

(Green) gas: an opportunity for the future

Lecture COGEN
August 2023

gas.be

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gas.be ⇨ fluxys sibelga ORES RESA

Competence center for all aspect upstream and downstream from infeed to client

Gas.be Green gas	Cerga New appliances	NGVA Green mobility	Labo New appliances
Promote natural gas and renewable gas to the market and policy	Quality label for installers and development of norms	Development of Gas for transport (CNG, bio-CNG, LNG, bio-LNG)	Lab for testing and accreditation – appliances on gas, hydrogen, pellets, ...

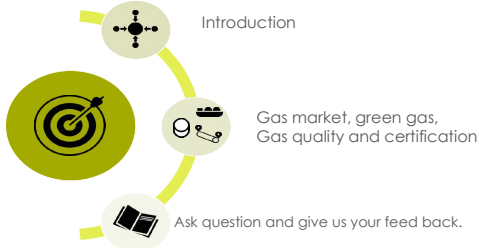
gas.be cerga ngva.be experga

Green Gas Platform
Biosgas gas.be valbiom

<https://greengasplatform.be/>

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Our objective today



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GENERAL

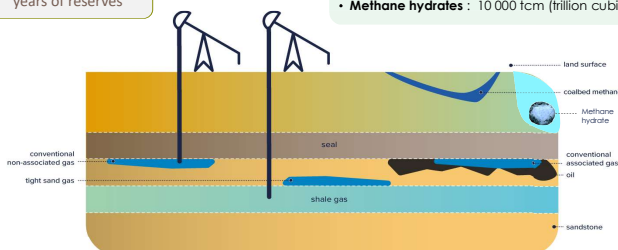
- 1 GAS production in the world
- 2 GAS in Europe



Natural gas sources available

For more than 250 years of reserves

- Conventional natural gas: 200 000 bcm
- Shale gas : 215 000 bcm
- Methane hydrates : 10 000 tcm (trillion cubic meter)



Source: EIA - U.S. Energy Information Administration

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EU decreasing gas demand: imports needed (low carbon) + green gas

EU imports: 83% of consumption



- EU North Sea fields fading out
- Dutch L-gas Groningen field: progressive phase-out of exports and production cap
- Slow increase of biomethane
- Green hydrogen production still very low

• Demand destruction due to Ukraine crisis ~ 15%

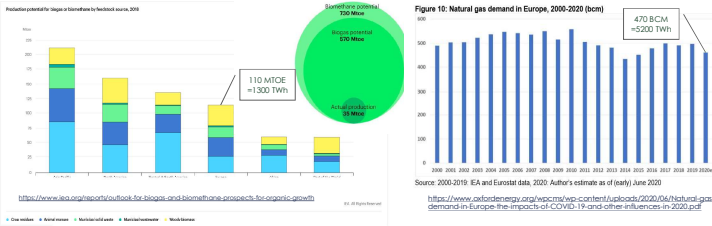
- Natural gas consumption on yearly basis should decrease due to isolation and efficiency of appliance
- Peak capacity in winter will most likely remain

Source: BP Statistical Study June 2019 - reference year 2018

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Global and European potential of biogas/biomethane



- Biomethane (is upgraded biogas) can reach 8 000 TWh/y, on global scale
- For Europe the potential is 1 300 TWh/y → 25 % of current demand of 5 200 TWh (2020 not → covid)
- This could become 40% when demand decreases to 3 500 TWh (- 30%) by 2040 (expected)
- Current biomethane production is 26 TWh in Europe

1 BCM (billion cubic meter) = 11 TWh Natural gas
 1 Mtoe (million ton oil equivalent) = 11,63 TWh

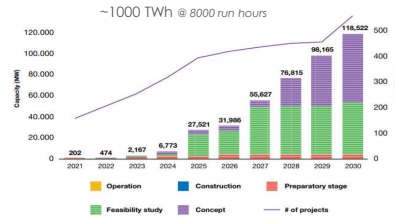
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European potential of hydrogen

Cumulative planned and operational PH projects by year 2021-2030 in MW and # of projects

Source: Clean Hydrogen Monitor 2021, Hydrogen Europe



- Hydrogen will mainly be bleu (low carbon)
- It can either be transported in dedicated pipe-lines or be injected in the Natural gas grid

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GAS INFRASTRUCTURE BELGIUM

- 1 Gas grid
- 2 Gas quality
- 3 Demand and flexibility
- 4 Capacities Entry – Exit
- 5 Gas prices and Hubs



High pressure (15 – 80 bars) transmission infrastructure

- 4000 km pipelines
- High calorific gas
- Low calorific gas
- Physical interconnection points
- LNG terminal
- Compressor stations
- Blending stations
- Storage

Higher calorific value

H-gas = 11,3 kWh/m³(n)
 L-gas = 9,8 kWh/m³(n)

Normal cubic meter or m³(n) are expressed at 1,013 mbar and 0°C

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Fluxys Hydrogen and CO2 backbones planning 2025 - 2030

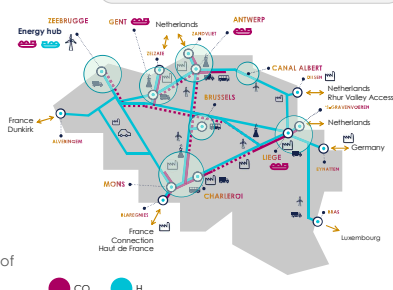


Maximum reuse
 Minimal cost for society

Cost for Reuse of pipeline is max 30% of new pipeline

Initial focus on big industry:

- Capture of CO₂ → focus re-utilization
- Conversion to Hydrogen → BE production and import via NH3

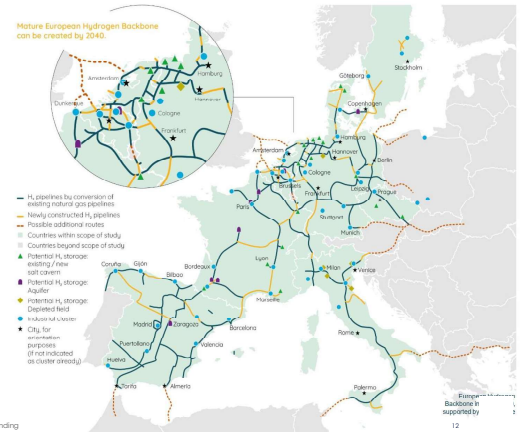


Integrated into the European hydrogen backbone

- Fluxys together with 10 other European gas infrastructure companies
- Same principle: maximum reuse of the existing infrastructure

Import hydrogen
 Offshore wind: sea + inland pipes
 Europe: wind + sun regions: pipe + ship
 Outside Europe: import terminals + pipes

First impression on directives-only informative – non binding



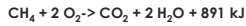
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Average Values of Gas Quality

GAS COMPONENTS	GRONINGEN (NL) %	LNG %	ZEEPIPE (NORWAY) %
Methane (CH4)	82,07	93,88	91,13
Ethane (C2H6)	3,01	4,84	4,8
Propane (C3H8)	0,44	0,06	1,05
Butane (C4H10) (ISO and NORM)	0,16	0,007	0,41
Pentane (C5H12) (ISO and NORM)	0,04	-	0,09
Hexane and superior HC (C6+)	0,05	-	0,08
C. Dioxide (CO2)	1,11	0,001	1,35
Nitrogen (N2)	13,08	1,20	1,08
Helium (He)	0,05	-	0,01

Source: Fluxys metering



Gross Calorific Value

→ GCV (gross calorific value)
→ PCS (pouvoir calorifique superieur)
→ BCW (boven calorische waarde)

Lower Calorific Value

→ LCV/GCV = 0,90313 (@25°C)

Energy density or Wobbe

→ Wobbe = GCV / √(Rel.Dens.)

With Rel Dens = (Rho_{gas}/Rho_{air})^{1,29}

Gas specifications	H-cal	L-Cal
Rho kg/m³(n)	0,81	0,79
Dens kg/m³(n)	0,63	0,61
GCV kWh/m³(n)	11,30	9,80
Wobbe kWh/m³(n)	14,26	12,52
GCV MJ/m³(n)	40,68	35,28
Wobbe MJ/m³(n)	51,34	45,08

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Biogas and Biomethane

• BIOGAS (average composition)

COMPOUND	MOLECULAR FORMULA	PERCENTAGE
Methane	CH ₄	50-55
Carbon Dioxide	CO ₂	25-50
Nitrogen	N ₂	0-10
Hydrogen	H ₂	0-1
Hydrogen Sulphide	H ₂ S	0-3
Oxygen	O ₂	0-0

• BIOMETHANE: (Synergrid specs)

	TSD	DSO	Unit
PCS	10,8 – 12,8	10,7 – 12,8	kWh/m³ (n)
Wobbe index	13,6 – 15,66	13,6 – 15,66	kWh/m³ (n)
CO2	< 0,7% mol	< 0,75% mol	mole%
CO	< 2,5% mol	< 3,5% mol	mole%
H2S	< 5	< 5	mgS/m³ (n)
NH3	< 3	< 3	mg/m³ (n)
Siloxanes	na	na	mg/m³ (n)
H2	< 6% mol	< 6% mol	mole%

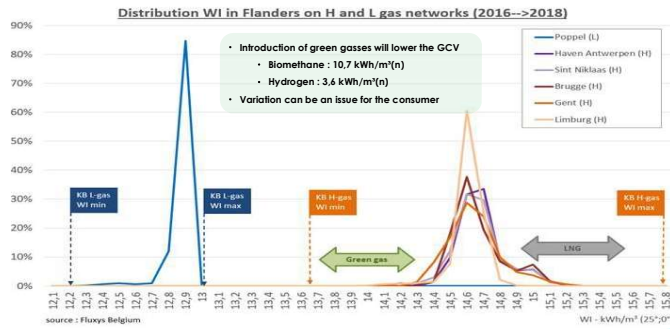
Upgrade

Cost upgrade over 10years → + 5 €/MWh

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Difference between green gas and natural gas

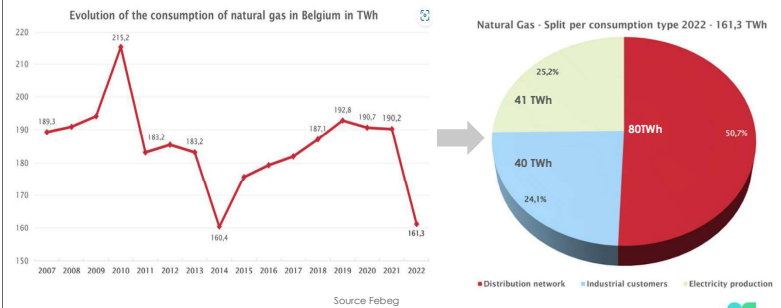


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Gas demand in Belgium

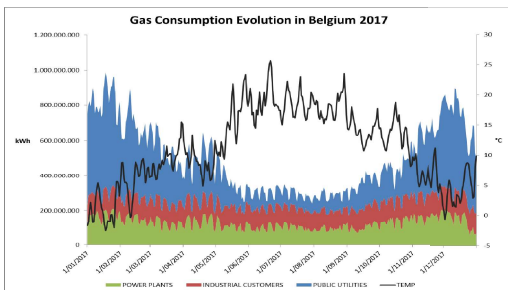
Real-time data on www.fluxys.com → LINK



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Seasonal demand profile



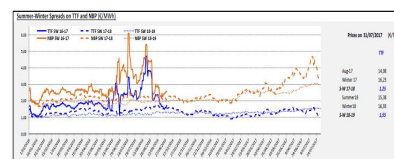
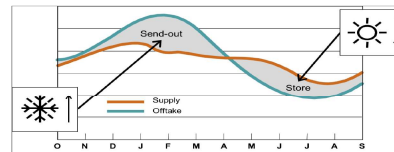
- Gas consumption has a strong seasonal profile
- Household consumption typically stops when temperature above 16°C
- winter demand is typically 2,5 times summer demand, mainly due to domestic consumption
- Industrial consumption and power plants have a very slight seasonal profile

QUESTION: How does the market cope with high offtake difference between summer and winter

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Gas Storage: solution for seasonal flexibility

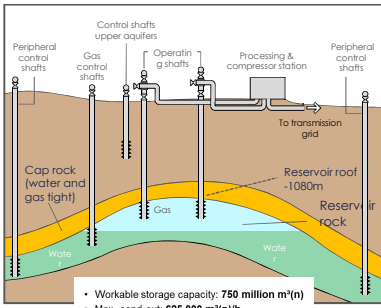


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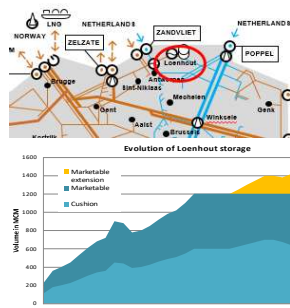
- The physical need to store gas due to **oversupply summer** and to compensate **peak demand in winter**
- The lower summer prices versus the higher winter prices create a **Summer Winter spread** which can create a profit for supplier
- European storage date on <https://egs.gie.eu/#/graphs/1>
- Gas Storage is facilitated in **aquifers or salt caverns** (can also be used for hydrogen)

Underground gas storage in Loenhout



- Workable storage capacity: 750 million m³(n)
- Max. send-out: 625,000 m³(n)/h
- Max. injection: 325,000 m³(n)/h

Could store up to 10% of hydrogen

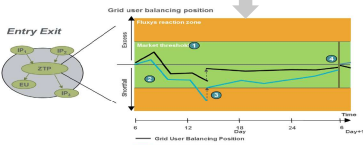


Line-pack, commercial daily flex and balancing

$$\text{Linepack} = p V = (Z n R T)$$

where:
 P = Pressure (Bara); T = Temperature (*K); n number of moles
 V = Volume (m³); R Gas constant (8,314 J/(K mol))
 Z = compressibility → 0,85 – 0,9 for high pressure gasflows

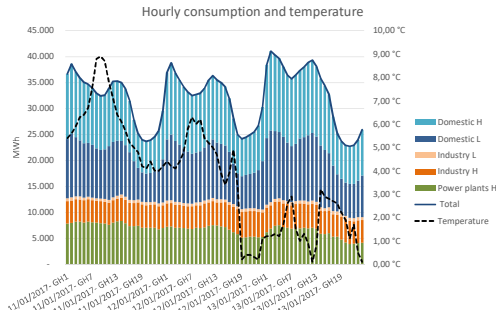
Gas pipe-line are operated between 50 – 80 bar and have a flexible linepack



- Linepack flex is translated for into commercial flex for the market. But at the end of the day all gas must be balanced to the initial zero position of the morning (gas-day starts at 6h AM)

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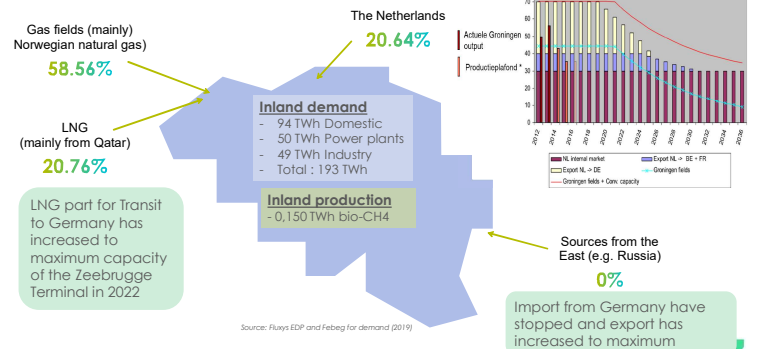
Hourly demand profile and temperature



- The first gas hour (GH1) starts at 6h in the morning
- Hourly demand has a morning peak starting at 8h AM and an evening peak around 19h PM
- Peak demand is typically 1,5 times night demand in winter
- Household (domestic) demand is temperature driven
- Powerplants have slight decrease during night hours
- Industry has almost flat offtake

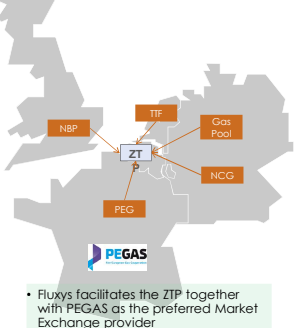
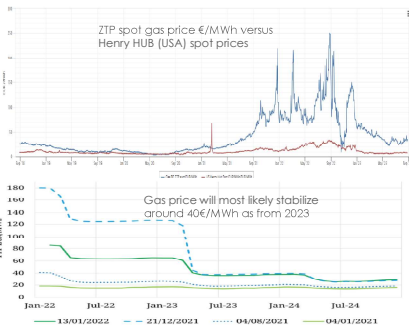
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Belgium consumption: imports all its natural gas



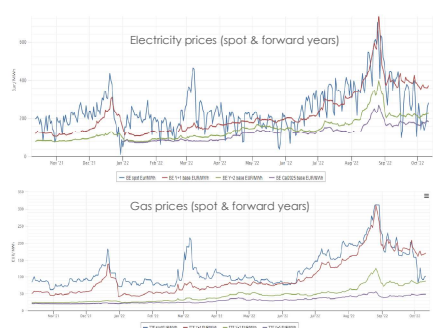
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Gas is sold on HUB's which are also used for balancing



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Gas is sold on HUB's that are also used for balancing



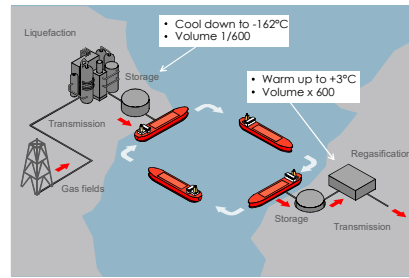
- Electricity prices**
- Spot prices → high volatility and expected to stabilize around 400€/MWh
 - Forwards 2025 evolving towards around 200 €/MWh
- Gas Prices**
- Spot prices → high volatility and expected to stabilize around 150 €/MWh
 - Forwards 2025 evolving towards around 50 €/MWh
- Relation prices**
- Marginal production unit is CCGT on gas (typical 53% eff.)
 - Clean spark spread formula @ 50€/MWh gas and 100 €/MWh CO₂ → 190 €/MWh

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- 1 LNG global
- 2 LNG Europe
- 3 LNG Belgium



LNG chain (liquefied natural gas)



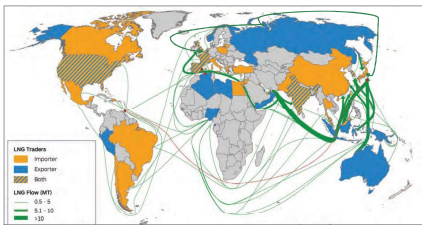
Why LNG?

- LNG offers competitive advantage over pipe gas for transmission over longer distances
- Easy diversification of sources
- Easy flexibility in destination markets
- Many suppliers (e.g. Qatar) have booked long term capacity in receiving terminals over the world

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LNG WORLD: shipping routes - 240 million tonnes per year



Ship flows today 2022

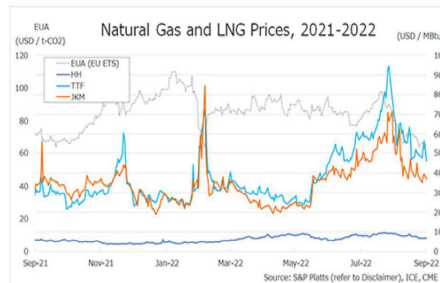


- LNG traffic is global and ship can easily change destinations (Europe or China)
- Sea ships however can not run on Heavy Fuel Oil (HFO) due to sulphur limiting legislations (all ships) → many ships switch to LNG as motorfuel.

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All cargo's went to Asia in Winter 2020-2021



JKM = Asian LNG price
TTF = European gas reference price
1 MWh = 3,44 MMBTU
1 \$ = 1,03 €

- JKM price in line with TTF as most LNG is going to Europe these days
- LNG from US → high profits

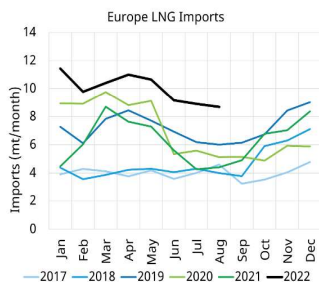
	\$/Mbtu	€/MWh
Henry Hub (HH)	10,0	35,4
Liquefaction (US)	2,5	8,9
Shipping to EU	8,0	28,3
US LNG for EU	20,5	72,6
TTF gas price EU	55,0	194,9

(*) shipping cost today are 4 times more expensive than before the crisis

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LNG terminals in Europe



Source: LNG Unlimited, Timera Energy

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Zeebrugge LNG-Terminal

- The Fluxys LNG terminal was commissioned in 1987 and is fully owned by Fluxys
- It is a regulated terminal with open access, which offer the full range of LNG services proposed by Fluxys

Storage capacity: 380k m³ LNG in 4 semi-buried "full containment" tanks with 5m tank 180k m³ LNG

2 truck loading bays



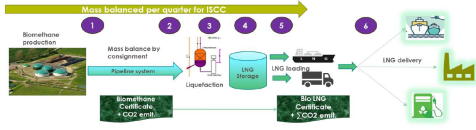
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Small scale bio-LNG → a fast growing new market



- **Conventional use of LNG:** LNG is delivered on a large scale, stored and regasified for injection into the natural gas grid
- **Small-scale LNG applications** cover the use of LNG
 - as a sustainable alternative fuel for ships and long-haulage trucks
 - as an attractive energy source for industries in areas that are not connected to the natural gas grid
- **Bio-LNG is available at the Zeebrugge terminal**



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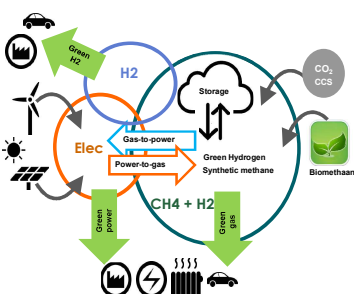
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GREEN and LOW CARBONS

- 1 Transition and challenges
- 2 Biomethane and recycled gas
- 3 Hydrogen
- 3 Why Green gas in Belgium



Transition = integrated approach taking into account all key challenges



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Flexibility

- The Gas grid and H2 grid can be a solution for the flexibility need of the electricity grid in case of positive intermittency (*overproduction Electricity*)
- The power production from the Gas and H2 grid can support negative intermittency (*shortage of electricity production*)

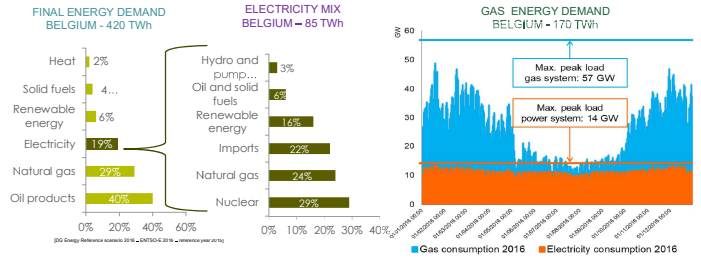
Energy capacity

- The gas grid and H2 grid have "flexible" transport capacity that is 5 times bigger than electricity
- The gas grid and H2 grid (98%) are mainly existing infrastructure (some new build H2) and are cheaper

Green character

- Biomechan – Green Hydrogen – Low carbon gasses are available technology

Why green gas in Belgium

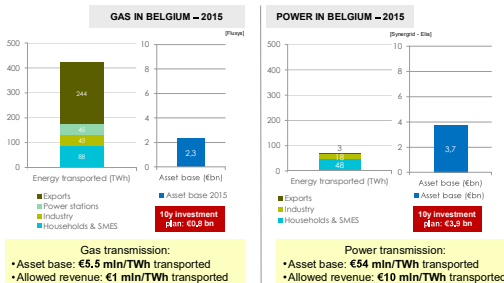


- Seasonal (and daily) need for production flexibility is huge and cannot be delivered by electricity only → **green gas (biomethane and hydrogen) can provide this flexibility**
- Transition wise infrastructure exist and can be easily converted, and production of green gasses are mature technologies

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Biomethane uses the gas infrastructure → 8 times cheaper & 5 times bigger



Expected investments for Reinforcements of Electricity grid (2035) almost 20 Bn€

- 7 Bn€ ELIA
- 5 Bn€ Fluvius
- 4 Bn€ Wallonia
- 2 Bn€ Brussels

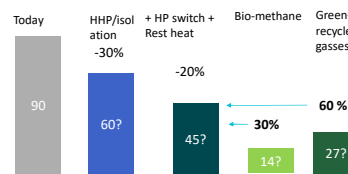
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The potential of green gas for the domestic renewable share

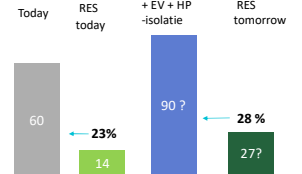
Note that figures (in TWh) shown are only qualitative (not quantitative) only in order to show possible future impacts.

Gas infrastructure (Domestic only)



- Peak is less impacted (on -20%)
- No additional infrastructure cost for domestic grid

Electricity infrastructure (Domestic only)



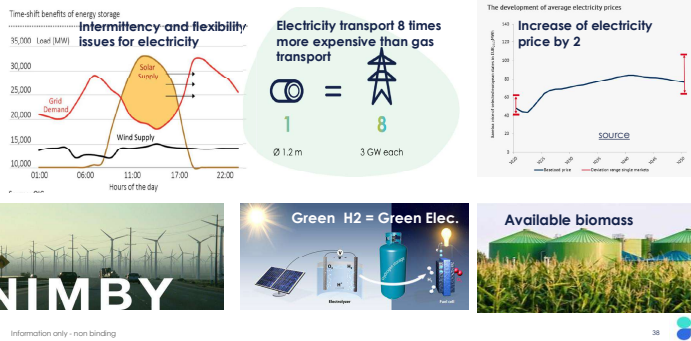
Additional infrastructure cost in Flanders only estimated at 5 bn€

Assuming all green gasses and all renewable production is used in the domestic consumption market only the renewable part for gasses could be significantly higher.

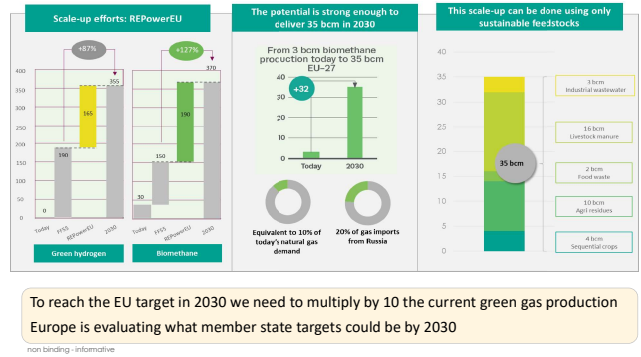
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New challenges that come with-coal nuclear fade out



Repower EU: biomethane & hydrogen

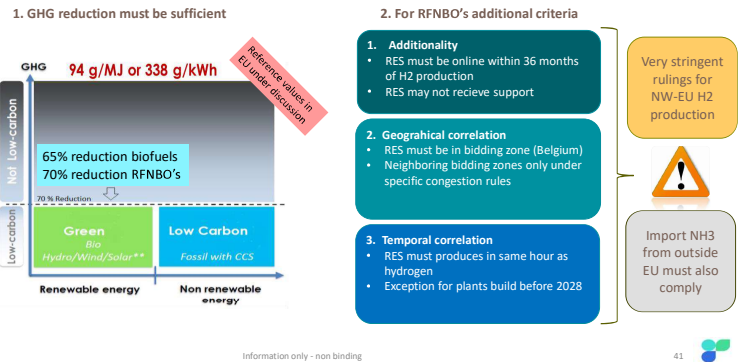


Expected targets – obligation in RED III

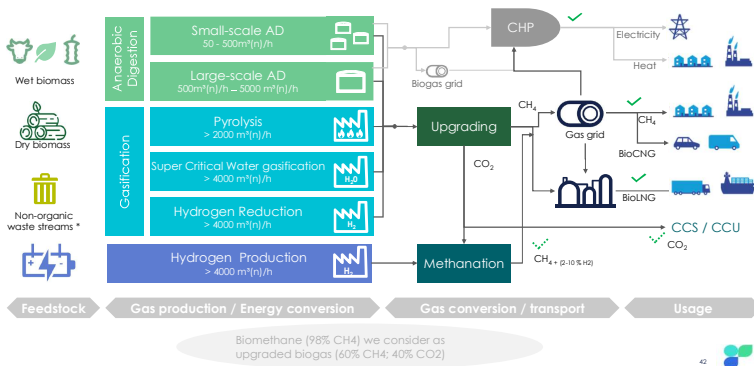
Target	Expected outcome of RED III (to be confirmed in final proposal)
RES Target	42.5% + 2.5% aspirational
Transport GHG	2030 binding target of: Memberstate can decide and go further - 14.5% GHG reduction OR - 29% energy intensity (i.e. renewable energy share)
Transport 2030 target for advanced biofuels/biogas and RFNBO	- 5.5%
RFNBO 2030 sub-target in transport	- 1%
Article 27.3 – Additionality	Cfr. Current DA applicable RED II
Fossil fuel comparator	94 g CO2/MJ reduction biofuels 65%, reduction RFNBO's 70%
Industry – RES	Annual increase of RES of 1.6%
Industry – RFNBO target Art. 22b	- 42% hydrogen used in industry from RFNBO in 2030, 60% in 2035 (with a possibility to decrease the targets) - Possibility to reduce by 20%: o If a MS contribution to the overall EU target meet expectation o The share of hydrogen from fossil fuels is not more 23% in 2030 and 20% in 2035 - Recitals from the room document REV3 - Deletion unabated
Building, heating and cooling (NEW ETS @ max 45 €/ton CO2)	Indicative renewable energy share in buildings of 49% in 2030 Binding annual increase of 0.8% of renewable for heating and cooling until 2021-2025, and 1.1% from 2026 to 2030

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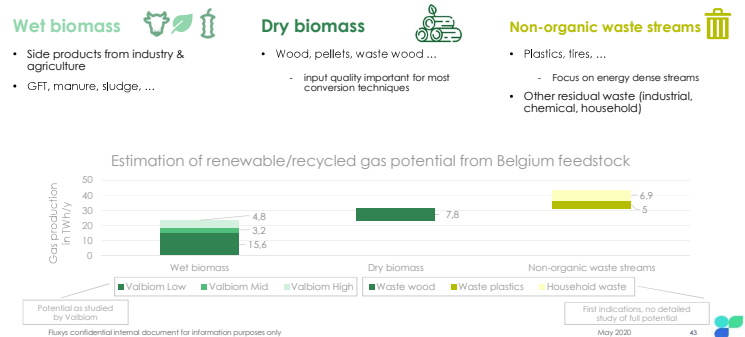
What are the main criteria for EU compliant green gasses



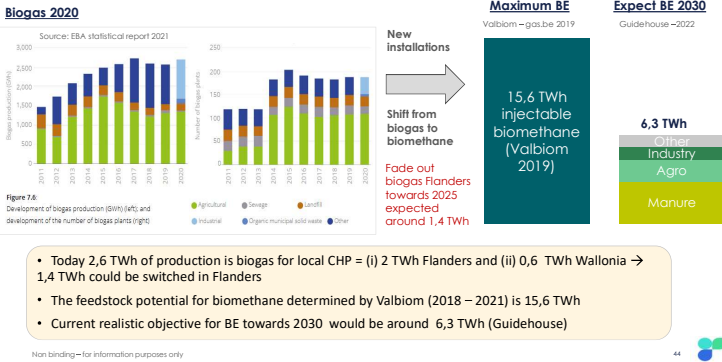
Biomethane and recycled methane



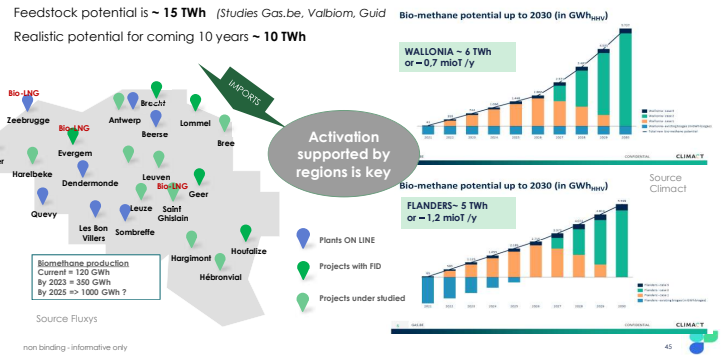
Feedstock: Belgian production potential not limited to biomass



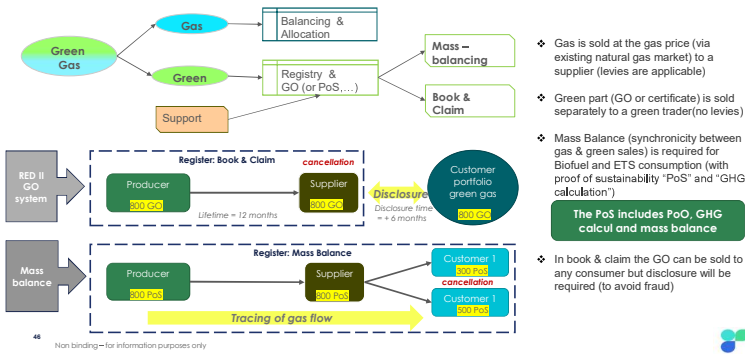
Current situation in Belgium → biomethane = opportunity



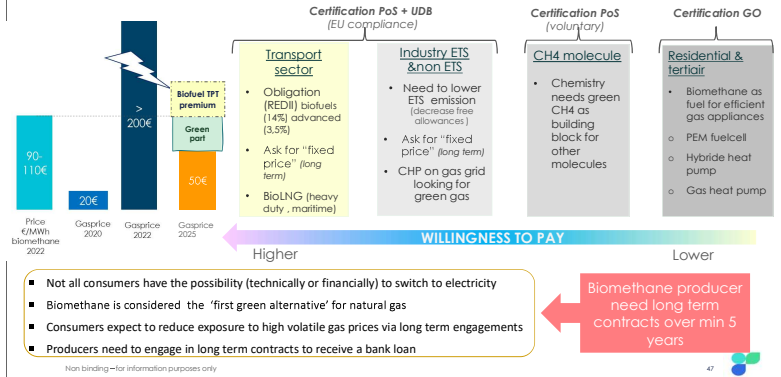
Biomethane today in Belgium and what could be



Buying / Selling green gas (Mass balance versus Book & Claim)



Who is looking for biomethane



Transport: transposition of RED II in Belgium

RED II obligations on % : "NECP BE 2019"

Biobrandstoffen (%)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reële waarde	8,95	8,95	9,25	9,55	9,8	10	10,2	10,45	10,45	10,45	10,45
IG	7	7	7	7							
2G Deel A	0,1	0,1	0,1	0,1	0,1	0,5	0,5	1	1,5	1,75	1,75
2G Deel B	1,85	1,85	2,15	2,45	2,7	2,5	2,7	2,45	1,95	1,7	1,7
dubbelrekening 2G	0,6	0,6	0,95	0,95	0,95	2,2	2,2	2,7	3,2	3,45	3,45
Nominale waarde	9,55	9,55	10,2	10,5	10,75	12,2	12,4	13,15	13,65	13,9	13,9

RED II obligations on sustainability and GHG reduction obligation (FQD):

- BioCNG and bioLNG must be reported as from 2022 by fuel suppliers and accounts for their mandatory objective of 6% GHG decrease (related to the EU reference of 94 gCO₂ eq./MJ) in BE [biofuel register](#) → future registration in UDB

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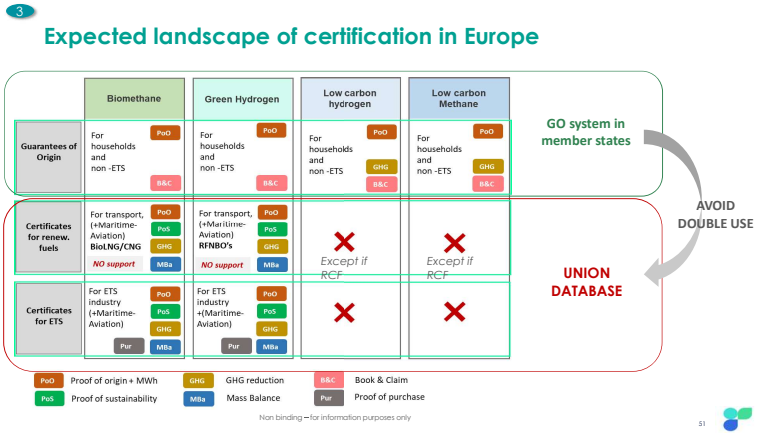
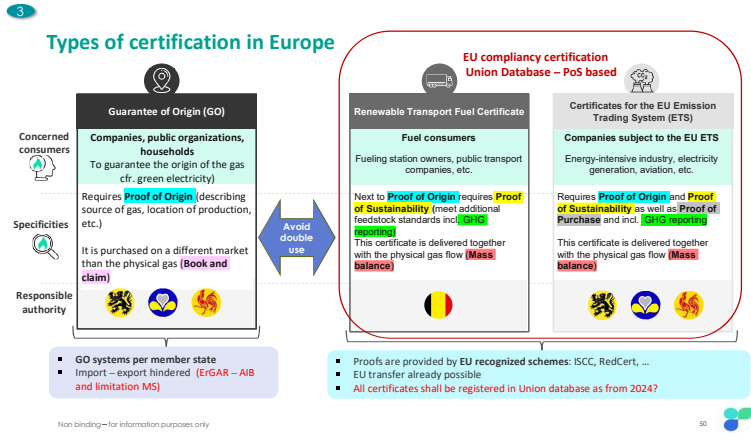
Possible introduction of Bio-tickets

"Brandstofwet" (Min. Vanderstraete)
expected to be published 2023 and applicable 2024 ?

"decreet duurzaamheid" (Min. Katthabi)
published 14 feb 2022 applicable 2022.

CERTIFICATIONS

- 1 Legislation
- 2 Certification

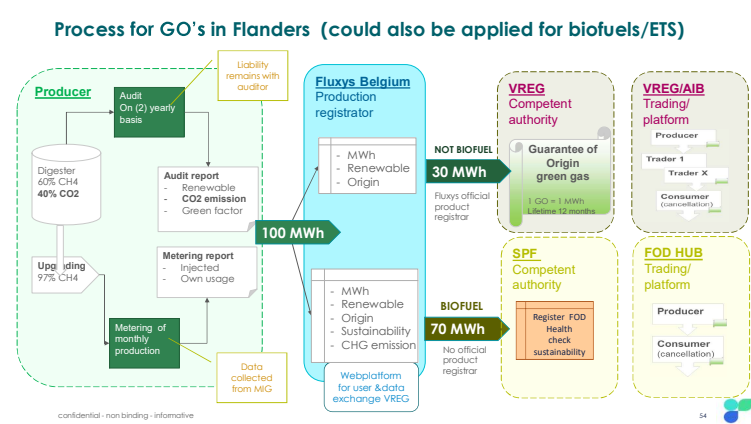
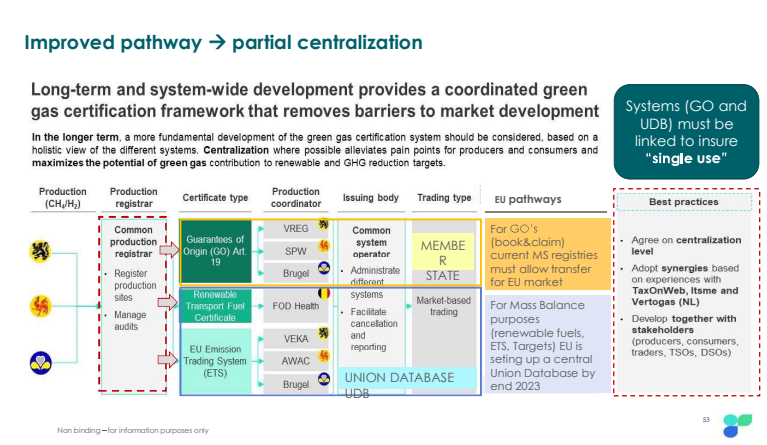


Fragmentation of competencies in BE is a fact: need to create consistency and where possible system centralization?

Source: SIA partner study for Gas Be

	1 REGISTRATION	2 APPROVAL	3 TRADING	4 CANCELLATION	5 REPORTING
Energy	Guarantees of Origin (GO) Art. 19 Non-ETS (industry and heating)	VREG, SPW, Brugel	AIB, SPW, Trading, OTC	Cancelled in respective GO systems	Disclosure of the GO
Biomethane	Renewable Transport Fuel Certificates Transport	FOD Health, VEKA, AWAC, BNEUV	OTC through EU voluntary scheme	Cancelled in UDB	Contributing to targets through the FPS (via UDB)
Green Hydrogen	EU Emission Trading System (ETS) ETS regulated industries	FPS	EU emission trading system	Cancelled in the EU voluntary scheme's system	Contributing to ETS targets (via UDB)
Low Carbon CH4	Guarantees of Origin (GO) Art. 19 Industry and heating	Probably Regions	Probably Regions	Cancelled in respective GO systems	Disclosure of the GO

Non binding – for information purposes only



No compliant biomethane without adequate certification

Type of use	Competency	RED II compliant law	Certification framework status
Biofuel, RFNBO certificates	economie	<ul style="list-style-type: none"> ✓ Royal Decrees (2014, 2018, etc.) in revision, Sustainability Ministry Health ✗ "Brandstofwet", FPS Economy (2013), in revision, Ministry Energy (economie) 	Introduction of a registration system and linked data base for biofuels from biomass
GO ETS	VREG, VEKA	<ul style="list-style-type: none"> ✓ Energy decree (2019), takes into account all renewable gases ✓ Specific transposition of MRB by EKA 	Registration started in 01/20 and GOs are tradable as from 05/20 managed by VREG & AIB (cf. illustration side 4 for further explanation)
GO ETS	Wallonie service public SWW, Walloon Government, Flemish	<ul style="list-style-type: none"> ✗ "Arrêté du Gouvernement Wallon relative to certificates and labels of guarantee of origin for gases from renewable sources (2018). Only refers to biomethane, not yet fully compliant. 	"Label de Garantie d'Origine" in place but targeted to support Wallonian combined heat and power (CHP) plants only
GO ETS	brugel	<ul style="list-style-type: none"> ✗ "Ordonnance gaz" (2004), relative to the gas market organization in the Brussels-Capital Region. Still need to be adapted. 	No system yet as there is not green gas production in Brussels today

Source: Sica-partners

Key Takeaways:

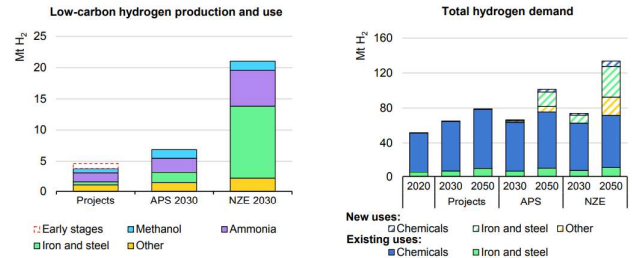
- Certification is different for ETS and biofuels than for GO's
- Belgium has a very fragmented certification landscape
- Single use is difficult to prove
- Import is difficult

non-binding - informative only

THANK YOU FOR ATTENTION

QUESTION TIME

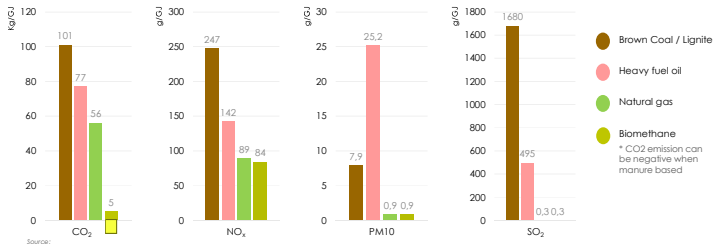
Global production of low carbon hydrogen versus demand



- Production of low carbon (including renewable) hydrogen is much lower than hydrogen demand
- Renewable hydrogen will be difficult to get in Europe due to stringent ruling

Advantage of natural gas and biomethane

TAIL - PIPE versus WELL to PIPE



Higher carbon/hydrogen ratio's mean less CO2 emissions

Natural gas



Oil



Coal

