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## Newsletter IEA Bioenergy Task 37: 08/2024

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#### **Ireland: AD as part of the 25% by 2030 solution**

As part of its climate plan, the Irish Government has set a target of producing 5.7 terawatt-hours of biomethane by 2030, which is the equivalent of 10% of Ireland's current demand for natural gas. Farmers, farm organizations, and agricultural co-ops have been advised to take a key role in developing anaerobic digestion (AD) in Ireland. The government is due to announce a National Biomethane Strategy for the agriculture sector to deliver on its sectoral emissions reduction target, for businesses to decarbonize, and Ireland to meet its EU renewable heat targets. Contrary to Germany or the UK, Ireland can use grass, because 90% of the agricultural area is grassland and equally, it should be possible to produce grass without chemical nitrogen which is important in terms of sustainability.

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#### **EU Database for Biofuels becomes operational**

As of January 2024, the Union Database for Biofuels (UDB) established by the European Commission opened for online registration. The UDB is the European Union database system provided for in Article 28(2) of Directive (EU) 2018/2001 (RED II) and in Article 31a of the future Directive (EU) 2023/2413 (RED III), which must be used by economic operators in the biofuels market and selected companies in the biogas sector for the complete traceability of biomass to its point of origin. The EU Commission is pursuing an ambitious timetable that foresees a functional UDB by the end of 2023 able to track all transactions of sustainable biomass and biofuels. The

process of on-boarding will have to be completed well before the launch of the system for registering transactions in the supply chain of liquid fuels in January 2024. The same is valid for economic operators in the gaseous value chain, certified by the voluntary schemes, although the module will be launched a bit later in Q3/2024. As far as the gaseous supply chain is concerned, the UDB application can be opened for registrations only after the completion of the technical work on linking the UDB with existing national registries of Guarantees of Origin.

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### **EU Commissioner for Energy Simson responds to biomethane imports issue**

The World Biogas Association (WBA) along with other 45 organisations wrote to the European Commission (EC) calling for urgent action to ensure the full recognition of imported biomethane and biomethane-based fuels in the Union Database (UDB). WBA received a response from Kadri Simson, the European Commissioner for Energy, indicating that the EC has formally acknowledged the issue and is considering cooperation agreements with neighbouring countries covered by the EU-integrated infrastructure. The letter also unfortunately confirms that maritime-connected countries will be considered at a second stage. The key elements of this letter included: 1) Confirmation that the launch of the UDB for gaseous fuels will be 21 November 2024. 2) Confirmation that there is a need to trace mass balancing through the sustainability system of the Union Database (to count towards EU targets), hence a need to align with EU legal requirements, including for third countries. 3) States that *the UDB will support the sustainability certification of renewable gaseous fuels* by covering whole EU-integrated infrastructure at a first stage with the possibility of extending traceability upon request to the EU's neighbouring countries that are covered by the integrated infrastructure (including the UK, Ukraine and others). 4) Reminder that for third countries either not covered by the integrated infrastructure or for which there is currently no cooperation agreement the sustainability certification of renewable gases is still possible if there is a direct connection between the renewable gas production installation and the processing installations and provided that the certification of such installations is proving no double counting elsewhere.

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### **Germany: New maximum values for tenders of biomethane plants**

The German Federal Network Agency has set the maximum values for the tenders for biomethane plants for the next twelve months. The maximum value for new biomass plants is now 19.43 ct/kWh, and 19.83 ct/kWh for existing biomass plants. Biomethane plants can now bid up to 21.03 ct/kWh. The increase in the maximum values for new biomethane plants takes into account the low number of bids in the last tenders and higher electricity production costs.

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### **Austria: Renewable Gas Act failed**

The Renewable Gas Act (EGG) was passed by the Austrian Council of Ministers on February 21 and sent to parliament for approval. After lengthy negotiations, this seemed to represent an important step towards getting the market ramp-up of renewable gases underway in Austria and thus reducing dependency on imports. The primary objectives were to increase domestic energy supply security, to begin the conversion of the gas supply to renewable energies and thus to make a contribution to climate protection. The draft legislation provided a quota system under which suppliers must demonstrate a continuous increase in the proportion of renewable gases in their supply mix. This share will increase to 9.75% by 2030, but at least to 7.5 TWh. Renewable gases in this context are national biomethane from fermentation and wood gas as well as renewable hydrogen, whereby limited quantities of recycled gases have also been included in the EGG. Unfortunately, the opportunity to initiate a change in the gas supply in Austria was missed. The Renewable Gas Act failed in the National Council on July 4, 2024.

Despite repeated adjustments to the draft bill and accommodating the demands of the opposition parties, the required 2/3 majority was not achieved in the final vote on the Renewable Gas Act (EGG).

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### **New Mexico on passing a Clean Transportation Fuels Standard**

Early March, New Mexico became the fourth U.S. state to enact a clean fuel standard program after Gov. Michelle Lujan Grisham signed House Bill 41. The bill sets a goal to reduce the carbon intensity of transportation fuels used in the state by 20% and includes provisions to ensure that rural electric cooperatives common in the state can participate, along with traditional biogas producers. As the state fuel carbon intensity (CI) standard lowers over time, GHG from transportation will decrease – 20% by 2030 and 30% by 2045 under the bill. New Mexico is one of the country's largest producers of fossil fuel oil and natural gas and has a comparatively small biofuels industry. The state currently has just 16 facilities producing biogas: 12 of those are wastewater treatment plants, three are landfills and one is a manure-based digester, according to data from the American Biogas Council. But with supportive policies like a clean fuels program, the industry group projects the state could host as many as 144 such facilities, taking into account existing landfills, farms and an estimate of currently wasted food that could be beneficially reused. Those facilities could produce up to 13.7 million mmBtus per year, the equivalent of heating 892,000 homes in New Mexico.

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### **Positive signals in Switzerland for the role of renewable gases**

End of March the revised CO<sub>2</sub> Act passed the Swiss Federal Parliament showing that the important role of gaseous energy sources for the sustainable achievement of the net zero target has been politically recognized. New production plants in Switzerland will be supported with investment contributions in future. And in the industrial sector, imported renewable gases will be able to be counted towards CO<sub>2</sub> reduction, albeit with conditions that require intergovernmental agreements. To date, the federal government has only provided subsidies for biogas plants that use their gas to produce electricity on site. Plants that feed their gas into the gas grid were left empty-handed. In the revised CO<sub>2</sub> Act, the parliament has agreed that companies in the emissions trading system and those with a reduction obligation will in future be able to offset CO<sub>2</sub> reductions by importing renewable gas from abroad. The prerequisite for this is that the CO<sub>2</sub> reduction is credited exclusively in Switzerland and not in the country of production. In addition to an internationally linked register of guarantees of origin, such as the one the federal government will be using for gaseous and liquid fuels from 2025, this will require an intergovernmental certification.

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### **EU parliament votes to reduce CO<sub>2</sub> emissions from heavy-duty vehicles**

In April MEPs adopted new measures aimed at tightening CO<sub>2</sub> emission reduction targets for new heavy-duty vehicles. The text validates the CO<sub>2</sub> reduction targets already agreed by Council and Parliament earlier this year. CO<sub>2</sub> emissions from large trucks (including commercial vehicles such as refuse trucks, tippers and concrete mixers) and buses are to be reduced by 45% for the period 2030-2034, 65% for 2035-2039 and 90% from 2040 onwards. These reductions apply to trucks and coaches over 7.5 tons and are in addition to the 15% reduction already scheduled for 2025 in the current regulation.

For city buses, the targets are more ambitious, with a 90% reduction by 2030 and a transition to zero emissions by 2035. All targets remain based on tailpipe emissions, which means pushing ahead with two major technologies: battery-electric and hydrogen.

While the current version of the text is clearly not in favor of biofuels, the review clause, imposed

on the Commission by December 31, 2027, to assess the impact of the targets set, is intended to be much more open to the energy mix. In addition to an analysis of the vehicles and infrastructures deployed, the Commission's report will notably analyze the role of the "Carbon Correction Factor" in calculation methods, the integration of CO<sub>2</sub>-neutral vehicles, and the introduction of a methodology based on LCA, a well-to-wheel calculation of CO<sub>2</sub> emissions. In addition, investments made by public authorities in biomethane-powered buses will be taken into account, enabling a "temporary exemption" for local authorities already committed to the technology. The regulation will now be signed and published in the Official Journal of the EU. It will enter into force 20 days after its publication.

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### **New law brings support for biomethane plants in Switzerland**

Of the 33 TWh of gas consumed in Switzerland in 2022, 8 per cent was biomethane. Of this, 470 GWh, or 1.4 % of total consumption, was produced in Switzerland. The remaining biomethane was 'virtually' imported through the purchase of foreign certificates of origin (CoO). In contrast to domestically produced methane, the imported 2,300 GWh of biomethane are not exempt from the CO<sub>2</sub> levy of CHF 120 per ton. In Switzerland, only biogas plants that produce electricity and heat through a CHP plant are currently subsidized through investment and operating cost contributions. Thanks to the adoption of the so-called 'Mantelgesetz' by the population on 9 June 2024, biogas plants injecting biomethane into the grid will also be eligible for funding in the future, with an expected CHF 5-7 million per year between 2025 and 2030. In addition, the Federal Council can recognize imported methane as CO<sub>2</sub> neutral if renewable gas is fed into the European gas grid and the greenhouse gases avoided as a result are offset exclusively in Switzerland. This requires that the CO<sub>2</sub> reductions are also transferred with the guarantees of origin for renewable gases, for which intergovernmental agreements are required which are not yet available. Imported renewable gases can, however, be counted as part of the emissions trading system or a reduction commitment.

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### **Biomethane Export from Ukraine**

Biomethane producers in Ukraine called on the Verkhovna Rada (Parliament) to finally adopt law No. 9456 on customs control and customs clearance of biomethane, which regulates its export, as soon as possible. is needed in March. Two ready-made biomethane plants are standing idle, three more have actually been built and will stand together with these. The capacity of plants ready to export biomethane is already about 80 million cubic meters. There is also a large project of Teofipol Energy Company (Khmelnysky region) for 56 million cubic meters. Now this company produces electricity from biogas, but has already purchased the necessary equipment to produce biomethane from it, laid a pipe to the main gas pipeline, and this will be the first project that will connect to the transport network.

In a second reading the Draft Law No. 9456 has been adopted by the Ukrainian Parliament on 20 March 2024 - a significant milestone in the bioenergy sector of Ukraine. This law paves the way for the export of biomethane from Ukraine via gas pipelines with the regulations for natural gas. Until the Ukrainian biomethane register is synchronized with the EU database and guarantees of origin are recognized by the EU, exports can temporarily be made on the basis of documents issued by systems recognized by the EU. During the natural gas export ban, only quantities of biomethane corresponding to the previous month's stocks held in Ukrainian storage facilities may be exported.

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### **American commercial transport sector launches 'The Transport Project'**

In April, a collective of close to 200 organizations and companies involved in the efficient movement of goods, services, and people today launched The Transport Project (TTP), a national

advocacy organization dedicated to ensuring North America's fleets run safely, reliably, and effectively on clean, renewable fuels. The Transport Project's established purpose and mission is to act as the national voice advancing the growth and deployment of practical, clean, gaseous fuels for transportation. The broad coalition includes industry drivers from every corner of the commercial transportation field – fleets and end users, vehicle dealers, servicers and suppliers, fuelers and fuel producers, and OEMs and engine manufacturers. The Transport Project will represent the entire North American gaseous transportation value chain, and its members endorse the large-scale deployment of commercial trucks and buses fueled by renewable natural gas (RNG) and eventually hydrogen.

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### Washington finalizes landfill rule

A new regulation in Washington State will open the door for dozens of landfills to improve their gas collection operations, potentially boosting the production of renewable natural gas in the state. Washington finalized its new landfill methane rule in May, requiring all landfills in the state that accepted MSW after 1992 to install a gas collection and control system and institute quarterly monitoring for gas leaks. The announcement from the state's Department of Ecology also noted a \$15 million funding opportunity to install such systems. The department estimates 26 landfills are eligible for the funding. A draft version of the rule first circulated in January. It was initiated by legislation passed in Washington in 2022 at the same time that the state set a goal to reduce the amount of organic material going into landfills by 75% by 2030. It joins other laws passed in California and Oregon that have led to growing investment in landfill gas systems.

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### EU legislation: RED Annex IX

On 17/05/24, the Delegated Act amending Annex IX to the RED listing feedstock for the production of biofuels and biogas was published in the Official Journal of the EU. Member States shall transpose the DA by 14/09/2025.

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### Germany: Biogas tender once again significantly oversubscribed

With a tender volume of 240 MW, 788 bids were submitted, **totaling** 742 MW. Of these, eight bids **totaling** 11 MW were for new plants and 780 bids **totaling** 731 MW were for existing plants. This means that the proportion of new plants remains at a very low level. The bid values of the awarded bids ranged from 14.6 ct/kWh to 18.48 ct/kWh. The average volume-weighted award value in this round is 17.80 ct/kWh. As in the two previous rounds, no bids were received in the tender for biomethane plants.

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### Germany: Federal Council wants to strengthen the role of biogas and biomethane

In its resolution from April 2024, the Federal Council addresses the Federal Government and calls on it, among other things, to grant the possibility of technically upgrading and transforming existing plants so that they can work as well as possible with the increased use of residual and waste materials. They also request that special tenders for biogas power plants be carried out in addition to the planned tenders for H2-ready gas-fired power plants. To safeguard heating networks in rural areas, the Federal Council is proposing a special open tender for existing biogas plants that supply heating networks in 2024.

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