

Input on the Roadmap for an EU Strategy for Methane

CEER Note for the European Commission

5 August 2020

CEER welcomes the European Commission initiative to launch an EU strategy for methane to help effectively reduce global warming and thanks the European Commission for giving the public an opportunity to provide feedback to [the Roadmap on a strategy to reduce methane emissions](#). Under its current [3D Strategy \(2019-2021\)](#), one of CEER's main priorities is decarbonisation at least cost. Driven by this goal, regulators aim to remove all obstacles to allow efficient and least-cost decarbonisation of the EU energy system. This ambition is now strengthened by the goals established by the European Commission in the European Green Deal launched in 2019.

There are several sectors that directly contribute to high levels of methane emissions. Essentially, and as recognised in the Roadmap, energy production and use, agriculture and waste management constitute the main source of these emissions. Aware that the energy sector – and more particularly the gas sector – is a major factor in these emissions, energy regulators have come together to see how they can contribute to minimising these emissions by regulating the network operators accordingly. This was one of the motivations for writing the "[ACER/CEER: The Bridge Beyond 2025 Conclusions Paper](#)", where some initial considerations on methane emissions are expressed. In particular, we highlight the following statement from the paper (pp. 14-15):

TSOs, storage operators and LNG operators, as well as DSOs above a size threshold, should be obliged to measure and report their methane emissions according to a standard methodology, with sufficient granularity to allow the identification of the highest emitters. The data should be publicly available through a European Methane Emissions Observatory, as well as in the audited annual reports of the operators, which should also cover other sources of methane emissions. The measurements should be followed by an action plan at the system operator level to address emissions. NRAs should recognise efficiently incurred costs for regulated entities. Once emission data are sufficiently robust, tradeable permits or taxes on actual emissions could be introduced.

With regard to leaks, which are mentioned in the Roadmap, we believe that there are several aspects to be taken into account which deserve particular consideration. Firstly, it would be relevant to establish tools for detecting leaks along the entire value chain, considering not only the challenge of detecting them but also taking into account the fact that the value chain extends across borders and even beyond the EU. It is also important to determine what the implications are of obtaining this information, particularly in terms of the costs of this process.

Also relevant here are the topics raised in CEER's recent "[Paper on Regulatory Issues Related to the 'Delta In-Out' in Distribution Networks](#)", which examines the difference observed when comparing the measurements at the gas intake points with the sum of downstream measurements of final gas customers' off-take points, within a certain period. Having a deeper understanding of these differences can help to analyse better the role of leakages (including those of methane) within the context of various potential causes of such differences in gas distribution networks.

Another point which CEER considers worthy of analysis is the determination of the means/procedures by which network operators should act when a leakage is identified or suspected. In that regard, EU legislation foreseeing the imposition by energy regulators of obligations on network operators to repair and maintain the grid (and other installations) should be considered.

The fact that most of the gas consumed in the EU is imported makes analysis of the entire value chain necessary, and, at the same time, makes greater international cooperation necessary in order to fully address the issues. As regulators, we try, through our European and international partnerships, to create discussion forums focused on promoting professional training and exchange of knowledge between specialists and professionals from the associated entities. Although this is a very important step, it is often insufficient, particularly given that each regulator must act within the confines of its own jurisdiction. In this sense, we believe that the European Commission could explore international cooperation mechanisms for the implementation of this control and analysis beyond Europe. This analysis, however, could be done by an independent body, which would be responsible for the regular conduct of these analyses.

Furthermore, CEER would also like to underline its commitment to continue to work on these issues, namely by indicating that in its draft Work Programme for 2021, [which was open for public consultation](#) from 19 June until 31 July 2020, CEER proposes to have a deliverable on "Regulatory mechanisms to incentivise reductions in methane emissions in gas networks". Through this deliverable, CEER intends to develop a report summarising the various existing mechanisms to incentivise network operators to reduce methane emissions in their network. This report will cover various aspects, including actual metering emissions (existing tools or those to be developed), the incorporation of installations to reduce leakages and regulatory incentives based on the effectiveness of operators' management of emissions reduction. We hope that this report will be able to contribute to the European Commission's further considerations on methane emissions.

Finally, beyond the cross-sectoral linkages identified in the EU Strategy for Energy System Integration, CEER notes the relevance of future reforms of the Emissions Trading Scheme, in particular as regards the extension of the ETS to other sectors, which would have an impact on a future EU Methane Strategy and which should therefore be developed in full coordination with these and other policies.