



**IENE Webinar on**  
***“Gas Markets in Transition in SE Europe”***

Keynote Address by:

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“First of all, I would like to thank you for inviting me to your conference and for giving me the opportunity to talk about the role of gas in the future energy mix in our region, taking into account that we have to safeguard the security of supply and affordability to the end-users, our citizens as consumers and the industry as well.

In this regard I would like to focus on four aspects which according to my opinion are important:

- time, how shall we manage the role of gas until 2030,
- infrastructures
- technology for smooth and fast transition
- And future-oriented investments.

Natural gas is accepted as a transitional fuel in our Green Deal in order to meet the 2030 targets.

Switching from coal to gas in the power sector is the easiest way to reduce emissions at scale in the very short term. We have regions in transition in Greece, Western Macedonia and Megalopolis and also regions in Bulgaria and Romania are included in this huge transformation. Gas is one of the ways for smooth transition based on the Conclusions of the European Council last December.

It is also a transitional fuel to a greener industry, provided that we have to use the Carbon Capture Storage (CCS) and Carbon Capture Use (CCU) technologies at scale in order to have low carbon hydrogen from gas. Thus, accelerating the transition of energy-intensive basic materials industries to climate neutrality is becoming an increasingly urgent matter.”

So my first point is that we have to bridge the gap between our ambition and reality for fossil fuels and gas and, at the same time to provide affordable energy in the market for our citizens and the industry.

Natural gas is a transitional fuel, and we have to utilise it as such in order to reduce GHG emissions and finally succeed a zero-carbon energy mix.

Of course, this is a short and maybe a midterm approach. The case is how fast we can enable future-oriented projects.

It is of paramount importance to develop and implement a coherent and concrete European strategy for Hydrogen, as Hydrogen has a high potential of a clean energy source for the future and is considered as a key enabler of energy system integration and the linking of the electricity and gas sectors.

The EU Hydrogen Strategy sets the objective of reaching 6GW of renewable hydrogen production by 2024 and a 2030 target of 40GW.

Hydrogen is set to play an important role in meeting the EU's energy and climate targets for 2030 and achieving climate neutrality by 2050. However, in the 2030 target plan impact assessment, the Commission only foresees 11-12GW of renewable hydrogen production. Probably it is not enough.

As we all agree, the milestone of 2024 is tomorrow. Green Hydrogen is the priority. But we also have to produce low carbon hydrogen in order to transform our energy mix. Therefore, we need gas. We need sufficient quantities of low carbon hydrogen and, in this framework, to support the development and deployment of carbon capture, utilisation and storage (CCUS), as I have already mentioned, without compromising the safety and security issues that this kind of infrastructure are raising.

When it comes to the update of EU legislation, I would like to say a few words on the proposal of TEN-E regulation:

The objective of the future TEN-E is to support the implementation of the European Green Deal through the decarbonisation of energy. We have to avoid stranded assets and facilitate our member states to encourage Hydrogen ready investments to smooth transition into a zero carbon energy mix.

According to my approach:

The First step we have to proceed with is to upgrade the existing gas infrastructure.

Hydrogen production could take place on-site close to where it is used.

However, this is not always the most efficient supply option.

For instance, in cases where hydrogen consumers are located away from a large supply of renewable electricity or CCS locations and have access to existing gas grids, it will be cost-effective to receive Hydrogen through gas grids.

Existing gas infrastructure can be used, with some modifications, to transport Hydrogen safely.

In addition, the connection to a hydrogen network increases the security of supply significantly.

Pipeline transport is far cheaper compared to hydrogen transport via shipping. However the latter could become relevant for very long-distance transport of Hydrogen (beyond several thousands of kilometres).

Pipeline transport of Hydrogen can either take the form of blending shares of Hydrogen with methane or can be dedicated hydrogen transport.

As the rapporteur of the European Parliament to the EU Strategy for reducing methane emissions, I fully support the creation of business cases for agricultural and waste management in order to increase the reduction of methane in the planet by producing biomethane which could be blended with gas.

Going back to Hydrogen, blending makes sense when hydrogen volumes are small.

When hydrogen volumes increase while transported volumes of natural gas decrease, dedicated hydrogen transport will emerge, initially connecting industrial clusters and later connecting regional and national hydrogen infrastructures

At the same time, we have to build additional infrastructures, where it is needed, by investing on a bases of integrated EU plan and following the criteria of taxonomy and EIB new lending policy. Which means that a vision for a truly European undertaking, connecting hydrogen supply and demand from north to south and the west to the east, should be developed. This leads to an initial 6,800 km pipeline network by 2030, connecting hydrogen valleys. The planning for this first phase should start as soon as possible. **The hydrogen backbone** is a project of great importance. It will transport Hydrogen produced from (offshore) wind and solar-PV within Europe and allows for hydrogen imports from outside Europe.

In order to have proper technology and infrastructures, it is also important to provide adequate funding for research & Innovation.

As underlined in the German National Hydrogen Strategy, reliable, affordable, and sustainable ways of producing Hydrogen are essential for its future use.

Now is the time to construct demonstration plants at an industrial scale and scale these up further to ensure that the cost of hydrogen production digresses considerably.

In addition, the German National Hydrogen Strategy concludes that the current framework does not allow Hydrogen to be generated and used in an economically viable manner.

Fossil fuels, in particular, continue to be much cheaper. Therefore, in order for Hydrogen to become economically viable, we need to continue to bring down the price of hydrogen technology.

In order to drive forward technological progress and economies of scale and promptly obtain the critical mass of Hydrogen we need in some initial sectors to switch to the new technology. The production and use of Hydrogen need to be sped up globally.

In this regard, I think it is time to develop a coherent complimentary hydrogen strategy for Eastern Europe, taking into account the significant role of gas in producing low carbon hydrogen. The infrastructure needed and above all the way we should address our decarbonisation targets proving affordable energy prices and security of supply to the market.

Thank you for your attention.”