

## GAC WS2 Core Team Meeting

5 August 2020

### Participants to the meeting of 5 August:

| Name                    | Organization          |
|-------------------------|-----------------------|
| Borchardt, Klaus-Dieter | European Commission   |
| Groenendijk, Wim        | Co-chair GAC WS2      |
| Kamphues, Stephan       | ENTSOG                |
| Khandoga, Dmitry        | Gazprom               |
| Konoplyanik, Andrey     | Co-chair GAC WS2      |
| Romanov, Konstantin     | Gazprom               |
| Shtilkind, Theodor      | RF Ministry of Energy |
| Stern, Jonathan         | OIES                  |
| They, Laurent           | ENGIE Infrastructures |

Secretaries to the Russia co-chair: Ekaterina Karaseva, Vera Lipkovskaya

Secretary to the EU co-chair: Roxana Caliminte

The Co-Chairs welcomed everyone and mentioned that some members of the core team could not be present due to the summer vacation period. They informed the core team that with this meeting the Co-Chairs should have sufficient material to finalise the discussion paper and that further meetings would not be necessary. The final discussion paper will be circulated to the core team for final review and will then be distributed to all WS2 GAC participants as an informal WS2 charter, providing guidance on identification of topics and on setting priorities for future meetings. The agenda of the meeting was announced.

### Main comments made by participants during the discussion:

- The issue of making the agenda and materials of the Workstream 2 meetings publicly available was discussed. According to some participants the agenda and minutes of the meetings should be made publicly available to ensure transparency of WS2 activities. Other participants expressed concern in this regard suggesting that, to preserve this channel of communication, publicity should be avoided as there is no 'business as usual' in terms of the EU-Russia energy dialogue due to geopolitical constraints. However, the agenda, participants list and presentations may be made available at a publicly available web site if either side wishes to do so. It was furthermore suggested that the results of the WS2 meetings, being of mostly technical nature, should in principle not be made available to a broader public. However, if there are any steps or exchanges of practical nature (e.g. in the field of pyrolysis or digitalization) they could be separately published under the umbrella of a relevant institution and not necessarily under the WS2 umbrella.
- A suggestion was made to develop a joint narrative of the WS2 main agenda and purpose in case participants are approached by any third parties (e.g. journalists). This

could help avoid any misinterpretation of the goals that WS2 is pursuing and its scope. The basis for such narrative can be the discussion paper prepared by the Co-Chairs.

- For the next meeting, it was suggested to have an intervention on behalf of the European Commission on its approach to the issue of methane emission reduction and comments of both Russia and EU participants on it. It was repeatedly stressed that the topic of methane emissions should be prioritized as tackling methane leakages should be seen as a necessary condition for the successful development of hydrogen produced from natural gas (both with and without CO<sub>2</sub> emissions) in the EU.
- Regarding the potential presentation on Russia's experience in the field of producing clean hydrogen and the vision on its future development, including on a cooperative Russia-EU basis, participants from the EU-side suggested that Russia should present its global vision of developments in the energy and climate sector rather than simply respond to the EU energy policy preferences. The opinion was expressed that, as an example, the Russian side should elaborate more on the practical details of pyrolysis, as it is known that there are different types of this technology with a different degree of technical capabilities. At the same time, it would be useful to know whether there is a commercial plant that is not just under study but to be invested in, where the supporting money is to come from, and when the relevant project is expected to be commercialized. In general, the European side would like to hear what Russia is ready to do to stay on the EU market under the changing environment. The importance of having relevant projects on European soil to demonstrate their potential to all stakeholders was noted, otherwise the window of opportunity for this type of decarbonized gas could close in the current political environment.
- It was agreed that there is already a clear view of the EU energy transition, and if Russian policy could be better understood, it would help set concrete targets for the future WS2 meetings. Representatives on the Russian side also explained their vision of possible contribution to the EU's energy transition and underlined the advantages of using natural gas in the transport sector in the short term, as well as the long-term role of natural gas in producing clean hydrogen.
- It was encouraged that WS2 shall discuss some tangible, provable concepts on joint decarbonisation efforts with "boots on the ground". Therefore the next WS2 meeting will include a presentation from the Russian WS2 co-chair on his vision for the "Clean Hydrogen Alliance from Natural Gas".
- Some participants expressed the opinion that while it is difficult to justify natural gas investments in the long run (while gas is considered in the EU to be seen as transition fuel for the next 10-15 years or so while life-cycle of investment projects in gas are much longer), the existing gas infrastructure represents a valuable asset and could be used for other purposes (transmission of biomethane, etc). Such repurposing of gas infrastructure can have additional value by absorbing some of the costs of developing new infrastructure for natural gas alternatives. Also, from that perspective, blue hydrogen can be seen as a trail blazer for green hydrogen.
- Some participants from the EU-side suggested that natural gas, with an overall share of about 25% in the EU energy mix, is already there and the gas market is well-

functioning while other energy sources require support. Natural gas will remain in the EU energy mix as long as needed, until it is replaced by other fuels. Natural gas should be seen as a friend, not as an enemy of the energy transition but such transition must be gradually taken to the next stage (e.g. production of hydrogen). Once other solutions are there, natural gas will be gone, even though no exact deadline can be specified when this is about to happen. There are certain countries, such as Bulgaria, Romania, Poland, Germany, and Greece, that will still have to rely on natural gas in the process of shifting away from the use of coal and lignite, as this cannot be done with RES only. In certain areas, such as energy transportation, natural gas might not be chosen if alternatives (ammonia, biomethane, synthetic fuels) will be available. So, there is no need to defend natural gas – it is there, and it will be needed for at least one more decade. But once energy transition will happen, it will be gone. In any case, energy transition is to go on in phases (with some regional differences), with every phase preparing the ground for the next one.

- The next online meeting of GAC WS2 will be held on the 17<sup>th</sup> or 18<sup>th</sup> of September (now agreed for 18/09) and all participants were invited to comment on the preferred frequency of such future meetings, and by way of suggestion meeting once every two months was proposed. This suggestion found positive response among the participants who agreed that having meetings on a more frequent basis might be detrimental to their substance. It was preliminarily suggested to have another two meetings, after the September one, before the end of year 2020. The agenda of the next WS2 meeting was agreed (see attached).

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| <p>Agenda<br/>next plenary<br/>31<sup>st</sup> WS2 GAC<br/>meeting</p> | <b>10:00 – 12:15 (18<sup>th</sup> September 2020)</b>   |
|  | <b>10:00 – 10:05 Welcome by the Co-Chairs</b>   |
|  | WIM GROENENDIJK AND ANDREY KONOPLYANIK  |
|  | <b>10.05 – 10.45 Views and perspectives from Russian side on decarbonization and on the EU Hydrogen and Energy Systems Integration Strategies</b> |
|  | Participants from Russian side (TBD)  |
|  | <b>10:45 – 11:10 “Clean Hydrogen from Natural Gas Alliance” proposal</b>  |
|  | ANDREY KONOPLYANIK  |
|  | <b>11:10 – 12:10 Methane emissions reduction (ahead of paper to be issued by the European Commission)</b>   |
|  | Presenter: KLAUS-DIETER BORCHARDT<br>Commentators: FRANCISCO DE LA FLOR, KONSTANTIN ROMANOV   |
|  | <b>12:10 – 12:15 Wrap-up and way forward</b>  |
| WIM GROENENDIJK AND ANDREY KONOPLYANIK                                 |   |

- The Co-Chairs asked if the core team participants would also like to convene once or twice a year in the form of an advisory council to review the results of the work of WS2. The idea to hold meetings in such a format twice a year was supported.

- The participants were asked whether they had any remarks or comments regarding the minutes of the meeting that took place on 10 July and whether such minutes could be distributed to all WS2 participants. No remarks or comments followed on this.

Co-Chairs thanked everyone for their presence and closed the meeting.