

Nature Energy

Political Opportunities and Threats for Biomethane in the Nordics

Nordic Biogas Conference

09.04.2019

One piece of a very large puzzle



- There is only one Opportunity and one Threat
- ... Demand

Opportunities are many

- Among the more promising ones are those from RED II
 - Renewable in heating and cooling
 - Renewable in transports
 - Sector Coupling
- ... but most important is consumer action

RED II

- Mainstreaming renewable energy in heating and cooling (Article 23)
 - *...the share of renewable energy in that sector by an indicative 1,3 percentage points...*
 - Biomethane can do this within the existing infrastructure
 - And it can meaningfully separate the production site from the consumption
 - Nordic Potential is not overwhelming, but European potential is massive
- 20 BCM of biomethane in 2030
- And the resulting price increases with no subsidies, tipping fees and tax exemptions
 - Less than 18 €/annum
 - Or roughly 1% increase

RED II

- Mainstreaming renewable energy in the transport sector (Article 25)
 - *...the share of renewable energy within the final consumption of energy in the transport sector is at least 14 % by 2030...*
 - Biomethane can fulfill the most challenging parts of renewables in transport
 - Heavy Duty, long distance transport
 - Advanced Transport fuel
 - Scalable solution – but requires investment in different infrastructure from the current
- >10 BCM of biomethane in 2030
- Indications that it is the most cost effective transition of transport fuels
- But the framework must promote action
- ... and it should remain stable in order to allow for investments

Sector Coupling

- There needs to be build a new and strong link between gas and electricity sectors
 - But transportation and heating and cooling needs to play a role in this coupling
- Biomethane needs to embrace the flexibility needs from all these different sectors
- But most importantly it needs to develop new business models that builds upon this demand for flexibility
- There are no free lunches
 - Electricity is not going to be priced at zero for any significant number of hours during a year
- Biomethane needs to develop business models that can afford to pay LCOE for intermittent electricity
 - If not, biomethane will not find a significant role in sector coupling

Consumer Action

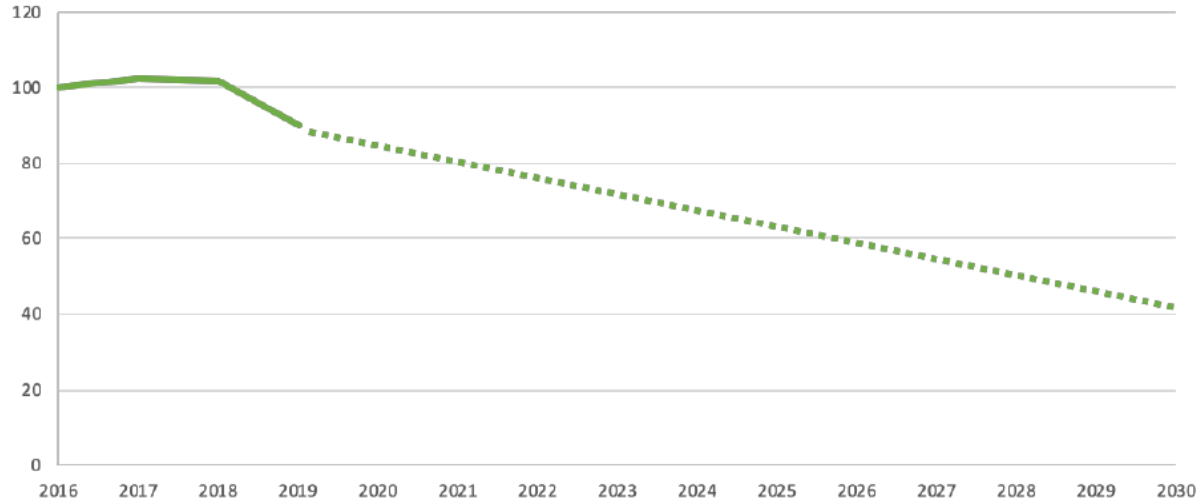
- The most important factor however is consumer action
- Consumer action creates immense support for the necessary politics
- Consumer action is necessary to change the perception that gas infrastructure is inherently fossil
- Guarantees of Origin are getting more recognition in RED II
- Politically important to not surrender GoOs for subsidies
- Potential market is the entire European Gas market
 - >250 BCM
- At the end of the day consumers will have to pay for the biomethane
 - Directly or indirectly
 - Getting consumers directly involved through biomethane products is key to demonstrate public support
 - ... and reduces exposure to policy shifts

...but we need to demonstrate cost and scale

- If we cannot demonstrate both, other technologies will do so

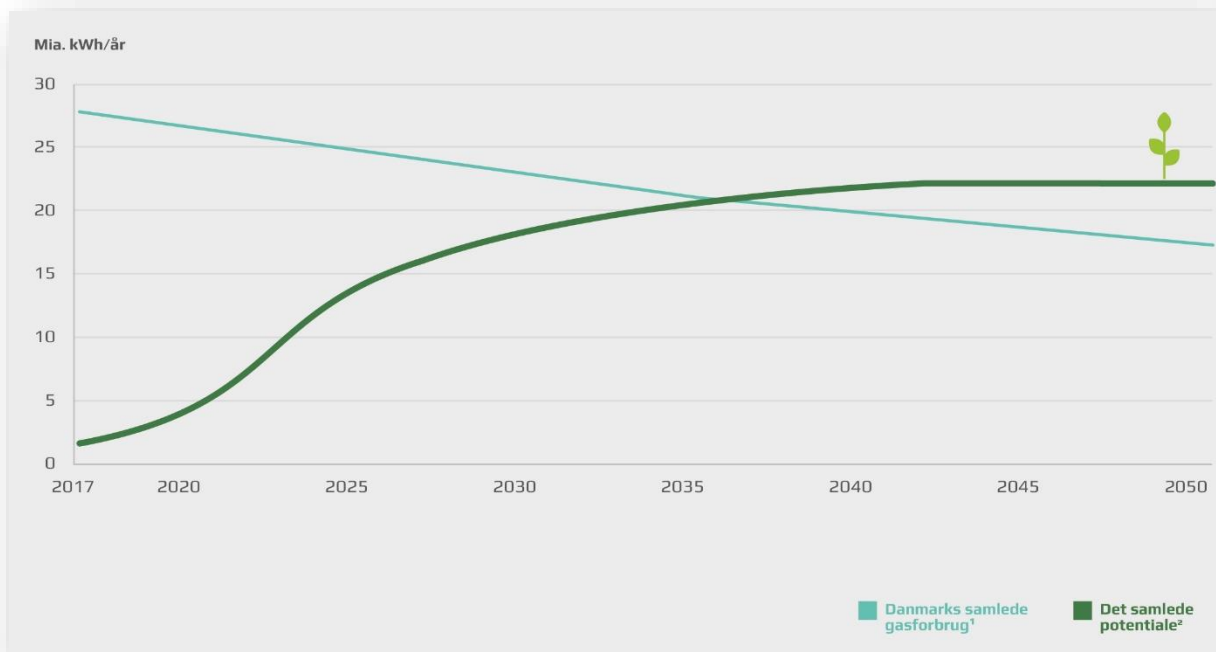
Cost Reductions

Forventning udvikling i produktionsomkostninger (index)



- Biomethane needs to demonstrate reducing costs

Demonstrate the potential



- The potential for biomethane is huge
- But we need to demonstrate that it is there
- And that it is sustainable

National implementation

- All of this needs the right national implementation
- And it needs consistent implementation across different countries

- But more importantly it needs to be an implementation across agriculture, industry, energy and waste

Thank you for your attention

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