



*Committee on Agriculture and Rural Development
The Chair*

3.6.2022

Mr Cristian-Silviu Buşoi
Chair
Committee on Industry, Research and Energy
ASP 11E102
BRUSSELS

Subject: AGRI opinion on the Commission proposals for a Regulation and a Directive on gas and hydrogen markets

Dear Chair,

At their meeting of 2 February 2022, AGRI Coordinators decided to issue an opinion in the form of a letter to the ITRE committee, as lead committee, on the following two Commission proposals:

- Commission proposal for a Regulation on the internal markets for renewable and natural gases and for hydrogen (COM/2021/804 - 2021/0424(COD));
- Commission proposal for a Directive on common rules for the internal markets in renewable and natural gases and in hydrogen (COM/2021/803 - 2021/0425(COD)).

Overall, AGRI committee has a positive view on both Commission proposals (so-called “Gas Package”) as a much needed and efficient framework to facilitate the access of renewable energy, including sustainable biogas and biomethane, to the distribution and transmission grids. This is all the more important in view of the crisis caused by the Russian invasion in Ukraine. Indeed, the case for a rapid clean energy transition has never been stronger and clearer.

Also importantly, renewable, low carbon and biogases are necessary for the EU to reach the climate targets set in “Fit for 55” and for decarbonizing hard-to-abate sectors. The Gas Package under consideration also extends the consumer and end-user rights and participation in the internal market. In addition, the AGRI committee considers it particularly important to encourage and support farmers who are already producing sustainable biogas and biomethane or planning to start production both on and off the grid.

The AGRI committee stresses the need for synergies with other legislation. In particular, coherence should be ensured between the Gas Package and the RED II Directive (Directive 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources and its revision as RED III). In addition, the AGRI committee asks the ITRE committee, as committee responsible, to take account of the following issues:

- Security of supply:

Considering the current energy crisis the EU is facing, the Commission proposals under consideration should be revised, as necessary, in view of recent events. In its “REPowerEU” communication of 8 March 2022 (COM(2022)108), the Commission suggests boosting biomethane production to 35bcm by 2030, which is equivalent to 10% of today’s natural gas production. This is more than double the amount outlined in the “Fit for 55” package, whereas the biomethane target represents over 20% of the current EU gas imports from Russia. Achieving this target will require close cooperation between the Commission, Member States and the entire biomethane value chain. The proposed directive and regulation must take that target into consideration. Together with stakeholders, the Commission should evaluate if further specific regulatory measures are needed to achieve the target. Therefore, the AGRI committee calls on the Commission to prepare an action plan to better make use of the potential of sidestream or waste biomass resources which have no alternative food or feed use, from agriculture and forestry for the production and distribution of biogas and biomethane;

- Linking biogas and biomethane production to agriculture:
 - ✓ In order to boost the agriculture-based biogas and biomethane production, the Commission should more clearly highlight the role it can play in achieving the set climate targets. In addition, it should ensure that, when possible, all legislative means (RED II, Gas Package, CAP, Emissions Trading System Directive, State aid rules, etc.) support the increased production of sustainable biogas and biomethane in the agriculture segment and acknowledge the multiple benefits it can bring;
 - ✓ Biogas and biomethane production can diversify farmers' income, generate additional revenue streams and provide opportunities for development and investment in rural areas;
 - ✓ Non-recyclable agricultural waste (i.e. manure) and residue streams with no alternative food or feed use can be utilised in anaerobic digesters to produce biogas and biomethane. When used for biogas production, such raw materials can effectively contribute towards reducing methane emissions from anaerobic decomposition processes in nature;
 - ✓ Sustainably produced renewable biogas and biomethane will help decrease emissions (in transport, heating, power production, industry) and the EU’s dependency on fossil fuels;
 - ✓ Biogas and biomethane production can provide efficient nutrient recycling. Nutrients recovered from this plant digestate can be processed into organic fertilisers in farming or for industrial use, decreasing dependency on fossil fertilisers. This potential should be taken into account also in the CAP Strategic Plans.

Furthermore, the AGRI committee wishes to make the following recommendations as regards the proposed Gas Package:

- A clear definition of biogas and biomethane production separate from natural gas is necessary.

The current definition of natural gas includes both biogas and biomethane. This is problematic since natural gas on one hand and biogas/biomethane on the other are produced differently and the proposed regulation and directive should reflect this;

- Right to inject and cost-sharing:

It is necessary to ensure that farmers would not have to bear all the costs in entering the gas market and the grid. The Gas Package should therefore ensure that it is easy and straightforward for biogas and biomethane producers to inject their production into the gas grid. This can be done by ensuring the 'right to inject' for biogas and biomethane producers, subject to the required quality and safety testing and analysis, as well as cost-sharing between producers and grid operators. Most biogas and biomethane producers are small-scale, therefore bearing all the costs would create a significant barrier for them;

- Support also off-grid biogas production:

A lot of the biogas and biomethane production is off-grid, mainly in agricultural areas lands. Therefore, even though the Gas Package focuses on regulating production on the grid, it is important to take into consideration and ensure that off-grid biogas and biomethane production will receive the same treatment as biogas and biomethane injected to the gas transmission system. For example, the streamlined authorisation procedures proposed in the directive should also be applicable for off-grid production sites. Innovative collection systems should be researched and mainstreamed;

- GHG intensity reduction target of the gas supply by 2030 at EU level would be an additional driver for renewable gases.

A target to reduce GHG intensity in gas supply would inevitably increase the demand for biogas and biomethane, since this is one of the most efficient ways to reduce use of fossil-based gas. This target would be a clear signal to stimulate renewable and low carbon gas production and would significantly contribute to predictability and confidence among the gas value chain and investors;

- Call for the Commission to execute a regional mapping of sustainable biogas and biomethane production potential:

This mapping would assist production optimisation and serve as a basis for project development and for assessment of grid reinforcement needs. The mapping should include regional authorities, public energy agencies, national biogas associations and network operators. Moreover, in view of the current circumstances, it would be important for the EU to outline all the means to respond to the need for substitution of energy imports from Russia.

As AGRI committee Chair, I would like to ask the ITRE committee to take due account of this opinion in its reports on the proposed Gas Package regulation and directive.

Yours sincerely,

Norbert Lins