

# Financing gas pipeline repurposing: an investor's view

IEA Low-carbon Gas Day, 25<sup>th</sup> March 2022

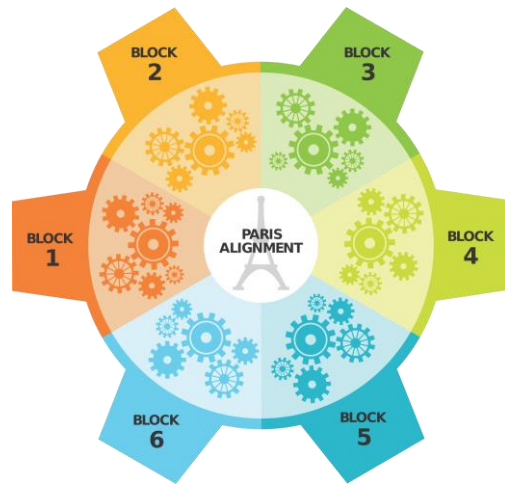


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for Reconstruction and Development



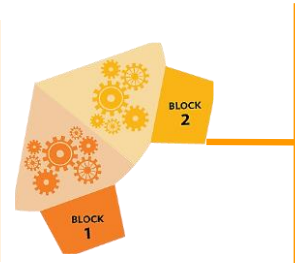
# EBRD Paris Agreement alignment approach

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.



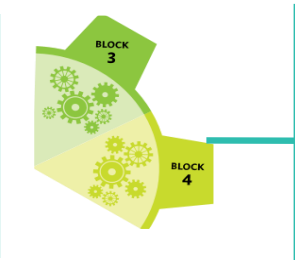
The EBRD is progressing on all dimensions of Paris Agreement alignment, in line with its Green Economy Transition (GET) 2021-25 objectives and the six building blocks of the joint-MDB Paris Agreement alignment framework.

**EBRD Business**  
(at project level)



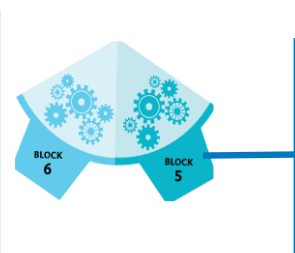
- ✓ Screening of projects and notification provided to all operations going to Board.
- ✓ Proactively engaging with clients to improve projects and “build” alignment in the project design.

**Climate Policy**  
(at systemic level)



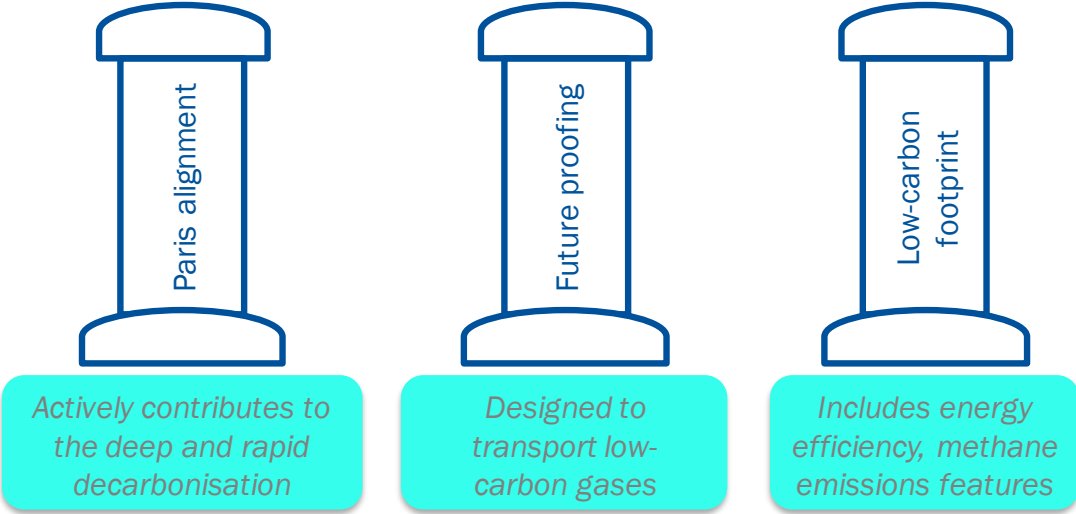
- ✓ Increased climate/green finance ambition: > 50% GET finance target by 2025.
- ✓ Policy activities: NDC/LTS support, greening the financial system, city-level climate action plans and just transition initiative.

**Internal Policy**  
(at institutional level)



- ✓ 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



# The role of gas infrastructure in the path towards carbon neutrality

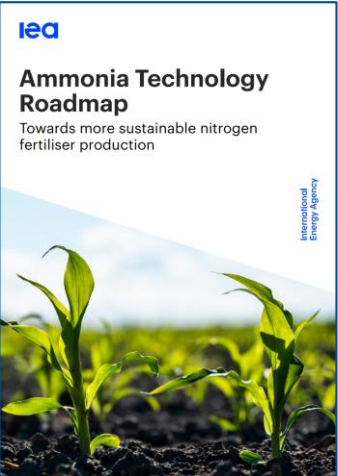
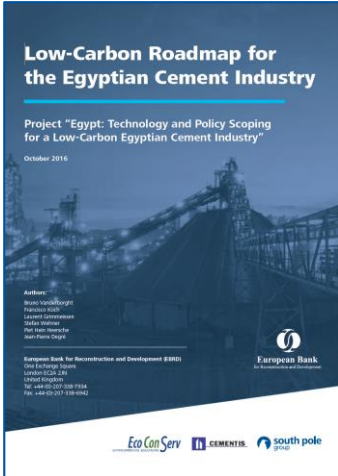
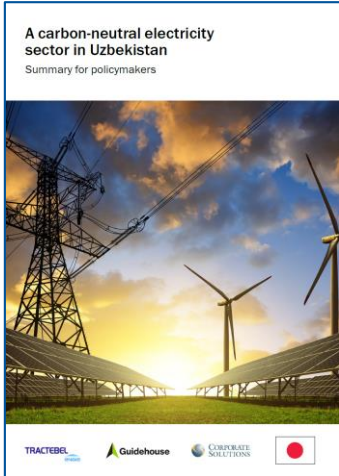


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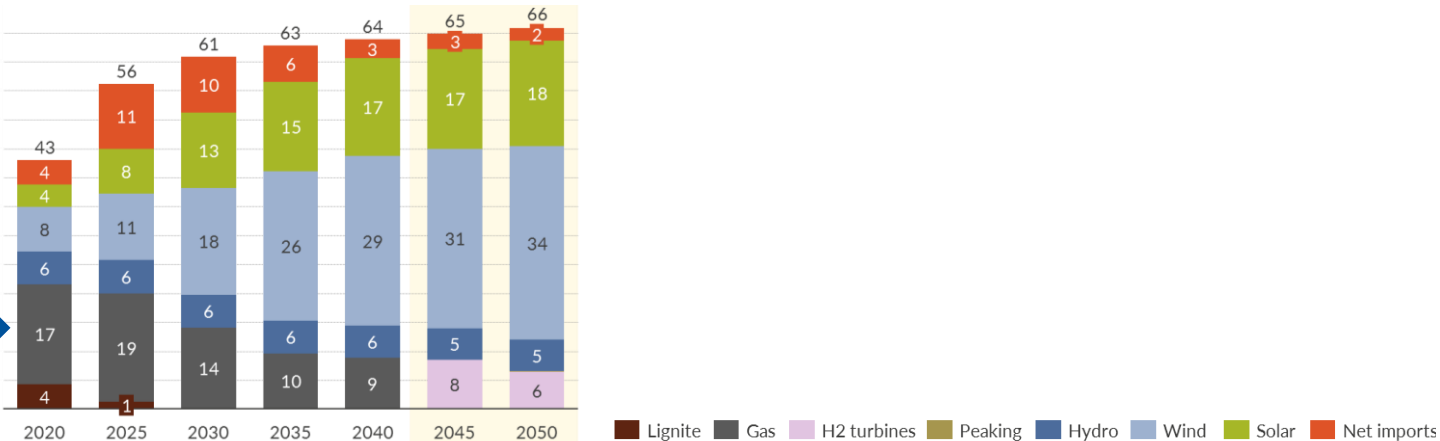
EBRD engages with sector stakeholders and policy makers to develop technically and economically viable **long-term roadmaps** for the deep decarbonisation of economic activities/sectors in line with the goal of the Paris Agreement



- 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”).

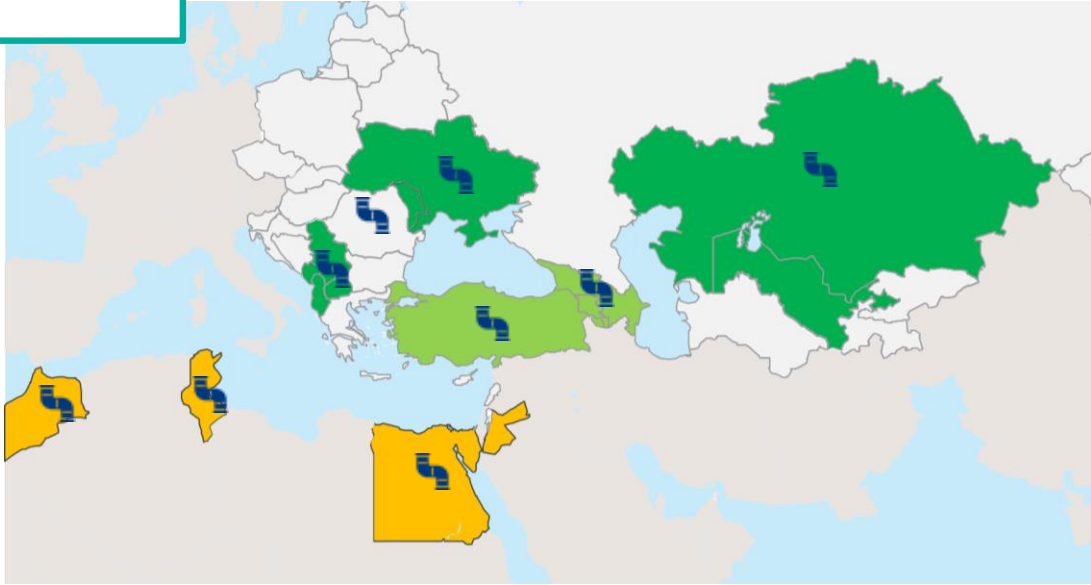
3. The Bank is actively supporting its COOs and clients to:

- 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



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## 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:

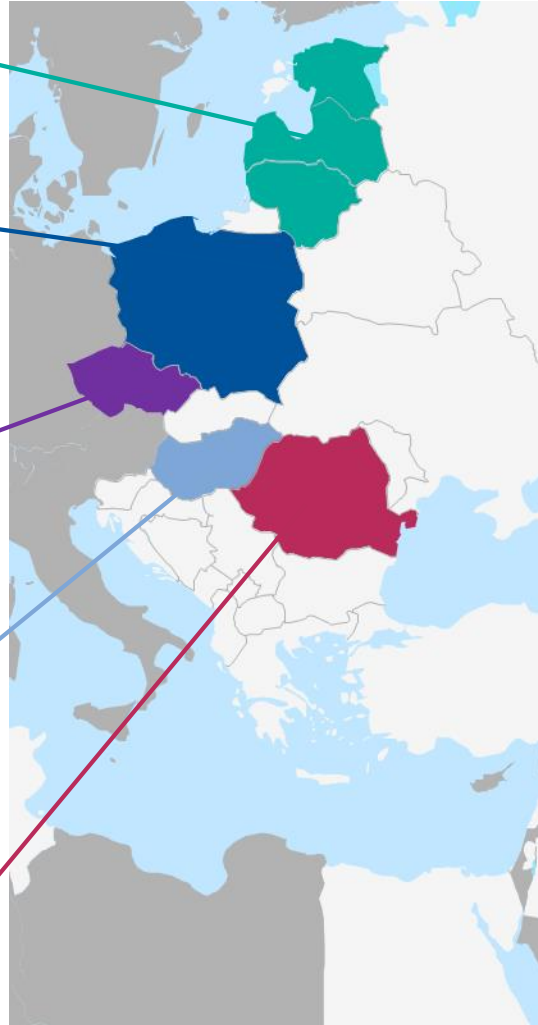
- High potential to upgrade existing biogas facilities into biomethane.

## 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

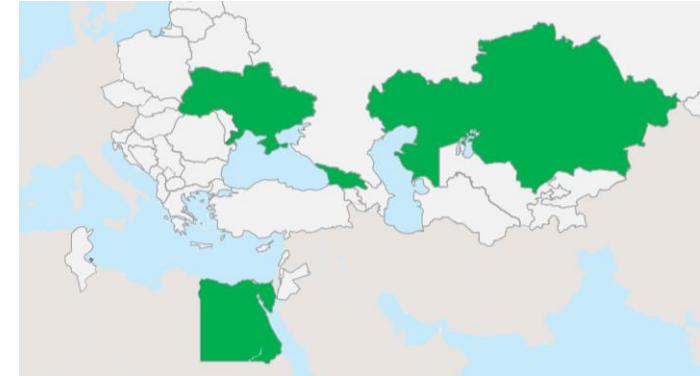


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## Science

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

# Contacts



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