

**Biogasmax Final Conference**

Ms. Houtman's speech

*Bio-methane and its possibilities*

*on an EU-level*

Göteborg, 7 September 2009

Ladies and Gentlemen,

Thank you for inviting me to speak at this conference; it is a great pleasure for me to be here in your beautiful city and to participate in the final conference of the BIOGASMAX project funded under the 6th EU Framework Programme of Research, Technological Development and Demonstration. As you well know, the main objective of the BIOGASMAX project has been to support the European Community in reducing dependency on oil, reducing greenhouse gases and pollutant emissions through knowledge about a more efficient production, distribution and use of bio-methane generated from the wide variety of feedstock available in urban areas and regions in Europe.

BIOGASMAX has been a very ambitious project - never before has a bio-methane project achieved such ambitious quantified targets regarding the production, upgrading, distribution and use of bio-methane in vehicles in 5 different EU cities.

I very much appreciate the success achieved by the BIOGASMAX project team in reaching these targets and I would like to take this opportunity to congratulate you on this.

The results of this project will also contribute to achieving targets agreed on by the European Council: a binding target of 20% share of renewable energies in overall EU energy consumption and a binding target of 10% share of renewable energy in transport by 2020.

Let me now, by referring to those targets, place the Biogasmax project in a wider context of European measures to enhance the use of alternative fuels and to improve mobility in European cities. I would also like to mention briefly the European response to the economic crisis as well as new policy initiatives in the area of transport.

I would like to start by saying a few words about the role that bio-methane could – and should – play in European energy and transport policies.

Today we import about 50% of our energy. By 2030, if we do not act, this will increase to 65%, with much of the increase being made up of oil and gas. In the coming decades, oil and other fossil fuels are expected to become more expensive as demand increases and low-cost sources dry up.

This continual increase in energy consumption is much more than just a threat to the global economy. Climate change is a serious issue and it is happening today. The scientific evidence is now practically unanimous and is overwhelming. On present trends, the world's output of CO<sub>2</sub> - which accounts for 75% of all greenhouse gases, will increase by 55% by 2030. The EU's emissions are set to increase by 5% during this period. The effects on our environment, on our economy, and our way of life will be tremendous.

I would also like to underline that today's transport sector accounts for almost one third of Europe's CO<sub>2</sub> emissions and one third of our energy

consumption. At the same time, transport remains almost 100% dependent on oil. Therefore, it is high time to move towards indigenous and low-carbon energy sources. Bio-methane can be one of the better candidates.

### **Recent initiatives**

There are several important legislative measures adopted in recent years which aim at promoting the use of renewable fuels in general and bio-methane in particular. The *Directive on the promotion of the use of energy from renewable sources*, adopted in April 2009, establishes a common framework for the promotion of energy from renewable sources. It sets mandatory national targets for the overall share of energy from renewable sources in gross final consumption of energy and for the share of energy from renewable sources in transport. The mandatory national targets are consistent with at least 20 % share of energy from renewable sources in the Community's gross final consumption of energy in 2020 and, at least, 10 % share of energy from renewable sources in transport in 2020. The production of bio-methane could help Member States to achieve these targets.

The Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles, adopted in April 2009, introduces, for the first time, energy consumption, CO<sub>2</sub> and pollutant emissions as mandatory award criteria into public procurement of vehicles. It applies to public authorities and to undertakings running public passenger transport services. As a result, not only the price of a vehicle, but also the impact it creates during its lifetime for the environment are reflected in the purchase decision. As a result environmental advantage of bio-methane is supported by this Directive.

The *Directive on the Taxation of Energy Products and Electricity*, already adopted in October 2003, allows, under certain conditions, Member States to apply exemptions or reductions in the level of taxation to fuels from renewable sources such as bio-methane.

In this context, let me refer briefly to the question of *State aid* granted to bio-methane and other renewable energy sources. Bio-methane is considered a renewable energy source under the Guidelines on State Aid for Environmental Protection (point 70(5)). As a result the production of bio-methane can receive investment aid between 60% and 80% according to the size of the enterprise, or 100% if granted by a competitive tendering process. The eligible costs are the extra investment costs in comparison with a conventional installation, to be calculated according to well defined rules. However, it should be noted that state aid for natural gas or bio-methane automobile manufacturers may be difficult to accept as it would constitute aid to manufacture (aid to current production). One could, on the other hand, always consider incentives to purchasers (individuals or enterprises) of these vehicles.

Finally, it is impossible to discuss new policy or technology developments in the EU without referring to the economic crisis we have been struggling with.

Ever since the crisis hit the European economy, the Commission has been of the opinion that public authorities should transform this economic challenge into an opportunity. Member States should accelerate activities related to research and planning for energy efficiency and renewable energies in order to stabilise demand in the short term. This would have the double effect of confronting the economic crisis and using it to put Europe on the path of long-term sustainable development.

In order to support Member States' efforts, in November 2008 the Commission adopted a *European Economic Recovery Plan*. It is based on the following pillars:

- A major injection of purchasing power into the economy, to boost demand and stimulate confidence. The Commission proposed that, as a matter of urgency, Member States and the EU agreed to an immediate budgetary impulse amounting to €200 billion (1.5% of GDP), to boost demand in full respect of the Stability and Growth Pact.
- The need to direct short-term action to reinforce Europe's competitiveness in the long term. The Plan sets out a comprehensive programme to direct action to "smart" investment. Smart investment means investing in the right skills for tomorrow's needs; investing in energy efficiency to create jobs and save energy; investing in clean technologies to boost sectors like construction and automobiles in the low-carbon markets of the future; and investing in infrastructure and inter-connection to promote efficiency and innovation.

The Commission has launched, under the recovery plan, a partnership between the public and private sector in the automobile sector – the *European Green Cars Initiative* - involving research on a broad range of technologies and smart energy infrastructures essential to achieve a breakthrough in the use of renewable and non-polluting energy sources, safety and traffic fluidity.

A priority of the Green Car Initiative will be the electrification of road vehicles (electromobility). The European Commission activity will comprise funding of research & development, standardisation

and facilitation of market introduction. DG Research will support research and development of batteries, electric components and vehicle integration while DG INFSO will support smart systems development.

Conjunctly, DG TREN will support a large European demonstration project with 23 M€ EC funding. The objective of this project is an acceleration of the market roll-out of electric vehicles in Europe. This project should contribute to clarify the safety, economic and technical viability of the different types of electrical vehicles for broad market introduction, as well as identify needed standards and requirements for fixed electrical infrastructure at European level.

The first call of proposal of the Green Car Initiative has been published on July 30 this year. DG TREN's call for a demonstration project will be closed on January 14<sup>th</sup> in 2010.

Last but not least, let me take this opportunity to give you an update on **important policy developments** which have taken place – or are about to take place – in the field of transport policy.

### *Future of transport*

The goal of the European Transport Policy is to establish a sustainable transport system that meets society's economic, social and environmental needs and is conducive to an inclusive society and a fully integrated and competitive Europe.

Approaching the end of the ten-year period covered by the 2001 White Paper, it was time to look further ahead and define a vision for the future of transport and mobility, preparing the ground for later policy developments. To this end, the Commission launched a debate on the main challenges and opportunities for the transport sector in the long term (20 to 40 years).

The first 'milestone' in this exercise is the Communication on the Future on Transport, adopted by the Commission on 17 June 2009. It is at the same time a strategy document – summarising the results of the reflection carried out in recent months – and a consultation document – aiming at identifying policy options to be tested and eventually included in the next White Paper in 2010.

The Communication will be followed by a conference in November this year. The Commission will aim to collect stakeholders' views on concrete measures to consider in the impact assessment process leading to the new White Paper. The Swedish Presidency attaches a lot

of importance to this exercise and anticipated their intention to debate the Communication.

### *Urban mobility*

It should come as no surprise that the Communication points to congestion and pollution in cities as one of key challenges facing future transport policy across the EU. Many of our mainstream policy targets for energy and environment will not be met without action by cities.

In order to address a response to current and future problems regarding urban transport, on 25 September 2007 the Commission adopted a *Green Paper on urban mobility*. It stressed that many of our cities face important similar challenges and want to contribute to European objectives, for example in the field of climate change or road safety. When proposing actions at European level, it also pointed out the risk of 'island solutions' that might disturb the functioning of the Internal Market. In addition, citizens and stakeholders from across the EU have expressed expectations from a possible role for the EU in the field of urban mobility.

On the basis of consultations that followed and meetings with stakeholders we have developed a comprehensive and integrated Action Plan on Urban Mobility. I am pleased to say that it is Vice President Tajani's firm intention to launch the Action Plan this year – or rather, in a couple of weeks.

### *Conclusion*

The Commission remains committed to enhancing European competitiveness by continuing to green our economy as a way of creating new jobs and technologies, overcoming our energy security

constraints and achieving our environmental goals. Biogasmax is an excellent example of a project that has helped the Commission to fulfil those commitments.

Again, I would like to congratulate the BIOGASMAX's consortium for their excellent work during these four years and for organizing this conference. I wish you all every success in taking this important technology forward into the market.

Thank you for your attention.