Making REpowerEU successful with gas infrastructure

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Ukraine/Russia conflict leads us to a burning question: How to repower Europe without Russian gas? Gas infrastructure operators of Europe (GIE) complement the vision of the European Commission by publishing a paper with concrete action points to make REPower EU successful.

→ The executive summary
→ The long paper

Torben Brabo, GIE president "*This is a very difficult challenge that Europe is facing. But together, we can overcome it. Since, the conflict started, our operators have received gas from Russia, and we stored it. The priority now is to get ready for next winter. And this is what EU Member States are doing as we speak: They are working on the protection of their consumers and economies. When looking at gas infrastructure, its pipelines, underground storage and LNG facilities, we see a lot of different opportunities to mitigate European Energy system: we see a lot of options for new roads and sources of supply. But we need to be realistic. And we need the right policy and financial support as well.*"
He added "*GIE members are in a pole position to strengthen Europe's security of gas supply. Present in multiple EU Member states, we cover a large share of value chain. We can offer our knowledge, experience, and extensive infrastructure. This paper is highlighting all of that.*"

A holistic approach

To properly address the colossal work ahead of us, collaboration will be essential. By joining forces and using our combined competencies, we can secure gas supply in the most efficient and sustainable way, while ensuring the protection of EU citizens and industries.

Monitoring the reality of the ground with transparency

In these times of unprecedent challenges, we are closely monitoring the evolution of the current crisis and its effects on the energy market. The current development alters the global energy dynamics. The EU's energy strategy must be adapted accordingly. The revision of the gas Security of Supply regulation, and the introduction of Member States storage regulatory interventions, are key to overcome possible natural gas flows disruptions.

From Renewables to Low-carbon in EU27

GIE has members in 27 countries. This enables us to have a good overview of the different opportunities and challenges of the EU Member States. In fact, we represent a broad and international network: our LNG facilities, underground storage facilities and transmission systems can store and transport massive volumes of renewables and low-carbon molecules over long distances. Currently, we handle 25% of EU's primary energy consumption through our infrastructure. This includes hydrogen, biomethane, natural and synthetic gases. We can also connect Europe to the rest of the world with our LNG Terminals, which is crucial to overcome any decrease in natural gas pipeline flows. As such, we can support the European economy and protect its citizens and industry by providing solutions for diversification of supply sources and routes. Our vast infrastructure guarantees safe and reliable transport, storage and import of low-carbon and renewable molecules.

To unveil the full potential of the gas infrastructure, it is crucial to adapt the regulatory framework. Our recommendations:

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Diversification of gas supply

- **Increasing** existing **pipelines imports from non-Russian suppliers**
- **Domestic production -** boosting **biomethane** production up to 35bcm by 2030
- **LNG imports –** change in gas flows → **some infrastructure projects needed** and addtional interconnectivity in the gas grid within the EU to make use of the existing LNG terminals

Acceleration of hydrogen transition

- Fast-track development of integrated infrastructure, storage facilities and port capacities → need to **complete the H2 infrastructure**
- **Diversification** of renewable hydrogen production and imports
- EC to set-up **long-term energy partnerships with 3rd countries** for hydrogen imports
- Need to **repurpose existing gas infrastructure for hydrogen** → cost- and time savings (e.g. around 80% cost savings when repurposing natural gas pipelines to hydrogen, compared to a newly built)

Regulatory measures

- **Exploiting synergies** between natural gas and hydrogen infrastructure → efficiency
- **Certification scheme** for renewable and low-carbon hydrogen to facilitate trade of hydrogen between countries and continents → robust GO scheme across energy carriers

Filling of underground gas storages

A/ Mandatory storage filling target and filling trajectory

→ Minimum filling requirements timely in periods of crises

- For the 2022-2023 winter, need for ambitious targets while taking into account that the storage year has already started in terms of booking capacities (**no revision of contract clauses**)
- **Efficient burden sharing mechanism** to consider national circumstances and be articulated around a number of factors such as the domestic gas demand vs technical storage capacities, alternative supply routes/sources, LNG infrastructure and interconnection capacity between countries.

→ Filling trajectory provides guarantee

- More flexibility to fill the storage sites based on **technical characteristics** (fast-cycle / seasonal storages)
- **Number of intermediary targets** needs to be **limited** to enable storage users to benefit from arbitrage value
  - To reflect extraordinary situation for 2022 and implementation time, one intermediary target in **September**
  - From 2023 onwards, three intermediary targets in **February, September and December**

B/ Incentivising injections before next winter

→ As a key principle, market-based pricing to allow for an efficient allocation of storage capacities along with a set of regulatory measures

- To compensate for missing values
- To ensure long-term sustainability of the storage market

→ **Zero tariff for storage transports as a supportive measure**

→ **Financial support, before state interventions on strategic stock are released**

→ **Certification procedure for SSOs needs to be clarified on certain criteria**

- Consider obligations and requirements of a SSOs according to the existing Gas Directive and Gas Regulation

Investment in LNG infrastructure

LNG terminals enhance European security of supply

- Invest in upstream and secure additional LNG volumes
- Put in place a fast-track approval procedure for planned LNG projects (incl. FSRUs and expansions)
- Ensure proper interconnectivity in the gas grid within the EU to maximise LNG import

LNG terminals are needed in the energy transition and ready to decarbonise

- Gas Package to enable decarbonisation pathways in a technological neutral way – all options open
- Accelerate investments in RES and low-carbon gases production abroad to be imported in Europe
- Accelerate investments in infrastructure (import terminals and downstream networks)
- Establish long-term partnerships + international system of certificates/GOs

LNG is the bridge fuel towards bioLNG and synthetic LNG

- Recognise bioLNG and synthetic LNG in all EU legislation under the Fit for 55 Package