

Paris, 10th July

Can Europe’s gas industry overcome methane emissions challenge and remain relevant in the low-carbon EU economy?

European leaders this month once again clashed over future policies concerning the role natural gas should play in the European Union’s energy landscape. Many in the commission are pursuing plans for full electrification of the energy system within the next three decades – but others remain sceptical that such a move would be possible or even fully serve the needs of all member states – and believe that existing gas infrastructure must be utilised for cost and timescale purposes, if climate change commitments are to be met.

With the United Kingdom becoming the first EU member state to publicly declare its intention to become net carbon-free by 2050, a new sense of urgency among Europe’s energy producers is apparent. Change is being forced and momentum towards delivering a low-carbon – and even carbon-neutral – energy system for Europe is now a top priority for policy makers, civil society, scientists, and many leading investors. Fossil fuel leaders such as Shell, Total and BP have been further diversifying their fuel portfolios for some time and are now self-proclaimed energy ‘suppliers’ rather than mere producers. Others, including state energy companies Orsted, Equinor and ENGIE, have taken more radical approaches and now place decarbonisation and clean energy delivery at the top of their strategic agendas.

Through this new-found urgency to adapt and evolve, there remains a powerful conundrum facing national policy makers: if governments are to adhere to COP21 binding agreements, why do they continue to invest in medium to long-term fossil fuel projects?

Germany is at the forefront of this policy conundrum, as it pledges massive reductions in CO₂ by 2050 and yet nationally presses on with huge fossil fuel infrastructure projects such as Nord Stream 2, and – more speculatively – two liquefied natural gas (LNG) import terminals located near the towns of Wilhelmshaven and Brunsbüttel on the northern coast of the country. All of these projects will have an economic and physical shelf-life of at least 30 years, which would suggest German energy policy is somewhat caught between the pragmatic needs to deliver affordable energy, securely, to their population, whilst balancing ambitions to deliver on COP21 commitments.

Meanwhile, the European Investment Bank (The EU’s investment arm) press ahead with commitments to fund the financing of billions of euros’ worth of new natural gas infrastructure projects, the bulk of which went towards gas pipeline developments. Natural gas emits significantly less carbon dioxide than other fossil fuels when burned efficiently, yet the production and delivery of natural gas still creates methane emissions. Methane – a gas around 40-50 times more potent as a greenhouse gas (GHG) – remains one of the oil and gas sectors’ greatest environmental challenges to tackle.

“Europe has been chronically reluctant to deal with the climate impact of oil and gas methane emissions,” remarks Poppy Kalesi, Global Director for Energy at the non-profit, The Environmental Defense Fund.

“Yet addressing the methane issue cuts right to the heart of natural gas’ value proposition at a time when Europe is increasing gas imports to accelerate its transition to a low-carbon economy.”

With the European Commission committed to delivering on COP21 and adhering to ambitious CO2 and GHG emissions reductions, they too are faced with a painful conundrum when it comes to gas and LNG pipelines, infrastructure and terminals. Continue to invest in, and support, natural gas and LNG projects towards 2050, perhaps utilising existing networks and storage for low-carbon and carbon-neutral fuels such as hydrogen or biogas? Or does the Union make the clean break and commit to a total cessation of investment and use of fossil fuels altogether?

These major challenges of our time will be discussed by all stakeholders – including policy makers, producers, industrial customers, fund and investment leaders, civil society, and more – at the 34th edition of the **European Annual Gas Conference** being held in Paris, this November 5th – 7th.

Europe's gas industry is going through an existential crisis and this event will provide a prime opportunity for key stakeholders to map out a radical new pathway for change and prosperity.

To learn more, visit www.theeagc.com.

About EAGC

The [European Annual Gas Conference](#) (EAGC) – this year in Paris, 5-7 November - has been regarded as a leading European summit for more than 30 years, but now faces up to the major and rapid developments facing the gas industry as efforts to decarbonise energy accelerate.

The conference brings together 300 senior executives and more than 50 speakers representing all aspects of the energy chain – including producers, end-users, civil society, investment managers, analysts and traders – to de-tangle the complexities of Europe's future energy landscape.

Get in touch: info@theeagc.com

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