Financing gas pipeline repurposing: an investor’s view

IEA Low-carbon Gas Day, 25th March 2022
EBRD Paris Agreement alignment approach

The EBRD will from the end of 2022 align all its activities with the goals of the Paris Agreement, aiming to accelerate decarbonisation across its regions, supporting them to reach net-zero emissions by mid-century. The EBRD’s transition mandate and operating model are a close fit with the concept and the challenge of Paris alignment. Decarbonisation support intensifies for regions where fossil fuel reliance remains heavy.

EBRD Business (at project level)

Climate Policy (at systemic level)

Internal Policy (at institutional level)

The EBRD is progressing on all dimensions of Paris Agreement alignment, in line with its Green Economy Transition (GET) 2021-25 objectives and the six building blocks of the joint-MDB Paris Agreement alignment framework.

- Screening of projects and notification provided to all operations going to Board.
- Proactively engaging with clients to improve projects and “build” alignment in the project design.
- Increased climate/green finance ambition: > 50% GET finance target by 2025.
- Policy activities: NDC/LTS support, greening the financial system, city-level climate action plans and just transition initiative.
- Reporting on EBRD alignment progress and impact.
- Progressively, ensuring alignment of internal operations, including facilities and other internal policies.
EBRD: gas infrastructure in a Paris-aligned world

- Paris alignment
  - Actively contributes to the deep and rapid decarbonisation
- Future proofing
  - Designed to transport low-carbon gases
- Low-carbon footprint
  - Includes energy efficiency, methane emissions features
The role of gas infrastructure in the path towards carbon neutrality

EBRD engages with sector stakeholders and policy makers to develop technically and economically viable long-term roadmaps for the deep decarbonisation of economic activities/sectors in line with the goal of the Paris Agreement.

- **a)** peaking GHG emissions as soon as possible (by 2030),
- **b)** rapid reduction of emissions thereafter in accordance with best available science,
- **c)** achieve carbon neutrality around mid-century (2050 unless otherwise committed by the country)

Transition role of gas and associated infrastructure

*Example: recent energy-sector roadmap developed by EBRD in a country*
Proactive support to the development of low-carbon gases infrastructure: hydrogen

1. Growing interest on hydrogen as a green feedstock and a clean, storable, transportable energy vector. Along with CCS, it is seen as the only available option for various hard-to-decarbonise sectors.

2. Technology is reaching maturity quickly and investment announcements have significantly accelerated. Widespread investment will take time, especially in the EBRD COOs (“Countries of Operation”).

3. The Bank is actively supporting its COOs and clients to:
   - identify hotspots for cost-competitive production, end-user uptake and transportation
   - create fair, transparent and rewarding regulatory/market frameworks

4. 100% Repurposing of gas infrastructure
   The Bank is actively supporting gas TSOs on:
   - High-level backbone definition: mapping of key pieces of infrastructure for repurposing
   - Technical assessment: investigation of existing pipelines (steel grade, MAOP, YS, etc), testing and standards
   - Economic planning: investment needs and viable action plan for the roll-out of upgrades
   - Regulatory framework: horizontal unbundling, access to infrastructure, standards, etc
Proactive support to the development of low-carbon gases infrastructure: biomethane

Baltic States (Estonia, Latvia and Lithuania):
• Mainly transport is the target market

Poland:
• High potential with many players, local and international, expanding in this market.

Czech Republic:
• High potential to upgrade existing biogas facilities into biomethane.

Hungary:
• The combination of high share of gas in energy mix and the new EU targets creates a sizeable opportunity to boost the biomethane production.

Romania:
• Potential for new biomethane facilities due to a very well-developed natural gas industry and pipeline network.

Study objectives for each of the selected countries:
• Understand the existing barriers blocking the growth of the biomethane market.
• Identify the technical, economic and regulatory improvements required to develop the biomethane market in each context.
• Identify key market players and project archetypes.
• Identify potential opportunities for investment along the supply chain.
• Start date: April 2022
Proactive support to the development of low-carbon gases infrastructure: methane emissions

**Science**
- Fund national/corporate measurement campaigns (including with innovative technologies), screening & identification of sources of emission

**Investment & finance**
- Technical/economic feasibility studies
- Direct financing of investment programmes
- Explore climate finance instruments (monetisation of emission savings under art.6 PA)

**Policies & markets**
- Global Methane Pledge
- Support improvement of national/corporate reporting standards
- Introduction of targets on methane emissions (NDC, sector targets)
- Support introduction of market mechanisms/regulations on methane emissions
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