



GIE and MARCOGAZ position paper regarding the Clean Power for Transport Package announced by the European Commission on 24th January 2013

1. Who is GIE?

Gas Infrastructure Europe (GIE) is an association representing the sole interest of the infrastructure industry in the natural gas business such as Transmission System Operators, Storage System Operators and LNG Terminal Operators. GIE has currently 69 members in 25 European countries.

One of the objectives of GIE is to voice the views of its Members vis-à-vis the European policy makers. Its mission is to actively contribute to the construction of a single, sustainable and competitive gas market in Europe.

2. Who is MARCOGAZ?

MARCOGAZ is the Technical Association of the European Natural Gas Industry having 27 Members in 22 Countries, mainly National Gas Associations and Companies involved in natural gas activities. Its main mission is to serve its Members as the EU technical window on technical legislation and standardisation and to promote technical conditions required for a safe and efficient use of natural gas.

3. GIE and MARCOGAZ general comment

GIE and MARCOGAZ Members operate a vast network of transmission pipelines, distribution grids, underground storages and LNG facilities, including small scale activities (truck and ship loading). These infrastructures are of key importance for the development of CNG and LNG re-fuelling infrastructure. GIE Members are also involved in operating and investing in for example LNG bunkering facilities throughout Europe. GIE and MARCOGAZ therefore support the objectives as set out in the Commission proposal. The development of CNG and LNG infrastructure for road transport and LNG in shipping will enable substantial reductions in greenhouse gas emissions throughout Europe. In addition to CO₂ reduction the use of gas as a transport fuel enables substantial improvement of air quality, especially in cities and ports. Nitrogen oxide emissions can be brought down up to 60% for motor vehicles and 90% for ships. Sulfur oxide emissions for ships can be reduced with 100%. Increasing production of bio-CNG and bio-LNG makes gas a fully renewable energy source for the transport sector.

Gas as a transport fuel is a proven, reliable and mature technology with readily available passenger vehicles, trucks and ships at competitive costs. The proposed measures give a clear signal to industry that policymakers are committed to support emerging markets for alternative fuels. This provides much needed certainty for investments in CNG and LNG passenger vehicles, trucks, ships and refuelling infrastructure and will limit the need for public funding for the development of the market. Investment costs can be optimized through integrated development of refuelling point with existing gas infrastructure such as pipelines and LNG terminals.

4. GIE and MARCOGAZ specific comments

Whereas GIE and MARCOGAZ supports the objectives set out in the Commission proposal we would like to highlight the following issues:

4.1 Definition of refuelling point for LNG

In order to have maximum flexibility for meeting the requirements of the Directive, it seems appropriate to allow mobile installations or movable LNG containers as refuelling facilities in ports, as defined in Article 2(8). However, these mobile installations should be available permanently in the ports.

4.2 Existing related infrastructures

In order to avoid unnecessary investment costs which would be reflected in the final customer price, planning and development of CNG and LNG refuelling infrastructure should be done in conjunction with existing related infrastructures such as transmission pipelines, LNG terminals and distribution grids.

4.3 National policy frameworks

Article 3.3 of the draft directive limits the eligibility for Union and national support measures to fuels which are part of the national policy frameworks. In order to ensure Union-wide coverage of refuelling points, all fuels mentioned in this directive should be part of the national policy frameworks and be able to obtain national and Union support.

4.4 Timelines

Article 6 of the directive sets 2020 and 2025 as deadlines for the development of LNG and CNG infrastructure. Given the clear need for the development of LNG and CNG infrastructure, seven to twelve years seems a lengthy period. Especially taking into account the sulfur emission standards for ships in the SECA area which already enter into force in 2015. Ship owners need to have certainty that when deciding on new vessels, refuelling points will be available on their way and at their destination. Therefore, it is more appropriate to set the deadline for LNG refuelling facilities for ships in 2018. Furthermore to facilitate the roll-out of infrastructure and create clarity for the market the development of roadmaps at a national or regional level should be considered. These could elaborate on the expected national and regional demand, for example as a result of other European or international targets such as for the SECA area.

In addition the text does not include proper measures (e.g. incentives or penalties) for the Commission to ensure that Member States meet the proposed deadlines.

4.5 Distances

Refuelling points for LNG need to be established within distances not exceeding 400 km and for CNG a maximum distance of 150 km is defined. These distances seem reasonable, but only defining a maximum distance without providing clear rules how this is calculated could distort the level playing field and the needed coverage. Currently Member States could fulfil the requirements of the directive with only a handful of refuelling points, to the detriment of passenger vehicle and truck owners. A solution for CNG could be to require a refuelling point on every 150 km on every highway in Europe. This solution would, however, not ensure CNG refuelling coverage in the vicinity of cities. Another solution might be to divide the total amount of km of streets in a country by 150 to get the minimum

amount of refuelling points in the Member State and ensure an even spread throughout the Country of these points.

In addition, where possible the development of refuelling points in conjunction with existing infrastructure can facilitate refuelling points to efficiently fulfil technical, economic and environment criteria.

4.6 Gas quality

The Commission's proposal in article 6.8 only mentions that gas quality for CNG should meet the requirements needed for 'current and advances technology CNG vehicles'. This approach ignores the ongoing activities within CEN¹ on standardization of the gas quality. Currently only national specifications exist for gas quality. Enforcing a single gas quality through this directive does not seem appropriate. Moreover current CNG technologies can accommodate variations in gas quality. It is therefore more cost effective to maintain this flexibility in CNG vehicles rather than to enforce a single gas quality at all refuelling points. This would require substantial additional investments for the refuelling points and limit the possibility to make use of the existing wide-spread pipeline infrastructure throughout Europe. Further discussions on gas quality both for CNG and LNG (for which no provisions concerning gas quality are defined in the current Commission text) should therefore continue to be conducted by all involved stakeholders within CEN and not unilaterally be set by the needs of the vehicle manufacturers.

4.7 Safety standards and planning permission

Wide-spread development of CNG and LNG refuelling infrastructure is currently hampered by the lack of common standards and requirements. In certain Member States CNG and LNG refuelling stations are seen as industrial plants with substantial additional requirements leading to high investments costs. An early adoption of standards set out by IMO's initiatives and the exchange of best practices will facilitate the timely development of LNG infrastructure at low costs. Policy frameworks should promote, as much as possible, the harmonisation and adoption of operational and safety issues.

¹ European Committee for Standardization.