

European Commission
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Subject: EFET¹ response to the Methane Strategy consultation

EFET welcomes the EU's commitment to produce an integrated strategy to address methane emissions, that contributes to cost-effective greenhouse gas reduction across the EU in the context of increased climate ambition for 2030 and the target of climate-neutrality by 2050. A legislative framework to address methane emissions will be important to help achieve decarbonisation in EU.

Although there may be differences in context between CO₂ and CH₄ emissions, which require some differences in approach, the creation of a framework that allows investments in each to be compared on a common scale would in principle be helpful to ensure that they are made efficiently. We applaud the roadmap's recognition of commercial concerns that it should contribute to cost-effective greenhouse gas reduction and reinforce the business case across sectors and constitute predictability for investors. Where investment funds are necessarily constrained, investors must be able to compare the environmental benefits of projects in one area (for example reduction in CO₂ emissions) with another (for example methane emissions reduction), to be able to achieve the greatest improvement per € invested.

Nevertheless, it may not be the case that monitoring, reporting and verification (MRV) technologies and processes are yet sufficiently advanced to underpin such a programme. Additionally, it may not be easy to apply this approach to all sectors and technologies in the short term, and the Roadmap's proposal to improve our understanding of the sources of emissions, opportunities for reduction and their likely costs, together with MRV of emissions are all extremely important in designing a framework that helps to achieve the necessary improvements.

We draw attention to one specific element in the energy sector, that leakage from regulated (natural gas) transportation and distribution systems are frequently managed through imposition of leakage targets or leakage reduction targets under the revenue control. Further development of this would be preferable to the participation of TSOs and DSOs in traded markets.

EFET also supports coordination of this action at a EU level. Where member states are currently engaging in unilateral national actions in the short term, some consideration should be given to how this should converge in order to allow a common approach in the medium term that facilitates investment where it will have greatest positive impact, irrespective of national boundaries.

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

The 5 policy priorities that EFET considers will be most effective in underpinning a cost-effective decarbonisation of the EU economy are:

1. Setting an ambitious, economy-wide climate neutrality objective at Union level
2. Strengthening the EU ETS in the short term, as it currently applies to power generation and heavy industries, then reforming and expanding it to become a long-term driver for decarbonisation across the EU economy
3. Utilising market-based mechanisms and adapting market instruments whenever financial support for new, low carbon energy sources is considered, while respecting sectoral unbundling rules
4. Ensuring pan-European coordination and cross-border implementation of any financial support schemes for renewable, decarbonised and low-carbon gases, especially in case national end-use prohibitions of hydrocarbons should be foreseen
5. Insisting on technological neutrality of measures, to include a level playing field between power and gas systems, so that users face a cost-reflective allocation of costs across both types of grid, without cross-subsidisation.

Success in the energy transition will depend on factors unknown, such as which technologies – existing and as yet undiscovered – will prove to be capable of being rolled out at scale, with sufficiently declining costs. A framework that allows technologies to compete across sectors and does not try to pick early winners will retain the broadest options to achieve the Climate Target Plan.