

> POSITION PAPER

EC roadmap consultation – EU Methane Strategy

Berlin, 30.07.2020

The German Association of Local Public Utilities „Verband kommunaler Unternehmen“ (VKU) represents around 1,500 local public utilities in Germany, operating in the sectors of energy, water/waste water, waste management and telecommunication. In 2018, VKU's members, which have more than 275,000 employees, generated a turnover of around 119 billion euro of which more than 12 billion euro were reinvested. In the end-customer segment, VKU's member companies have a market share of 62 percent in the electricity market, 67 percent in the natural gas market, 90 percent in the drinking water sector, 74 percent in heating supply market and 44 percent in waste-water disposal. Every day, they dispose of 31,500 tons of municipal waste through separate collection and take a vital role in ensuring recycling rates of 67 percent, which rate the highest within the EU. Additionally, more and more local public utilities are committed to the deployment of broadband infrastructure. 190 members invest more than 450 million euro every year. They increase their investments by around 30 percent each year. When deploying broadband infrastructure, 93 percent of local public utilities rely at least on fibre to the building.

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VKU highly welcomes the announced efforts by the Commission to reduce methane emissions and to streamline reporting and structurally address methane emissions reduction. In our opinion the only effective way to tackle the issue is to apply a fully holistic approach – covering all sectors, all sources of manmade methane emissions and every part of the respective value chains, and going beyond the EU borders where applicable. As the Commission states in its roadmap, the areas of energy, agriculture and waste need to be covered, considering also synergies between sectors.

To put methane emissions in the right perspective is key, as well between sectors as within the value chain. Methane emissions have to be measured with a consistent calculation. This has to be based on a uniform methodology within the different sectors. This can be the basis to redistribute reduction targets that reflect the impact of every single sector, activity and actor. The situation in the different Member States is very inhomogeneous. The German gas industry, for instance, has in the last decades been working in the comprehensive modernisation of their infrastructure: Over the past decades they exchanged materials, that favor undesirable emissions (e.g. gray cast iron) for denser materials. Result: Leaks and damage on gas pipes have decreased by 90 % since 1990. Consequently, possible methane emissions reduction targets and quotas can only be useful and efficient when they take into account the diverging baselines in Member States.

Likewise, future initiatives aiming at tackling methane emissions should take into account the different characteristics of emitters. In the past decades the energy sector has already taken different actions and is willing to continue this path, but also expects improvements and efforts from the other sectors. In the case of gas DSOs (distribution system operators), legislation and regulation should consider not only the nature of the business itself – with 2.2 million km distribution grids and related assets, situated mostly in urban areas, but also the regulated character of the business. National competent authorities, including National Regulatory Authorities, do already have a broad overview. Also, the DSO landscape in Europe has to be taken into account: it is characterized by a large number of DSOs (708 different DSOs can be counted in Germany only!). Many of them are small local actors, close to the consumer. Therefore, it is necessary to avoid overly complex, costly and unadapted processes and procedures. This will increase the quality of the implementation.

Traditionally the gas sector, and notably gas DSOs, always have taken their responsibility in reducing methane emissions, mainly driven by ensuring safety for the gas system and the customers. Researches show that diffuse methane emissions from natural gas have decreased by 50 % in the EU since 1990, actually demonstrating the results of the many existing measures applied among European Member States.

Leak detection and repair (LDAR) is already an essential task for grid operators, as reflected by the shared utilisation of LDAR programs. LDAR programs have led to significant emission reductions with the great advantage of limiting the economic losses and the environmental, health and safety risks. Even if the LDAR programs differ between Member States, they constitute an adequate starting point for designing future legislation and regulation on methane emissions. A certain degree of harmonisation of these programs should be considered.

The verification and validation of data should always rely on statistically significant samples. Of course, if new measurement and verification methods become available, the gas sector has clear interest in testing them on reliability and efficiency and implementing these new methods.

German gas DSO are ready to make their contribution for methane emission reductions shoulder to shoulder with the waste and agriculture sectors.