

IOGP statement on the European Commission's 2030 Climate Target Plan

The International Association of Oil & Gas Producers (IOGP) supports the EU's objective to reach climate neutrality by 2050. We call on policymakers to follow up on the Climate Law with an inclusive approach that promotes all available technologies and solutions equally, and encourage the EU to step up its engagement with its global partners to combine decarbonisation efforts. Reaching climate neutrality by 2050 is a major challenge and will require an ambitious enabling policy framework and technology developments.

To reach climate neutrality by 2050, the EU is discussing its goals for the next decades. In this context, we welcome the European Commission's Communication on *'Stepping up Europe's 2030 climate ambition'* alongside the detailed Impact Assessment accompanying the Communication as a basis for an in-depth discussion.

We are supportive of an ambitious and realistic 2030 EU GHG emissions reduction target and look forward to a swift decision to create the necessary clarity for further investments needed. We will advance energy solutions to this effect.

Achieving both 2030 and 2050 GHG targets will require major efforts and the implementation of a set of cost-effective actions across all economic sectors, ensuring that no one is left behind. Furthermore, it will need to be underpinned by a comprehensive enabling policy framework supported by an inclusive Recovery Package, MFF and following policy tools:

- All relevant EU legislation and policies should contribute to these new targets, while taking an inclusive approach in order to keep all technology options contributing to the reductions of GHG emissions open, respecting a level playing field based on life cycle based emissions reduction potential.
- As each economic sector will require, together with common pathways, its specific decarbonisation pathway to achieve climate neutrality by 2050, all relevant stakeholders should be closely consulted.
- The EU must maintain the global competitiveness of its trade-exposed industry that faces asymmetrical carbon costs on their products. All potential carbon-leakage measures including Carbon Border Adjustment Mechanism need to be further assessed and efficiently designed to ensure the compliance with WTO.
- National circumstances, different starting points, the aspects of energy poverty and affordability challenges need to be considered through recognising natural gas-based technologies as transitional and enabling activities throughout all the sectors: heat and power generation (including CHP), transport and industry. Necessary regulatory and financing framework for investments in all natural gas, low-carbon and renewable gases needs to be ensured.
- Sustainable Finance and its Taxonomy are essential tools to achieving those objectives, provided they are inclusive enough to stimulate and recognize the whole spectrum of mitigation activities, as all efforts to reduce emissions towards 2030 are needed.
- The potential of LNG, renewable and low-carbon hydrogen (including ammonia and methanol) to reduce emissions from maritime transport should be reflected in the forthcoming FuelEU Maritime initiative. Also in other transport sectors, in particular heavy road transport or public transport natural gas (LNG and CNG) provide a readily available option for emission reduction, whereas the electric option is still under development.

- Natural gas, low-carbon liquid fuels (e.g. bioLNG/LBM) and hydrogen refuelling infrastructure should be incorporated in the review of the Alternative Fuels Infrastructure Directive.
- The EU should focus on accelerating and scaling up the role of carbon management and carbon removal technologies, including both nature-based solutions and technical solutions based on carbon capture and storage, by designing policy incentives such as an EU-wide Carbon Contract for Difference (CCfD) scheme and the certification of carbon removals.
- The EU should ensure that its gas regulatory framework is updated to support the uptake of renewable and low-carbon gases, and that financial support for the construction or upgrading of gas infrastructure which can accommodate renewable and low-carbon gases are available. Any update needs to be fit for purpose in order not to jeopardize the achievements of the current internal gas market legislative framework.
- The EU should ensure that hydrogen, biogas/biomethane and CCUS are eligible for R&D&I programmes, EU funding and State aid (e.g. Horizon 2020, Innovation Fund, InvestEU, EEAG).
- It is essential that tax treatment of natural gas and low-carbon gases in heating, power generation and transport reflect, inter alia, their contributions to reducing CO₂ emissions. Furthermore, any tax incentive for hydrogen used as an energy carrier should cover both renewable and low-carbon hydrogen to ensure that a true hydrogen ecosystem is created in Europe.
- As far as the review of the Renewable Energy Directive is concerned, we recommend establishing a comprehensive terminology and certification system covering both renewable and low-carbon gases, and applying a consistent EU-wide methodology based on life-cycle GHG emission analyses enabling a transparent comparison of different energy sources.
- The European Primary Energy Factor (PEF) approved just two years ago, should not be further reduced. The PEF must adequately reflect this energy mix to create the right incentives for customers and avoid perverse effects, such as an increase in demand for electricity in regions where generation is particularly carbon-intensive.
- We emphasise the importance of strengthening international cooperation, in particular by an effective implementation of Article 6 of the Paris Agreement.
- Investments necessary for methane reduction (e.g. LDAR) should be recognised as allowed costs for regulated entities in transmission, storage and distribution – as proposed in the *Communication on an EU strategy to reduce methane emissions*.

IOGP is ready to continue to engage in a debate with all EU policy makers and stakeholders on the required measures aimed at delivering the 2030 target that will bring us closer to the goal of climate neutrality by 2050.

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