



PROPOSAL FOR REGULATION ON METHANE EMISSIONS REDUCTION IN THE ENERGY SECTOR

RECOMMENDATIONS

CEDEC welcomes the proposal of the European Commission and its objectives.

The gas distribution companies in the European Union have successfully been working for many years to reduce methane emissions through mandatory and voluntary programmes and remain strongly committed to undertake even stronger steps to wherever possible further minimise methane emissions. Representing around 4% of total European methane emissions, gas system operators have significantly decreased their methane emissions since 1990, thanks to the implementation of several mitigation measures.

However, when considering introducing obligations, a principle of proportionality should be considered. The Regulation should avoid obligating high-cost measures for end-users and society with little or no mitigation effect.

Furthermore, one type of solution does not fit all cases along the gas supply chain. Flexibility is needed to prioritize actions to ensure the optimal cost-effective approach is applied.

CEDEC represents the interests of 1.500+ local and regional energy companies, serving 85 million electricity, gas and district heating customers and connections, with a total turnover of €120 billion, with more than 350.000 employees.

These predominantly medium-sized local and regional energy companies have developed activities as electricity and heat generators, as operators of distribution grids and metering systems for electricity, gas and heating & cooling, and as energy (services) suppliers.



The wide range of services provided by local utility companies is reliable, sustainable and close to the customer. Through their investments and local jobs, they make a significant contribution to local and regional economic development.

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Recommendation 1 – Costs of regulated operators (Art.3)

CEDEC welcomes the requirement for regulatory authorities to take into account the costs incurred and investments made to comply with the Regulation by regulated infrastructure operators.

Nonetheless, to prevent unnecessary high costs for end-users with a very small contribution to emission reduction, costs and investments shall be efficient. In order to do so, gas companies in close dialogue with competent authorities should define a methane emissions mitigation plan, which will allow prioritization of the most cost-effective mitigation measures.

Tariffs may take into account as a reference the best available techniques applicable to the assets and operations under regulation. However, not all solutions are applicable to every situation.

If cost indicators are used, they can only give a reference range of abatement costs associated with the different techniques, and just for comparable projects in terms of asset type, age and boundary conditions.

→ Changes needed in recital 9 and article 3 paragraph 1.

Recommendation 2 – Monitoring and reporting – scope and responsibility (Chapter 3)

The EC proposal foresees reporting obligations for both operated and non-operated assets. We believe this will result in double reporting, which should be avoided. Therefore, in line with Article 1, all emissions from assets located in the EU should be reported via their operator. This avoids any double reporting by owners of non-operated assets.

→ Changes needed in article 11 and article 12.

Recommendation 3 – Monitoring and reporting – timing and level (Art.12)

CEDEC supports the EC objective to improve monitoring and reporting as an essential element to go forward in mitigating emissions, to allocate responsibilities and to put figures in perspective. However, we stress the need for taking into account the characteristics and nature of the different parts of the gas value chain: the downstream gas infrastructure cannot be compared with the upstream oil and gas sector, notably in terms of size, scale, and capacity.

For distribution system operators, reporting direct measurements of source-level emissions (aka level 4) is difficult to achieve: it should be allowed to use other quantification methods than direct measurements and anyway the proposed deadline needs to be extended. In many cases, direct measurements are neither feasible nor lead to a higher data accuracy in comparison with engineering methods, simulation tools and specific emission factors (e.g. in the case of accidents), and therefore these alternatives should be considered.

Complementing direct measurements of source-level emissions (level 4) with measurements of site-level emissions (aka level 5 reporting) is for DSOs impossible. Top-down/site-level measurements methodologies and technologies are not yet mature for quantifying methane emissions to a sufficient level of certainty in downstream, and therefore a comparison between “source-level” and “site-level” measurements is not reliable yet. For DSO grids, mainly composed of kilometres of continuous underground pipes in urban areas and a wide range of small size components, site-level techniques are only emerging and need to be further tested and improved. As a consequence, we propose that the assessment of level 5 remains a voluntary intermediate step, limited to larger sites. Voluntary initiatives can contribute to research (i.e. GERG) and ongoing development.

→ Changes needed in article 12

Recommendation 4 – General mitigation obligation (Art.13)

Article 13 states merely that operators shall take all measures available to them to prevent and minimise methane emissions in their operations.

Linked with Recommendation 1 on Article 3 (*Costs of regulated operators*), an obligation to “take all measures available” risks to bring very high costs to end-users with little emissions mitigation benefits.

Therefore, to make costs and investments efficient, gas companies, in close dialogue with competent authorities, should define a methane emissions mitigation plan, which will allow prioritisation of the mitigation actions with the highest emissions reduction potential in the shortest time and for the lowest costs. The involvement of the National Competent Authorities is key as this process will have an impact on both the end-consumers and the national decarbonisation strategies.

→ Changes needed in article 13

Recommendation 5 – Leak detection and repair (Art.14)

Leak detection and repair is already an essential task for distribution grid operators, an important instrument for reducing methane emissions, and we support the EC intention to further improve it. However, we believe that the timing, frequency and repair obligations that are set in the EC proposal will drive to costly and unnecessary LDAR surveys and programmes.

Operators have already designed segment-specific LDAR programmes: their experience should be reflected in the regulation to guarantee the relevance and effectiveness of the programmes.

Efforts should be proportional to the emission mitigation potential. Therefore, to optimize the use of resources, we request not to set strictly defined intervals for LDAR surveys but rather to define them in the LDAR programme submitted to the Competent Authorities. This will guarantee that national regulations are considered and the programmes are optimized to prioritise surveys of components where the risk of fugitive emissions is the highest.

The gas industry shall carry out immediate repairs whenever possible. Yet, it is necessary to specify the cases when a leak cannot be repaired in parallel or in the short term. In such cases, the following factors need to be considered: disproportionate environmental impact, availability of equipment/components, need for administrative authorization, time for designing a project, evaluating technical feasibility, operational restrictions and security of supply. The Regulation should respect all the practical and technical aspects that determine the minimal repair time.

The reporting associated with LDAR should be the subject of annual reports, and double reporting should be avoided.

→ Changes needed in article 14

FOR MORE INFORMATION

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