

## LNG Protocol Declaration for the Use of LNG as the Go-To Fuel of the Future

We, the signatories of this declaration, welcome the support of the President-elect of the European Commission Ursula von der Leyen for the potential of affordable liquified natural gas (LNG) in her [mission letter](#) to Kadri Simson, Commissioner-designate for Energy.

We collectively endorse LNG as a fundamental asset that helps meeting EU's long-term decarbonisation targets and the `just` energy transition and believe in its valuable contribution to the EU Green Deal. LNG provides environmental and economic benefits through the reduction of greenhouse gas (GHG) emissions and air pollutants. It delivers much needed flexibility and energy reliability enabling the integration of intermittent renewable energy and provides access to affordable energy. In addition, LNG provides security of energy supply, mitigating short and long peak demand shocks and meeting seasonal needs. LNG offers effective and cleaner alternative solutions across all energy uses, in particular in the transport sector, namely for heavy-duty transport and shipping.

LNG plays a key role in the reducing carbon intensity across all segments of the energy system:

- ✓ **Power generation:** the use of gas to switch from coal-based electricity production is the most effective way to immediately reduce GHG emissions by up to 45-55%<sup>1</sup>.
- ✓ **Industry:** In heavy industry, gas can replace other more polluting fuels, while reliably delivering the high temperatures or chemical reactions needed for industrial processes. In light industry too, displacing coal and diesel boilers with gas boilers can lower greenhouse gas emissions, improve air quality and deliver cost reductions. As it can be liquefied, transported, stored and regasified in small volumes in decentralized facilities, LNG boosts economic development by providing energy access to customers who do not have access to gas grids.
- ✓ **Residential sector:** modern gas heating systems can help reduce CO<sub>2</sub> emissions by up to 65% by simply switching from old oil-fired condensing boilers to a class 'A' gas condensing boiler – and even more with renewable gas while achieving efficiencies approaching 95%<sup>2</sup>. LNG will contribute to the integration of different sectors across the energy system: heating & cooling, industry and transport and the corresponding infrastructure in power, gas and district heating. The aim is to make optimal use of the potential of each energy carrier across all sectors to achieve an energy system that is sustainable and fulfils EU climate and energy goals, which provides a high level of security of supply at affordable costs and is highly accepted by society.
- ✓ **Transport:** In the future, the transport of goods will be the result of the most efficient combination among shipping, railway and road. LNG is the universal flexible fuel for a clean and a sustainable multimodal transport system. LNG can also help to further decarbonise the transport sector, with the use of synthetic and bioLNG, that offer almost 100% GHG emissions reduction and contribute to achieving net-zero emissions. Fuel energy density and the adequate development of the fuel distribution infrastructure are

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<sup>1</sup> International Energy Agency, World Energy Outlook 2018

<sup>2</sup> [Eurogas Scenario Study with Primes](#)

key factors to guarantee the flexibility that logistics operations need. Furthermore, the use of LNG improves **air quality** in urban areas and ports, offering an immediate answer to the incoming sulphur cap adopted by the International Maritime Organization (IMO). LNG's sulphur content is negligible (5 ppm max), e.g. 1,000 times lower than the IMO 0.5% rule, while **other local pollutants, such as nitrogen oxides (NOx) are reduced by up to 95% and particulate matter (PM) by 99% compared with heavy fuel oil (HFO)**<sup>3</sup>.

**Existing gas networks and LNG infrastructure are fundamental to the long-term decarbonisation target**, as it will help to facilitate higher volumes of **decarbonised and renewable gases**.

With an increase of nearly 30% over the last three years<sup>4</sup>, the LNG market is growing strongly, and delivering concrete environmental improvements – lowering GHG and air pollutant emissions, e.g. in Beijing area emissions were reduced by 80% between 2013 and 2018 thanks to the substitution of coal boilers by gas boilers<sup>5</sup>.

For this positive environmental trend to continue, **a political consensus at EU level** is needed to create the stable conditions and further develop its market. It is important that European Institutions recognise a key role of LNG in the energy transition, in particular:

- the environmental benefits it provides compared to other conventional fuels<sup>6</sup>;
- its contribution to security of supply and competitiveness;
- its role in providing system flexibility and reliability for the integration of variable renewable energy;

In particular, **we believe the following steps are crucial for the EU's long-term decarbonization in transport through the wide use of LNG:**

- a **technologically neutral outcome-based approach** that assesses all solutions objectively, including bunkering facilities and distribution infrastructure.
- an **economically efficient and well-planned approach** that seeks to maximize the value of existing assets to enable an increasing share of renewable gases. As such, we highlight that LNG and renewable gas in the form of **bioLNG must be consistently considered as alternative fuel sources in the EU legislation**.
- the **full implementation of the Directive on the deployment of alternative fuels infrastructure (2014/94/EU) (DAFI)** as a key step of LNG uptake. LNG refuelling infrastructure should be further supported to facilitate a homogeneous market throughout Europe.
- A **flexible scheme** for Member States to apply a preferential **taxation** for natural gas and renewable gas as solution for low emissions and carbon neutral mobility. This is to support the market take-off according to the local conditions.
- The improvement of air quality in coastal areas through **extension of the "Sulphur Emission Control Areas" (SECA) zone to the whole European coastline**.
- the **classification of Small-Scale LNG infrastructure projects as sustainable** within the European Commission's Sustainable Finance Programme.

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<sup>3</sup> [Thinkstep study](#) "LIFE CYCLE GHG EMISSION STUDY ON THE USE OF LNG AS MARINE FUEL", April 2019

<sup>4</sup> [GIIGNL Annual Reports](#)

<sup>5</sup> [Beijing Gas Group](#)

<sup>6</sup> [Comparison of Alternative Marine Fuels](#), SEA\LNG



**Note:** LNG Protocol is the informal communication platform of 9 organizations that together drive the LNG industry forward. LNG Protocol members support the diffusion of knowledge, best practices and new technologies related to liquefied natural gas. Our vision is of an efficient and competitive global LNG chain for a sustainable future.