

## IOGP feedback to the Combined Evaluation Roadmap/ Inception Impact Assessment on the revision of Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure (TEN-E)

The International Association of Oil & Gas Producers (IOGP) welcomes this opportunity to provide initial feedback on the upcoming review of the Regulation on guidelines for Trans-European Energy Infrastructure (TEN-E). The European upstream oil and gas industry shares the world's climate ambition in the framework of the Paris Agreement and supports the EU's ambition of reaching climate neutrality by 2050 upon implementing enabling measures.

In the context of the European Green Deal, it is important that the framework for energy infrastructure is reviewed in order to take into consideration the transformation required by various sectors. **Therefore, the priority should be to include the energy transition objectives while safeguarding the already substantial achievements of the internal gas market.** As recently highlighted by EVP Timmermans, in the press conference presenting the Recovery Plan for Europe 'the use of natural gas will probably be necessary to shift away from coal to sustainable energy'. In the short term, switching from coal to natural gas in power generation would significantly reduce up to 60% CO<sub>2</sub> emissions (in the power sector).

We recommend supporting early-stage deployment and development of new business models for technologies such as CCS (Carbon Capture Storage) and CCS-enabled hydrogen to achieve the Paris Agreement objectives.

A number of planned CCS projects in Europe aim to transport CO<sub>2</sub> from one country to another for storage, by pipeline or other modes of transport such as by ship or truck. They will take place in hubs and clusters where different industries will share infrastructure for transport and storage, allowing for economies of scale through a cross-sectorial and cross-border industrial system. In this context not only CO<sub>2</sub> transport but also CO<sub>2</sub> storage may have a cross-border dimension, therefore helping those and industrial players that cannot store CO<sub>2</sub> locally. For this reason, it is key to have in place a robust policy framework enabling the entire CCS value chain.

In a 2050 perspective, investing in i) the production of all forms of clean hydrogen (from natural gas reforming with CCS, renewable electricity, methane pyrolysis), and ii) technical adaptation of the EU gas infrastructure to carry clean hydrogen, will contribute to climate neutrality while making use of the existing infrastructure in a cost-effective way.

### **We would like that future guidelines on TEN-E takes into account the following policy recommendations:**

- 1) The CO<sub>2</sub> transport network referred to in Annex II (4)(a) is defined in Directive 2009/31/EC (CCS Directive), which limits the scope to a network of pipelines. A CO<sub>2</sub> transport network should not be limited to pipelines but encompass maritime, road and railway transport that can be part of a shared CO<sub>2</sub> transport network. It is particularly relevant during the pilot project and scale-up phases of CCS deployment in Europe, where pipeline construction might not be feasible or economic.
- 2) The networks to provide cross-border transport of clean hydrogen should be included within the scope of TEN-E to enable the creation of a clean hydrogen economy.
- 3) Sustainable gas (as referred to in Art 4(b)(iv) of the TEN-E Regulation) should go beyond renewable gas to ensure all low-carbon and decarbonised gases are considered. The TEN-E Regulation should recognise their potential for the gas sector decarbonisation.

## To deliver the aforementioned recommendations, the following amendments will be required to the text of the TEN-E Regulation:

- Replacing all references to “carbon dioxide transport” with “carbon dioxide capture, transport and utilisation or storage”, starting in Article 4.2 (e).
- Including hydrogen in the scope of the Regulation, starting in Article 1.2(a): “...energy infrastructure categories in electricity, gas, oil, **hydrogen** and carbon dioxide set out in Annex II....”.
- Article 4(2)(b)(iv) to include “**deployment of low-carbon and decarbonised gases**”.
- Article 4 to include “**hydrogen projects**” including hydrogen transport, blending and infrastructure adaptation projects contributing significantly to, inter alia, sustainability through reducing emissions and enhancing the deployment of low-carbon gases.
- Annex I (12) to include CO<sub>2</sub> capture, utilisation and storage: “...development of carbon dioxide capture, transport and utilisation or storage infrastructure....”
- Annex I 4. “Priority Thematic Areas” to include “hydrogen network: development of hydrogen transport, storage, blending and infrastructure adaptation projects” and to apply at regional level to facilitate the development of hydrogen districts.
- Annex II “Energy Infrastructure Categories” should be expanded to hydrogen through adding the following considerations: “Concerning hydrogen:
  - pipelines used to transport hydrogen,
  - storage facilities for hydrogen,
  - any equipment or installation essential for the system in question to operate properly, securely and efficiently.”
- Annex II (4) to include infrastructure concerning all components of the CCS value chain, including CO<sub>2</sub> capture, utilisation or storage in addition to transport infrastructure. This should also cover infrastructure to allow transport of CO<sub>2</sub> by ship, truck or other modes of transportation in addition to pipeline infrastructure.
- Annex III (2) to include category for proposed hydrogen projects (e.g. “to be presented as part of a plan, developed by at least two Member States, for the development of cross-border hydrogen infrastructure”.
- Annex IV (1) to include criteria for all components of the CCS and hydrogen value chains
- Annex IV (3) (d) to include under “sustainability” the contribution of the project to the development of low-carbon gases.

## Moreover, the revision of TEN-E should take into account the following principles:

- 1) The just transition principle implies that Member States and regions should be allowed to adjust to the clean energy transition at a sustainable pace. A one-size-fits-all approach could come to impact energy system and economic resilience negatively. The completion of missing transmission infrastructure for natural gas should be included in the future TEN-E guidelines. In cases where coal-to-gas shift can significantly contribute to emissions reduction, adequate policy and support measures should be endorsed by the EU (like in the proposed Regulation establishing the Just Transition Fund). At the same time, it is important to make any new gas infrastructure developments future-proof and adaptable to low-carbon gas transportation.
- 2) Any potential amendment of eligibility criteria for Projects of Common Interest (PCIs) should not compromise the goals of energy security (in particular diversification of routes, sources and suppliers) and completion of internal energy market. Moreover gas PCIs should further be eligible for CEF funding in consideration of the important role of coal-to-gas switch.
- 3) Revised TEN-E should facilitate obtaining a PCI status for the joint projects between EU Member States and third countries. In this context, gas PCIs with third countries play a particularly important role to enhance security of gas supply and to improve the gas market functioning in some areas.