



Subject: Joint industry position – Proposed review of ETS MRR Art 39(3) on biogas

Dear Energy Attaché,

I am contacting you on behalf of CEDEC, Cogen Europe, EBA, EUGINE, Eurogas, EUTurbines, Geode and GIE representing the EU gas value chain, regarding the current revision of the regulation on monitoring and reporting in the EU ETS. We would like to express our shared concern about some elements of the current discussions surrounding biogas. These relate in particular to the proposed modifications to align Article 39(3) of Commission Implementing Regulation (EU) 2018/2066 (MRR) with Directive (EU) 2018/2001 (RED II).

The signatories acknowledge the need to update the current MRR rules and the need for biogas to comply with RED II but find the current proposal would go against the objectives of reducing GHG emissions and increasing renewable uptake. We also support the possibility to purchase biogas by a contract through the gas grid.

Moreover, we are behind the objective of avoiding double counting of the same quantity of renewable energy. When used for complying with ETS obligations the same quantity must not be claimed to be used by anyone else as disclosure to fulfil GHG reduction obligations. This is a general principle that applies to all forms of renewable energy. However, we maintain that all forms of renewable energy, including biogas, that are used to reduce greenhouse gas emissions notably within the ETS, must be counted towards the relevant national renewable energy target, as these are separate legislations servicing different objectives.

We are particularly concerned about the proposal that biogas used to offset ETS allowances could not have benefited from any form of “support”

- It seems unjustified to apply such a criterion exclusively to biogas, while other forms of renewable energy continue to both offset ETS allowances and benefit from support. We recall that the current ETS market signal is not sufficient to support biogas uptake in ETS sectors without some additional form of “support” for its production, injection or consumption. Most biogas in the EU today – similar to other renewable energy sources/technologies - has received some form of “support”, be it a feed-in-tariff, a subsidy for the electricity produced or support for the connection to the grid to name a few.

- There is no reason to prohibit the combination of support mechanisms and recognition of the carbon neutrality of biomethane under the EU ETS via the use of some form of certification. The risk of over-remuneration is excluded through the Renewable Energy Directive which requires in Article 19 (2) that “Member States shall ensure that when a producer receives financial support from a support scheme, the market value of the guarantee of origin for the same production is taken into account appropriately in the relevant support scheme.”
- The fact that biomethane consumers subject to the EU ETS will pay a certain price for biomethane GOs will allow for an acceleration in GO market uptake hence reducing the dependence of biomethane installations on public support. Such a development should be welcomed as a switch towards a more demand-driven development of renewables, reducing the need for consumers to directly and indirectly finance support mechanisms.

A criterion to restrict the MRR to biogas that is free of “support” would seriously hamper any incentive for the use of biogas in ETS sectors and thereby limit the decarbonisation potential and speed. As noted above, it would moreover be inconsistent and discriminatory considering the approach taken with regards to other forms of renewable energy.

We urge the Member States to ensure that the necessary update of the MRR does not impede the effectiveness of the ETS in accelerating industrial decarbonisation through the switch to low-carbon forms of gas, and thereby its contribution towards the EU’s climate objectives and its ability to rapidly scale renewable and decarbonised gases in Europe.

We would like to thank you for your consideration of the above and would welcome the opportunity to discuss this with you and your colleagues.
