



Emerging from the crisis with a powerful and sustainable energy transition and climate protection

The COVID-19 pandemic is one of the biggest global crises the world has seen in modern times. In the wake of this crisis, national economies are facing unprecedented – medical/health care, economic, social, and political – challenges. The signatories have accepted their role in meeting these challenges and since the outbreak of the pandemic have helped to ensure that households and companies are supplied with gas. This provides stability and certainty – and safeguards jobs.

But we also firmly believe that we can make a vital contribution to firing up the economy again once we have overcome the pandemic – without compromising the climate protection goals. Gas is essential for low-cost climate protection. The role of gaseous energy carriers in enabling climate protection with low CO₂ abatement costs, something that had already been proven before the pandemic, will be even more evident after the pandemic. Together, we support the measures taken by the central and regional governments as well as the municipalities to fight the corona pandemic. Collectively, we share the conviction that both now and in future the health of the population must take priority.

Nevertheless, this awareness must not allow us to be diverted from the energy transition and climate protection, nor to slow down our efforts in this regard. Indeed, the opposite is true: particularly in light of the current debate on stimulating the economy, we do not need short-term solutions that fizzle out before they can even take effect. What we need are sustainable foundations and investments in order to restructure our energy system, which will bring about a continuous reduction in CO₂ emissions. This is not just essential for achieving the medium and long-term climate targets; with these investments we are supporting the economy in the short term, making it fit for tomorrow and creating future-viable jobs. Hence, we very much welcome the fact that the German federal government recently agreed a comprehensive economic stimulus package, including the so-called Future Package containing many energy transition and climate protection measures which take the above considerations into account. Even if many details still have to be decided, the targeted and swift implementation of the economic stimulus package has the potential – in addition to the measures already underway – to boost both the economy and the energy transition. This is the only way to ensure we emerge from the crisis with a strong and sustainable economy and society.

Phasing out coal swiftly and ensuring a successful structural transformation

In 2019 alone, it was possible to reduce CO₂ emissions by six million tons as a result of switching from coal to gas.¹ This shows that together with renewable energies, gas makes a vital contribution to reducing CO₂ emissions. The agreed phase-out of coal was and is a fragile compromise negotiated among the various interest groups over a long period and which policymakers are now in charge of implementing. For the sake of planning certainty for all stakeholders, we support the federal government in stepping up its efforts to ensure the swift adoption of the law on the country's coal exit and the law on strengthening the coal regions in order to ensure their successful structural transformation.

Enabling investments in guaranteed CHP generation

In parallel, the conditions for investing in reliable and flexible power stations must be improved. We firmly believe that existing and new gas power stations will play an important role in guaranteeing an affordable and secure power supply in Germany. Ensuring this requires CHP legislation with a long-term focus and a much more attractive incentive for replacing coal.

1 Figures from BDEW

Driving forward gas innovation – while being open to different technologies and applications

Innovation is essential for the energy transition to succeed. To accomplish the transition, we need more new technologies and processes. One of the things that society has learned in the last two years is that hydrogen and the matching infrastructure will play a larger and broader role across various sectors in future, especially in regions where renewable electricity is not directly available, or where its usage involves major technical and thus economic challenges. In this regard, the heating/building sector specifically requires more attention.

The German federal government's National Hydrogen Strategy is an important step in this direction. We fully support the goal of building five GW of industrial H₂ systems by 2030 and additional five GW by 2040 at the latest. The task now is to ensure the successful market launch of power-to-gas by removing the remaining obstacles and by offering targeted incentives. This applies both to supply, e.g. via a market incentive program, and demand, with the possible introduction of a greenhouse gas reduction target for gas consumers in the heating sector. The declared goal of exempting the production of green H₂ from the EEG surcharge is a significant step. This will create jobs with a secure future and it also shows that the technologies work on a large scale – which provides a solid basis for exploiting export potential.

In this endeavour, an openness to different technologies and applications must be facilitated: we need an approach that enables and incentivises the use of decarbonised hydrogen as well as renewable hydrogen. Methane pyrolysis² in Germany and Carbon Capture and Offshore Storage (CCOS) technology³, as is currently used in Norway for instance, can play an important role. These forms of energy can make a key contribution to bringing about decarbonisation in all sectors, including the building sector.

Moreover, Germany must actively promote hydrogen during its forthcoming EU presidency. That is particularly true for the REDII delegated act, the implementation of which Germany must work hard to achieve so that the market for carbon-free H₂ can really take off. This offers an opportunity to think big, and to combine economic interests, the protection of jobs and climate protection intelligently – an opportunity that we cannot afford to miss amid international competition.

Continuously pursuing the expansion of renewable energies

The target of 65% of renewable energies in gross electricity consumption by 2030 can only be achieved if reliable conditions for the further expansion of renewable energies are swiftly put in place. In combination with gas, this will help to guarantee a secure and affordable low-carbon energy supply. We call on the German federal government to create a clear legal basis for the 65% target. With this in mind, we welcome the fact that there is now finally consensus within the federal government, particularly for the increase of onshore wind capacities, which also paves the way for enhanced capacity increases in offshore wind power and the elimination of the 52-GW PV cap.

In our view, regenerative and climate-friendly energies clearly include investments in renewable and decarbonised gases, which play a key role in sustainable value creation and thus economic growth. As well as enormous potential to reduce CO₂ emissions, these technologies also offer huge economic potential, as various studies show.⁴

2 Methane pyrolysis involves splitting natural gas at high temperatures into its individual components, hydrogen and solid carbon.

3 In combination with the process of autothermal reforming of natural gas to hydrogen, this refers to the capture of CO₂ and storage in depleted gas reservoirs at sea or in very deep rock strata. These rock strata are filled with sandstone and salt water and are thus called "saline aquifers".

4 e.g. Frontier Economics (2018)

More building, and particularly heating, refurbishment

We welcome the announcement by the German federal government that it plans to top up the CO₂ building modernisation programme with an additional one billion euros to 2.5 billion euros. Tax incentives for the refurbishment of energy systems in buildings is an important instrument in achieving CO₂ reductions in the heating sector. Gas-based applications together with renewable energies can provide important momentum for a sustainable decrease in CO₂ emissions in this sector, too – which is technology-neutral, socially responsible and kind to the environment. The key to this is modernising heating technology, especially in existing buildings. To this end, the support mechanisms (currently the 2020 market incentive programme for heat from renewables, in future federal funding for efficient buildings) should be adapted so that condensing boilers, when proven to run on renewable and decarbonised gases, also become eligible for government support. We proposed creating an incentive for the use of renewable and decarbonised gases in the Buildings Energy Act (GEG) by setting a primary energy factor of 0.1 for the use of renewable and decarbonised gases.

Guaranteeing technology-neutral and low-carbon mobility

Electric, gas and hydrogen-based fuels and technologies are the key to succeeding in the difficult task of reducing CO₂ emissions in the mobility sector sustainably. Batteries, fuel cells, CNG, bio-CNG, SNG, LNG, bio-LNG and e-fuels all make up a mosaic of mobility possibilities which, together with enhanced vehicle efficiency, can offer mobility-based solutions. The same principle applies here: an approach that is not limited to certain technologies provides the best chance of being able to achieve the highest possible CO₂ reductions for each mobility application. More specifically, it is about recognising the potential of all energies to reduce CO₂ emissions in EU fleet regulation.

Planning certainty creates jobs and investments

To overcome the corona crisis, the immediate priority is to provide short-term economic stimulus. The use of gas and hydrogen across different sectors and the development of diverse technologies for the generation of renewable and decarbonised gases have a key role to play here. At the same time, we must be mindful of the long-term stability – both economically and ecologically – of the solutions we design. We firmly believe that the use of gases will be an engine of growth and job creation in the long term, too, which will be indispensable in decarbonising our systems.

The companies of the gas industry support a solutions-based and practical continuation of this path towards the energy transition and climate protection. We would be pleased to discuss these topics as convenient.

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