian gas

8 March 2022: The European Commission has proposed the outline of a plan to make the EU **independent from Russian fossil fuels, well before 2030**, starting with gas, in light of Russia's invasion of Ukraine.

REPowerEU will seek to

- Diversify gas supplies and increase storage
- Replace fossil gas in heating and power generation
- Speed up the roll-out of renewable gases
 - ➔ **biomethane target of 35 bcm by 2030**

Detailed plan launch yesterday



EU plan to cut our dependence on Russian gas



More rooftop solar panels, heat pumps and energy savings to reduce our dependence on fossil fuels, making our homes and buildings more energy efficient.



Speeding up renewables permitting to minimise the time for roll-out of renewable projects and grid infrastructure improvements.



Doubling the EU ambition for biomethane to produce 35 bcm per year by 2030, in particular from agricultural waste and residues.



Decarbonising Industry by accelerating the switch to electrification and renewable hydrogen and enhancing our low-carbon manufacturing capabilities.



Diversifying gas supplies and working with international partners to move away from Russian gas, and investing in the necessary infrastructure.



A Hydrogen Accelerator to develop infrastructure, storage facilities and ports, and replace demand for Russian gas with additional 10 mt of imported renewable hydrogen from diverse sources and additional 5 mt of domestic renewable hydrogen.

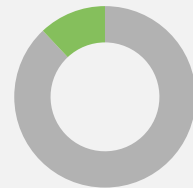
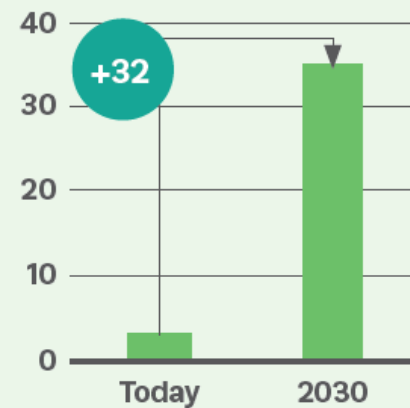
Biomethane production can contribute to energy security and resilience by replacing 10% of today's EU gas demand by 2030

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

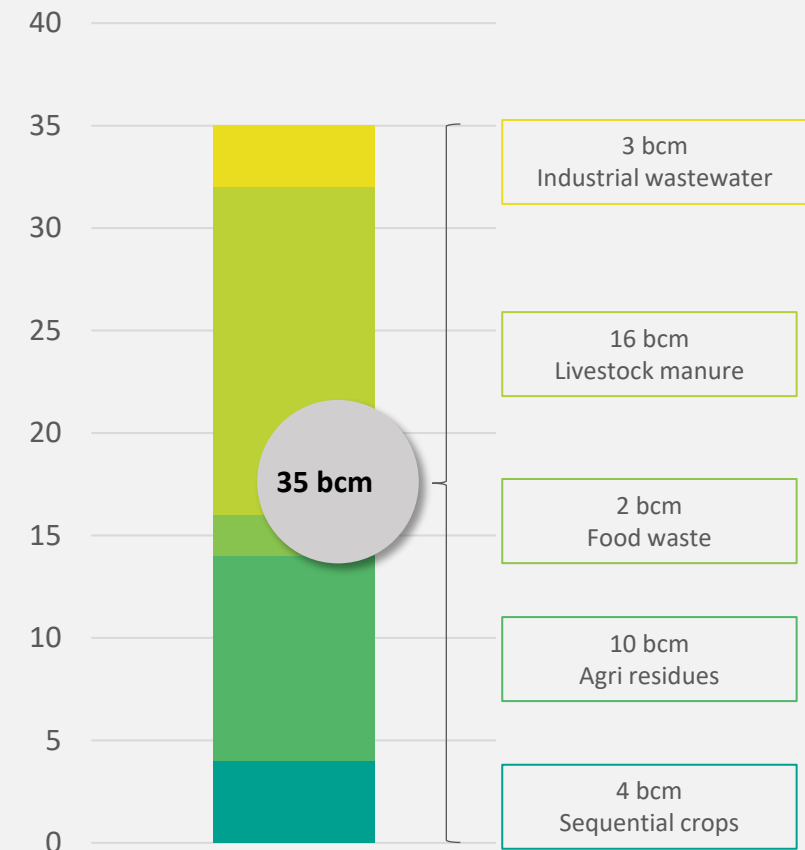


Equivalent to 10% of today's natural gas demand



20% of gas imports from Russia

This scale-up can be done using only sustainable feedstocks



Biogas and biomethane production in Europe

Europe produces today (2020)

- 15 bcm of biogas
- 3 bcm of biomethane

Upgrading biogas to biomethane can highly contribute to the **REPowerEU target** (35 bcm biomethane production by 2030).

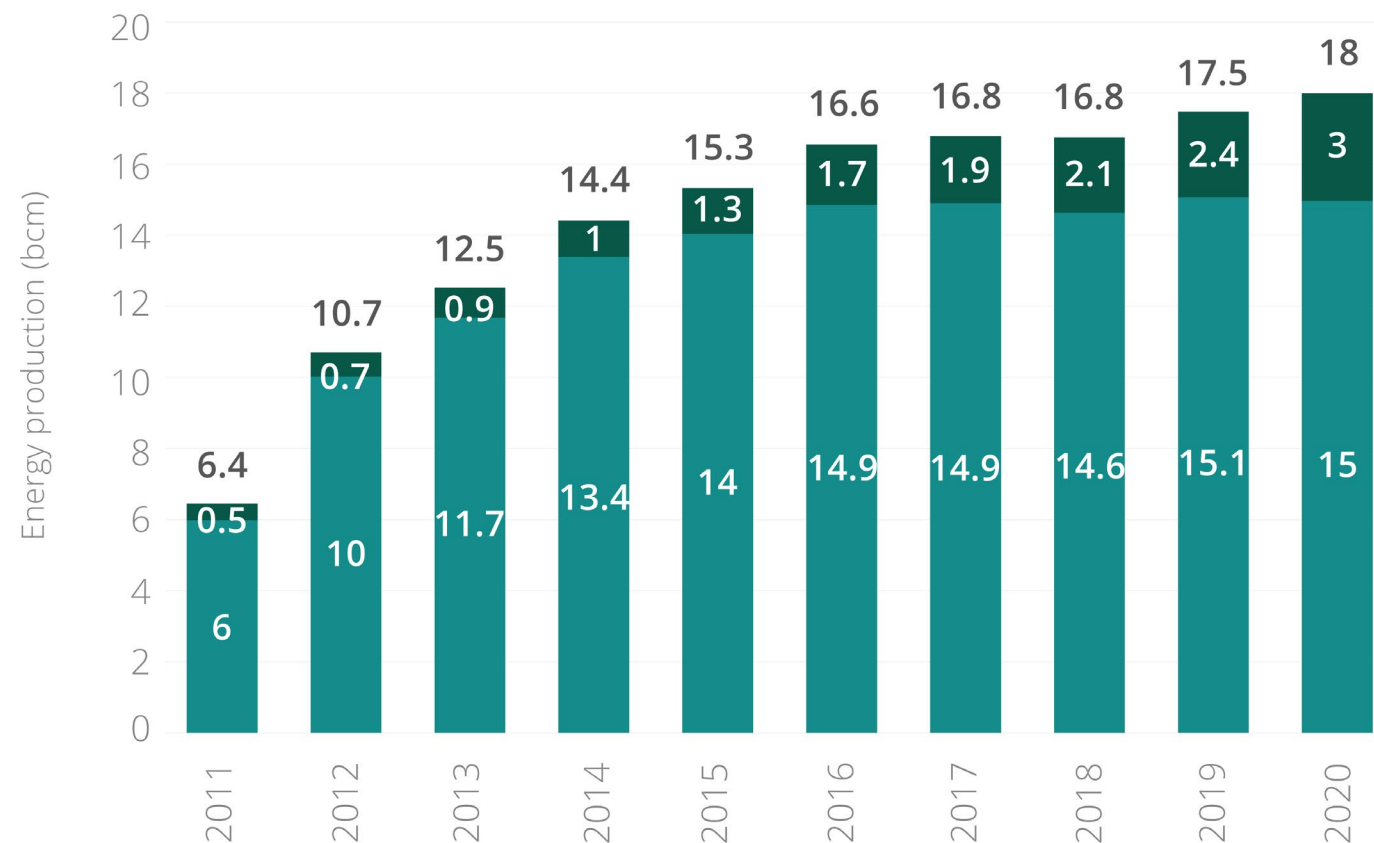


Figure 2.2:
Combined biomethane and biogas
production in Europe (bcm)

● Energy from biogas (bcm)
● Energy from biomethane (bcm)

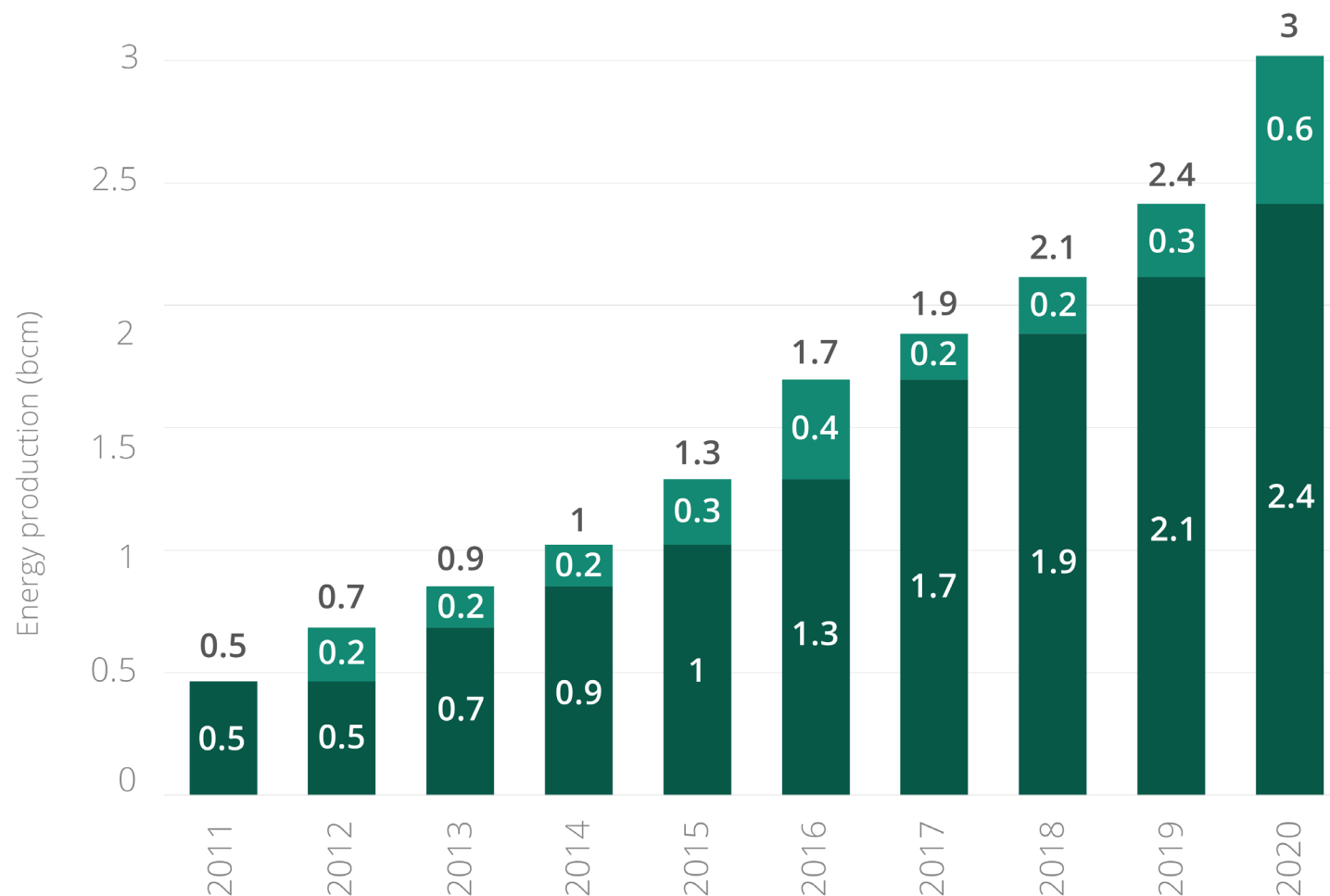
Biomethane production in Europe

Biomethane growth rate

in 2020 was 25%.

An **even bigger increase is expected in 2021**, as a record number of new biomethane plants started production in 2020.

The **35 bcm target** represents a **growth rate of 28% each year until 2030**.



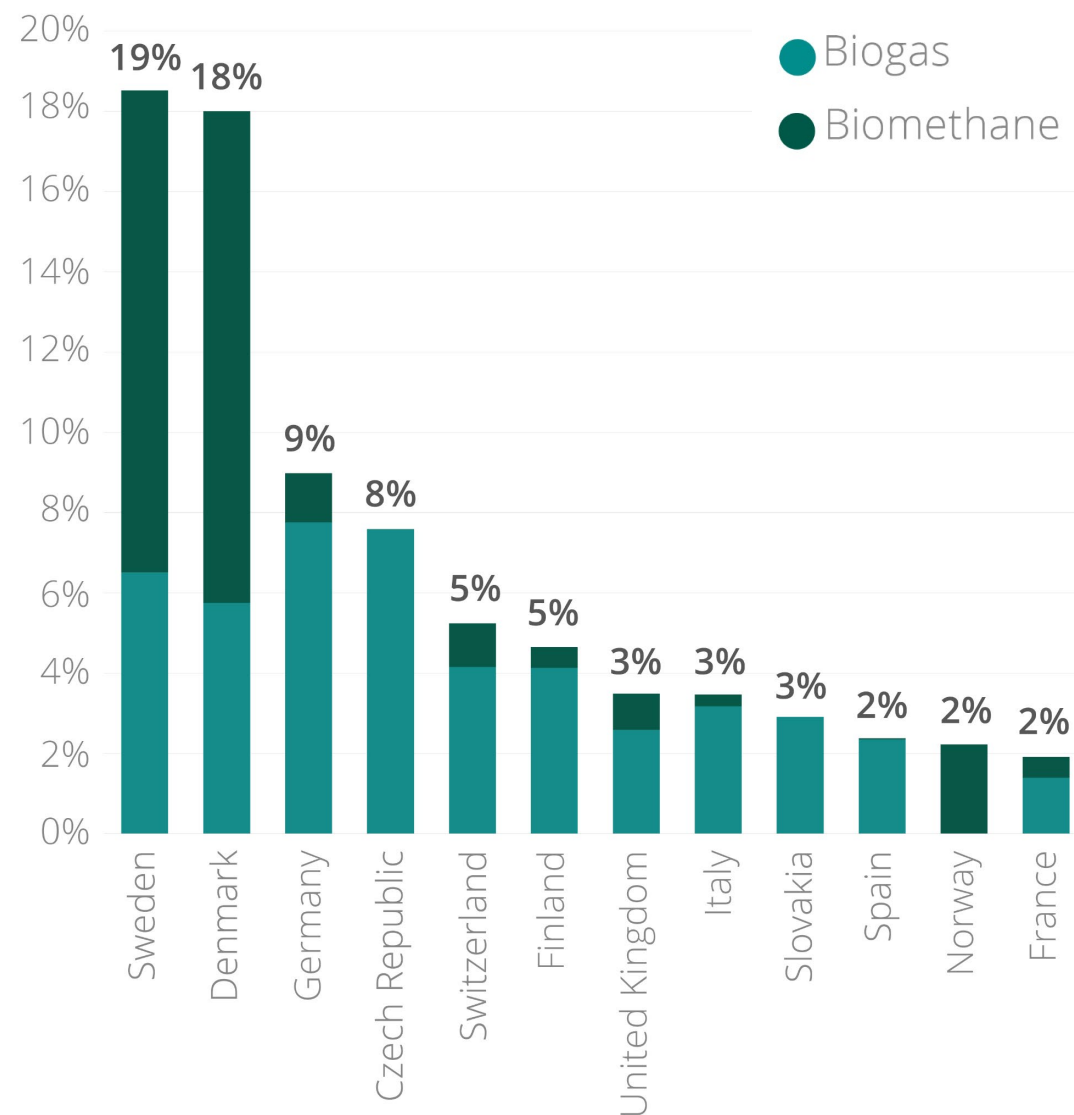
- New production
- Existing production

Biomethane production in Europe

This graph shows the percentage of the gas consumption which could be covered with biomethane **if all biogas were upgraded**.

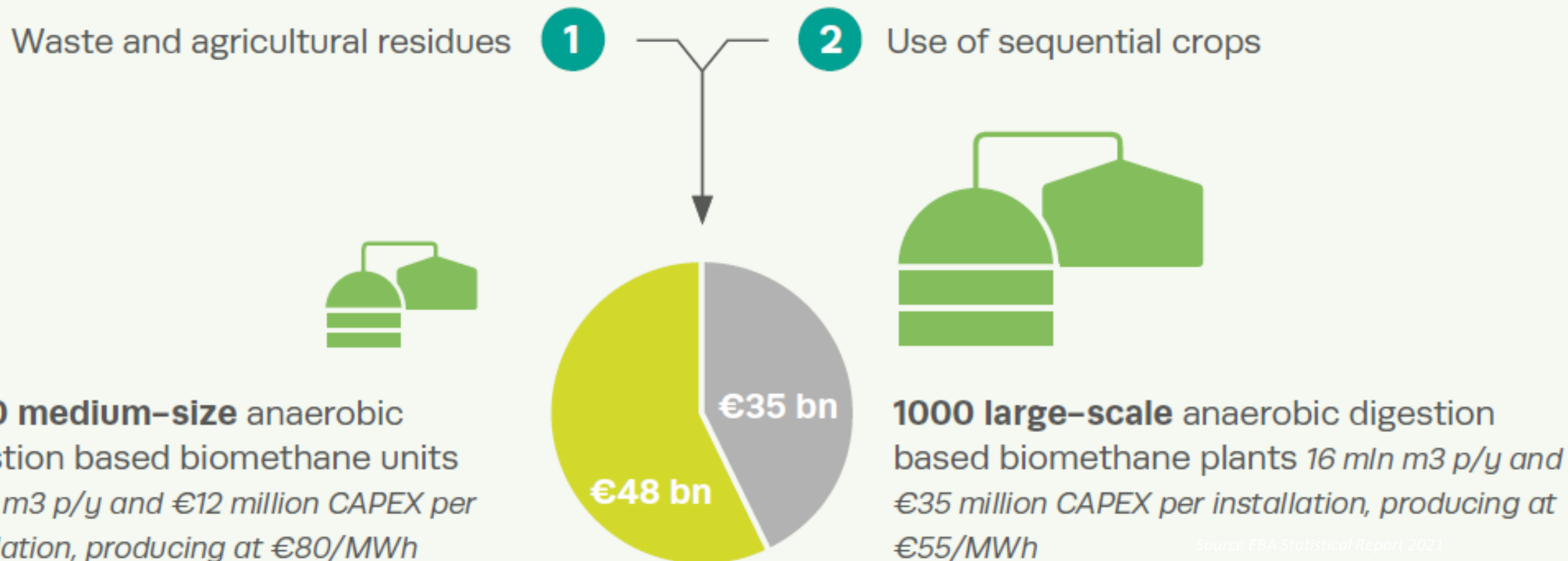
Both **Denmark** and **Sweden** are well on track to replace their natural gas consumption with biomethane.

Energinet reports **Denmark already reaches 25%** by October 2021.



For a rapid scale up, the sector will need additional investments

Capital investment of €83 billion in biomethane production capacity



Defining a clear legislative framework

The European Biogas Association has called on the European Institutions to undertake the necessary policy steps for sustainable expansion of the biomethane sector, encompassing:



PLANNING

Anchoring the 35 bcm in legislation and making sure that there are solid trajectories and milestones to achieve the target



MARKET

Ensuring easy market access, cutting away red tape and eliminating persisting internal market barriers



FINANCE

Using dedicated and innovative finance instruments to mitigate risks and have the needed capital to roll out biomethane at scale

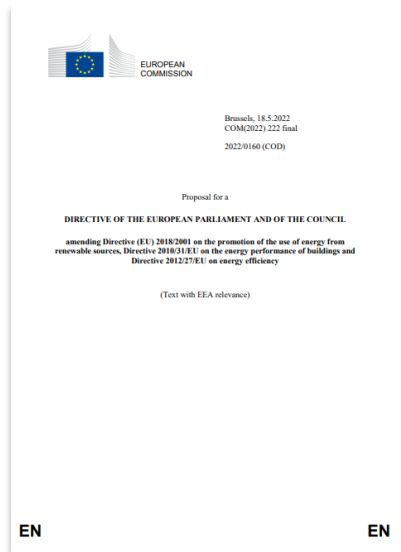


SUSTAINABLE FEEDSTOCKS

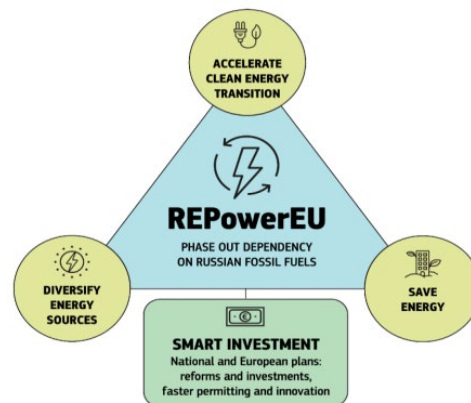
Tap into sustainable resources such as waste, urban wastewater and sustainable crops

18 MAY PACKAGE: REPowerEU Action Plan

CHAPEAU COMMUNICATION



1. Accelerate clean energy transition
2. Save energy
3. Diversify Energy Sources



WHAT'S IN THE TOOLBOX?



UPWARD REVIEW OF RES and EE targets



DIVERSIFICATION OF SUPPLY AND JOINT PURCHASE MECHANISM



INCREASED FINANCIAL ENVELOPE

ENERGY TARGETS: FIT for 55 vs REPower EU

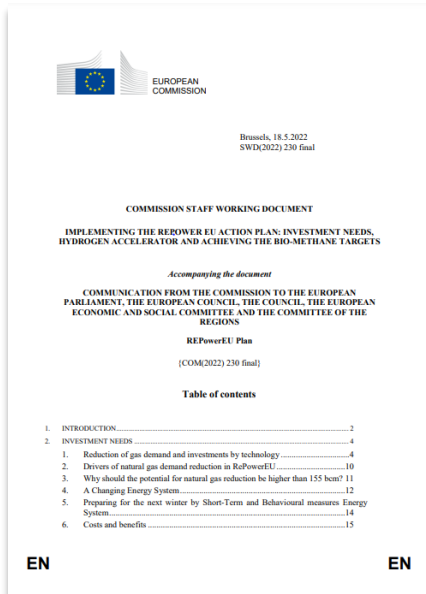
| | Renewables in RePowerEU | Renewables in Fit-for-55 |
|--|-------------------------|--------------------------|
| Overall RES Target | | |
| EU binding | 45% | 40% |
| Heating & Cooling | | |
| Average yearly increase for 2020-2030 at EU level | 2.3 percentage point | 1.5 percentage point* |
| District Heating & Cooling | | |
| Average yearly increase for 2020-2030 at EU level | 2.3 percentage point | 2.1 percentage point |
| Buildings | | |
| EU RES Share in Buildings in 2030 at EU level | 60% | 49% |
| Transport | | |
| RES-T share in 2030 / GHG intensity reduction in transport | 32% / 16% | 28% / 13% |
| Share of advanced biofuels in 2030 (single-counted) | 2.2% | 2.2% |



| | | |
|---|---|---|
| Share of RFNBOs in 2030 (single counted) | 5.7% | 2.6% |
| Biomethane production beyond the transport sector | 35 bcm | 18 bcm |
| Industry | | |
| RES share in industry - Average yearly increase for 2020-2030 at EU level | 1.9 percentage point | 1.1 percentage points |
| RFNBOs in industry | 78% of hydrogen consumed in industry is renewable | 50% of hydrogen consumed in industry is renewable |

BIOMETHANE ACTION PLAN : PARTNERSHIP TO SCALE UP

STAFF WORKING DOCUMENT



OBJECTIVE: measures facilitating the increase in production of biogas and boost its subsequent conversion into bio-methane, respecting criteria agreed in the **REDII**.

ACTIONS

1. Promote **sustainable production and use of biogas** and biomethane at EU and national/ regional level and the injection of biomethane into the gas grid
2. Provide **incentives** for biogas upgrading into biomethane
3. Address **RND&I gaps**
4. Access to **finance**

BIOMETHANE ACTION PLAN : ZOOM IN

1. Promote sustainable production and use of biogas and biomethane at EU and national/regional level and the injection of biomethane into the gas grid

2. Provide incentives for biogas upgrading into biomethane

- ✓ Creation of an **industrial partnership**
 - ✓ NATIONAL BIOMETHANE STRATEGIES
 - ✓ Consider broadening the scope of the fuel supply obligation in the Renewable Energy Directive
 - ✓ Promote participatory multi-stakeholder engagement
 - ✓ Reduce red tape and speeding up permitting
 - ✓ Promote sustainable biogas and biomethane co-operation with neighbouring countries.
-
- ✓ Reduce the costs for economic operators, which currently prevent biogas upgrading into biomethane
 - ✓ **Assess challenges, bottlenecks** and other possible measures from the infrastructure perspective for cost-efficient deployment of biomethane.
 - ✓ **Address gas quality standardisation issues**

BIOMETHANE ACTION PLAN : ZOOM IN

3. Address RND&I gaps

- ✓ Provide further support to the development of innovative technologies for the production of sustainable biogas and biomethane
- ✓ Provide further support to innovative solutions and research on barriers and integration of sustainable biomethane to the gas grid
- ✓ Further support the expansion of sustainable biomass feedstock

4. Access to finance

- ✓ Access to grants and loans
- ✓ Innovation Fund
- ✓ Access to other financial instruments (InvestEU, CF, etc)

THANK YOU!

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