

The future is with gas

Current policy costs the EU economy more than is necessary – and not just in financial terms – to reach the EU’s energy and climate goals. The 2030 framework provides an opportunity for a course correction. This should include innovative gas technology and more biogas.

“The gas market is changing rapidly,” said Jean-François Cirelli, President of Eurogas, at the association’s Annual Conference today. Gas trading via hubs and spot market pricing are increasing strongly. Customer choice of services and suppliers is constantly growing. Security of supply is enhanced by new sources, such as Shah Deniz, new transport routes and LNG. **“Gas is becoming even greener, too”**, said Mr Cirelli, pointing out the large potential of biogas as a renewable source. Micro-CHP, run on biogas and coupled with a heat pump is only one example of what an efficient future technology can look like tomorrow. Condensing gas boilers and solar panels are a widespread and popular combination already today. Whether it is in centralised or decentralised power generation, in heating or in transport, there is no end to low-carbon gas and hybrid solutions.

“But for this to happen, the EU must get the 2030 framework right”, he warned. **“We need more competition between all low-carbon options and combinations.”** They must be enabled to come in as they reach market maturity. Subsidies should be used to help non-mature technologies to reach that maturity. The most cost-efficient strategy is a binding 40% economy-wide greenhouse gas reduction target, a well-functioning ETS, and effective action in non ETS-sectors. Additional targets only confuse the market. The described approach will also rein in the increased use of cheap coal, which is to the detriment of both gas and the climate. Eurogas figures have just confirmed the worrying current trend. (See separate press release.) **“It is high time to change course”**, said Mr Cirelli.

“Security of supply and competitiveness come through diversity”. Some argue that energy import independence should be the aim and that this should be achieved by phasing out fossil fuels and putting the sole focus on domestically produced renewables and electricity. This is not just dangerous to security of supply and closes the door to cost-effective emissions reductions through gas, it also disguises protectionism and would cut Europe off the advantages of global competition.

“The internal energy market in contrast is a powerful instrument that must be fully deployed.” Eurogas commends the efforts under way, but as long as market distortions exist, capacity remuneration mechanisms can be an effective means of addressing security of electricity supply where the high influx of subsidised renewables, price caps and other factors have distorted the market. EU guidance on these mechanisms would diminish the risk of fragmentation of the internal energy market.

Once again, the Eurogas Annual Conference assembled experts from all spheres to address problems and solutions in the EU energy sector, examining the vast room for innovation as well as the potentially fruitful interaction between EU and global energy markets and players.

Note to Editors: Eurogas is an association representing about 50 companies and associations engaged in the wholesale, retail and distribution of gas in Europe. Eurogas provides data and information relevant to EU decision makers and opinion formers in making the right policy choices.

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