

6 February 2023

GHGP Land Sector and Removals Guidance - Impact on Biogas Sector

Dear Mr Bhatia,

Annex B: Biomethane within the newly drafted 'Land Sector and Removals Guidance' is already having an enormous impact on the global biogas sector – inhibiting the immediate decarbonisation of the agriculture, waste management and gas sectors. The proposed changes have the potential to immediately halve investment in this renewable technology.

The co-signatory organisations ask you to remove Annex B in its entirety as a matter of urgency and revert back to the previous annex of the Scope 2 Guidance whereby a market-based approach for biomethane is acceptable for scope 1 and 3 emissions as far as scope 2 quality criteria are met. Failing to do so will have severe consequences on the race to Net Zero.

Methane is responsible for roughly 30% of global warming since pre-industrial times, and methane emissions are rapidly growing¹. 19% of these emissions come from organic wastes generated by human activity². By first capturing and then recycling these wastes into green gas, bioCO₂ and other valuable bioresources, the biogas sector alone could deliver half of the Global Methane Pledge³, one third of today's global natural gas consumption⁴, and a 10% reduction in total global greenhouse gas emissions⁵.

The proposed guidance (Annex B) necessitates the use of physical biomethane, delivered via a private pipe, or road, for it to be allowed within a company's Scope 1 emissions reporting. However, biomethane plants are rarely co-located with industrial users due to numerous constraints, not least the supply of local organic feedstock, planning constraints and availability of agricultural land. Gas grids present the most efficient and cost-effective means of connecting these renewable energy producers with renewable energy users. By effectively requiring the transportation of biomethane by road or private pipe to gas users, the proposed guidance will unnecessarily cause additional carbon emissions and significant costs to be incurred – potentially making the whole investment unviable.

The approach undermines the emerging market for biomethane certificates, which has been funding new anaerobic digestion infrastructure and is capable of tracking biomethane through a gas grid. This market has shown that, with effective eligibility criteria, certificates can fund the production of additional green gas – breaking the sector's current reliance on government support – and drive biogas growth to its full potential.

The proposed new guidance will prevent companies from achieving their carbon reduction targets. Many of the industries purchasing biomethane certificates are unable to electrify their operations due to cost and a lack of suitable alternatives for renewable heat. Not recognising tradable certificates in the reporting of emissions reductions from biomethane consumption will, therefore, remove a major incentive for these firms that would otherwise be able to contribute to the decarbonisation process and fund additional biomethane production.

¹ <https://www.iea.org/reports/global-methane-tracker-2022/methane-and-climate-change>

² <https://www.worldbiogasassociation.org/wp-content/uploads/2022/11/WBA-biogas-insight1-Deliveing-the-Global-Methane-Pledge-pamphlet.pdf>

³ <https://www.worldbiogasassociation.org/wp-content/uploads/2022/11/WBA-biogas-insight1-Deliveing-the-Global-Methane-Pledge-pamphlet.pdf>

⁴ <https://www.worldbiogasassociation.org/global-potential-of-biogas/>

⁵ <https://www.worldbiogasassociation.org/global-potential-of-biogas/>

Furthermore, the proposed change of the corporate standard is not consistent with EU regulations, which will generate misunderstandings and will create inconsistencies in analysis⁶.

The biogas industry recognises, however, the importance of ensuring that biomethane certificates do indeed evidence real decarbonisation and additionality, and is therefore committed to working with the WRI and WBCSD to ensure robust criteria are developed.

Market-based mechanisms are crucial for the decarbonisation of energy networks worldwide – both gas and electricity. We therefore urge you to remove Annex B and revert back to the previous annex of the Scope 2 Guidance whereby a market-based approach for biomethane is acceptable for scope 1 and 3 emissions as far as scope 2 quality criteria are met. It will indeed ensure that investor confidence is restored as soon as possible. The uncertainty triggered by this proposal has already slowed down investment. Urgent action is, therefore, essential.

We would welcome a meeting with you as soon as you are able to discuss this with you.

Yours sincerely,

Signatories (in alphabetical order)

Abiogas / Brazilian Biogas Association

ACT Commodities Group

Air Liquide

AMBB Mexican Biogas Association / Asociaion
Mexicana de Biomasa y Biogas A.C.

Anaerobic Digestion and Bioresources
Association (ADBA)

Arkema

Asociación Española de Biogás (AEBIG)

Bioenergy Association New Zealand

Bioenergy Australia

Biogas Danmark/Danish Biogas Association

Biogass Norge/ Norwegian Biogas Association

Biomasse Suisse

Canadian Biogas Association (CBA)

CEDEC Federation of Local Energy Companies

Centrica

Cerame-Unie / the European Ceramic
Industry Association

Clarke Energy

Clean Energy

CVE Biogaz

Energigas Sverige

Engie

Entsorga

EUROFER / European Steel Association

⁶ e.g., An EU-based organisation may refer to the European legislation on Guarantees of Origin and Proof of Sustainability certificates under the Renewable Energy Directive and the EU ETS Monitoring and Reporting Regulation to demonstrate its use of biomethane. If the GHGP guidance fails to allow for market-based accounting, however, then an organisation will be forced to follow location-based reporting also yielding two different results.

Eurogas

European Federation of Energy Traders
(EFET)

European Renewable Gas Registry (ERGaR)

Europex / The Association of European
Energy Exchanges

Future biogas

Gas Distributors for Sustainability (GD4S)

Gas Infrastructure Europe (GIE)

Gasnam-Neutral Transport

GEODE

GHD

Green Gas Certification Scheme (GGCS)

Grissan

Hycamite

LMS Energy

Nature Energy

Optimised

Pernod-Ricard

Redbiolac

Renesco

Renewable Gas Alliance

Renewable Gas Forum Ireland (RGFI)

Scotch Whisky Association (SWA)

Shell

SHV Energy

Slovenská Bioplynová Asociácia / Slovak
Biogas Association

Southern African Biogas Industry Association
(SABIA)

STX Group

SUEZ

Swen Capital Partners

The Association for Renewable Energy and
Clean Technology (REA)

Total Energies

UNIDEN

Union of Producers and Employers of Biogas
Industry (UPEBI)

World Biogas Association (WBA)

ABiogas

 **BIOENERGY**
ASSOCIATION

 **ACT**

 **BIOENERGY**
AUSTRALIA
FUEL | GAS | HEAT | POWER

 **Air Liquide**

 **Biogas**
Danmark

 **AMBB**
Asociación Mexicana de Biomasa y Biogás A.C.


Biogas Norge

 **ADBA** | Anaerobic Digestion and
Bioresources Association

 **BIOMASSE**
suisse

ARKEMA

 **Canadian Biogas**
Association
canadienne de biogaz

 **AEBIG**
ASOCIACIÓN ESPAÑOLA DE BIOGÁS


CEDEC

centrica

ENTSORGA
GREEN TECHNOLOGY REVOLUTION

Cerame-
unie The European Ceramic
Industry Association

EUROFER
THE EUROPEAN STEEL ASSOCIATION

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ENERGIGAS
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 **futurebiogas**





REA



TotalEnergies



uniden

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ÉNERGIE ET COMPÉTITIVITÉ DES INDUSTRIES



upebi

Union of Producers and Employers of Biogas Industry
Unia Producentów i Pracodawców Przemysłu Biogazowego



**WORLD BIOGAS
ASSOCIATION**