



Press release from the European Gas Advocacy Forum

## **GAS CAN MAKE A SIGNIFICANT CONTRIBUTION TO REACHING EUROPE'S GREENHOUSE GAS EMISSION TARGETS**

**In the report just released, the European Gas Advocacy Forum lays out how gas can make a significant contribution to achieving Europe's greenhouse gas emission targets for 2050.**

**Gas offers an economically attractive option to meet emissions targets, including the European Union's 20/20/20 targets. It can contribute to emission reductions by 2030 whilst not creating any restriction in the other available options for the continued abatement to 2050.**

This study provides a technical analysis on the contribution gas can make to achieving the emission reductions targeted by the EU. It builds on the scenarios outlined in the European Climate Foundation's Roadmap 2050<sup>1</sup> and accepts emission reduction targets as 'given' even where those targets may be very hard to deliver in practice. It also takes into account several constraints that place upper and lower limits on the pace of implementation and on the mixes of conventional and new technologies for power generation in Europe.

It aims to facilitate the debate on the options to reach this goal by describing three potential pathways to achieve the 80% emissions abatement targets by 2050, and the derived intermediate target by 2030.

The main conclusion of the study is that if Europe is to set stringent CO<sub>2</sub> emission targets, it should do so without mandating the technology. This will in turn ensure that significant investment costs will be avoided, thus contributing to Europe's competitiveness.

The study represents the collective view of the working groups of the Forum but does not reflect that of individual companies or organizations.

### **KEY FINDINGS OF THE STUDY**

#### ***Reducing costs***

The potential for reducing emission reduction costs by using gas in the energy mix is sizable in comparison with the pathway described in the ECF Roadmap 2050 '60% Renewable Energy Sources (RES) scenario'. For the period 2010-2030, total

<sup>1</sup> Available at <http://www.roadmap2050.eu/>



Press release from the European Gas Advocacy Forum

investment costs in the power sector could be €450-550 bn lower, leading to an improvement in overall power-system costs of ~€500 bn. Additional cost savings of similar magnitude may be possible for the period 2030-2050 but are much more uncertain.

On a household level, these improvements could translate into annual electricity and heating cost savings of €150-250. Energy-intensive industries, which employ 20-25 million people in Europe, could avoid an increase of costs that would equal around 5-10% of their profits if they were unable to charge through or otherwise compensate for higher energy costs.

### ***Reducing implementation risk***

Adopting the pathways for 2010-2030 defined by this study would allow Europe more time to select and fine-tune its carbon abatement plans for 2050.

The pathways rely less on further development of emerging technologies and therefore present less uncertainty around implementation. The resulting power-system would require less transmission and back-up capacity to be sufficiently robust, thereby also reducing country interdependence.

Seizing the potential of gas to meet targets for 2030 will also allow Europe more time to prepare for the potential implementation of intermittent power generation technologies (including, for example, the build-out of international transmission grids), or international collaboration in planning and operation of the energy system.

### ***Safeguarding robustness of power system and security of supply***

The pathways would safeguard the robustness of the power system and security of supply. Through a lower reliance on intermittent technologies, a 25-40% lower build-up of transmission capacity would be required. Security of gas supply can be ensured: proven reserves are large and increasing, and as a result of current and planned construction of new LNG capacity and pipelines, there is ample supply capacity and diversification of the supplier base.

The study considered a number of scenarios to indicate a broad range of possible outcomes meeting the 80% CO<sub>2</sub> emissions reduction target. The impacts of these scenarios on a number of factors, including on investment, were then analysed. These scenarios are not forecasts and indeed other outcomes are possible, in aggregate and for individual sectors. For example, in the residential sector the advantages of gas could easily mean that gas demand may not decline in the long-term as a result





Press release from the European Gas Advocacy Forum

of new technologies, carbon offsetting or trading or other considerations related to stranded cost.



*This press release summarises key findings from the forthcoming report 'Making the Green Journey Work; Optimised pathways to reach 2050 abatement targets with lower costs and improved feasibility' based on research undertaken by the European Gas Advocacy Forum, an industry group including Centrica, E.ON Ruhrgas, Eni, Gazprom Export, GDF SUEZ, Qatar Petroleum, Shell and Statoil.*

*The information and conclusions contained in the report and this press release represent the collective view of the individual members of the working group of the ongoing study and not that of companies or organisations. Any information and conclusions provided in this press release are for reference purposes only and are not intended as, nor should they be used as, a substitute for professional advice or judgment in any given circumstance. The companies and organisations involved do not guarantee the adequacy, accuracy, timeliness or completeness of the executive summary's contents. These companies and organisations therefore disclaim any and all warranties and representations concerning said contents, express or implied, including any warranties of fitness for a particular purpose or use.*

