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Response

to the Evaluation Roadmap und Inception Impact Assessment: Proposal for a legislative act to reduce methane emissions in the oil, gas and coal sectors

Consultation of the European Commission

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BDEW and DVGW welcome the European Commission's strategy to reduce methane emissions from the agriculture, waste, and energy sectors, published on 14 October 2020.

The Evaluation Roadmap und Inception Impact Assessment (IIA) at hand, published on 22 December 2020, specifically looks at the energy-related parts of the EU methane strategy. The European Commission rightfully puts an emphasis on the following key aims:

- › Developing Europe-wide standards and methods for measurement, reporting and verification (MRV), which are essential to achieve transparency and comparability.
- › Intensify the implementation of leak detection and repair (LDAR) measures.

In the methane strategy, the Commission recognises that voluntary and private sector initiatives are important tools to rapidly make progress on measuring, reporting, and reducing methane emissions across all sectors. These initiatives should be at the core of the upcoming legislative process. While these initiatives are rooted in the European Union and its member states, they also make an impact at the global level, e.g., the Methane Guiding Principles (MGP) or the Oil & Gas Methane Partnership (OGMP).

BDEW and DVGW regard the three policy options mentioned in the Roadmap / IIA as steps that can be iteratively pursued. They should be further defined in a precise roadmap that contains an ambitious timeline but also considers technical feasibility and cost efficiency.

It is necessary to develop a robust framework of European standards to ensure a level playing field and identify additional approaches to reduce emissions, while, at the same time, providing flexibility to the actors who implement the various measures. This is an important requirement since the starting situations in the member states and along the different parts of the value chain are often varying. The OGMP 2.0 reporting framework can be seen as a reference point and significantly contribute to the harmonisation, standardisation and internationalisation of MRV measures.

While reducing venting and flaring can be generally supported, technical feasibility and economic reasonableness in the individual case must be considered as well. Also, both measures must continue to be allowed in rare cases where they are necessary for the purpose of maintaining technical safety or security of supply and where no economically reasonable alternatives exist.

In the methane strategy, the Commission rightfully calls on the National Regulatory Authorities to recognise LDAR-related investments as allowed costs for regulated entities. This should also be included in the IIA.

The gas industry has worked successfully for many years to reduce emissions. Guaranteeing technical safety and, therefore, minimising gas leaks is one of the core tasks of gas infrastruc-

ture operators. In Germany, which has approximately 700 DSOs, the requirements are established in the statutory DVGW rulebook. Due to extensive investments, methane emissions in Germany have already been reduced by 40 percent between 1990 and 2017.

German gas distribution and transmission system operators are already working on specific projects to further reduce methane emissions, such as "ME DSO" (DVGW) and "ME TSO" (FNB Gas). In addition, gas producers continue to improve their long-established LDAR programmes.

It is also crucial that the IIA itself is based on well-founded information. BDEW and DVGW disagree with the claim that 40% of methane emissions can be reduced at no net cost to industry. The data of the International Energy Agency (IEA), on which this assumption is based, do not properly reflect the situation in the EU. It may be possible to reduce methane emissions in individual areas at low cost. However, the starting situations regarding energy-related methane emissions in the member states and along the different parts of the value chain are often varying. Therefore, BDEW and DVGW do not support the passages on the economic effects.

It is further unclear on which data the assumption is based that applying all measures would lead to a methane emission reduction potential of up to 75%. It lacks both a temporal and spatial reference frame.

It is welcomed, however, that the European Commission is doing a comprehensive, careful impact assessment before moving forward with legislative proposals. Well-founded assumptions are particularly important in this context. They are a prerequisite to identify those sectors and those parts of the value chain where further reducing methane emissions has the highest potential, also in terms of cost-efficiency.

BDEW and DVGW will continue to support this process constructively.

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