

ENERGYCITIES

# WORKING GROUP: MUNICIPAL GAS STRANDED ASSETS

CALL FOR INTEREST

Looking for a **clearer picture on the planning of gas infrastructures?**

**THIS WORKING GROUP IS MADE FOR YOU!**



# WHY JOIN?

## LEARN, GET INSPIRED & EXCHANGE WITH PEERS FROM OTHER CITIES

1

### MAKE YOUR LOCAL CHALLENGE EUROPEAN

Take a step back from your daily work and have an international view on the common challenges that European cities share.

### EXPAND AND STRENGTHEN YOUR NETWORK

Meet other mayors and city councillors who will share successes and failures, positions and doubts in a transparent way.

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3

### BENEFIT FROM ENERGY CITIES' NETWORK & EXPERTISE IN EU POLICIES

Leveraging on Energy Cities' [hub on fossil-free districts and buildings](#), access a platform to exchange with peers from all across Europe, benefit from policy briefs on EU policies linked to the topic and testimonies from other elected representatives,

### RECEIVE TAILORED ADVICE FOR TAILORED SOLUTIONS

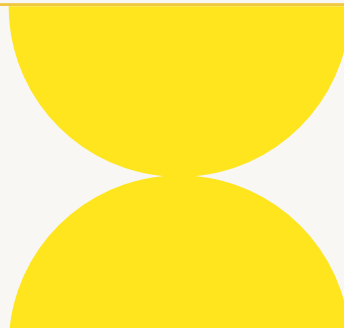
Get information specifically adapted to your local and national contexts.

4

5

### SHARPEN YOUR ARGUMENTS AND GET THEM HEARD

Common conclusions of the investigation will be shared with EU representatives, and we will advocate for them. You will get visibility for your contribution.



# WHAT IS IT? WORKING GROUP ON MUNICIPAL GAS STRANDED ASSETS

## GENERAL AIM

- Support you in the **definition of your challenges and implementation of solutions** (knowledge-sharing from experts)
- Exchange **best practices and difficulties** between mayors and city councillors across Europe, discuss **national dynamics and existing legal framework** linked to the topic
- Share with Energy Cities **direct feedback from the ground** to feed our advocacy work

## WHO WILL JOIN?

The working group will be composed of mayors and city councillors from different cities and countries, in charge of questions related to energy, decarbonisation, finances, and / or planning.

## WHAT TO EXPECT FROM THIS WORKING GROUP?

Between the urgency to protect families and local businesses from skyrocketing prices right now and the uncertainties of the availability of different renewable energies in the future, the Municipal gas stranded assets Working Group will provide you with answers to support you making long-term investment decisions while considering different views and interests.

Tackled topics can involve:

### FUTURE ROLE OF GAS

- What is the **future role of gas in a decarbonised energy system?**

### BIOGAS & HYDROGEN

- Is it wise to **invest in biogas and hydrogen** as a municipality?

### ECONOMIC VIABILITY

- Are local & municipal gas networks **economically viable if gas consumption decreases?**
- How to reduce the impacts of market volatility on my stakeholders?

### TECHNICAL VIABILITY

- Should I **develop or phase out gas networks?** For which consumers?

# HOW TO JOIN?

# APPLY TO BE PART OF THIS WORKING GROUP!



## ARE YOU...

- A mayor or a city councillor
- In charge of either:
  - planning of infrastructures?
  - energy supply?
  - decarbonisation strategy of your territory?
  - local finances?
- At ease to speak English

## ...THEN APPLY!

Send an email to [julien.joubert@energy-cities.eu](mailto:julien.joubert@energy-cities.eu) by **Tuesday 28 February 2023**, including:

- Name of your city and number of inhabitants
- Your first name, surname, position and portfolio as an elected representative

## INDICATIVE TIMELINE

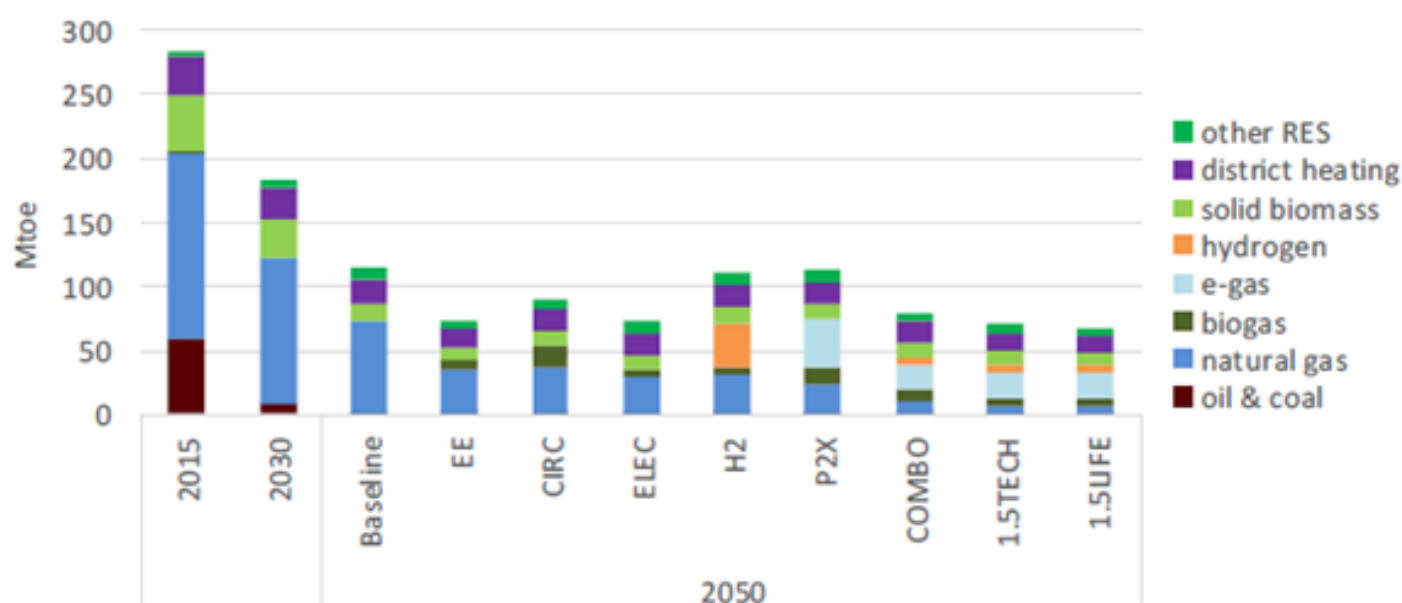
- FEBRUARY**  Wednesday 8: launch of the selection process  
**Tuesday 28: closing of the applications**
- MARCH**  Informing selected cities  
1.5 hour meeting on key information (prospective scenarios of gas consumption, gas infrastructure and gas market) & discussing your questions
- APRIL**  Individual follow-ups to define an investigation plan and the persons you want to interview.
- MAY-JUNE**  You interview 2 or 3 city representatives and experts (online calls)  
Side-event of Energy Cities general assembly on 14 and 15 June in Brussels.
- OCTOBER**  Wrap-up session in-person in Modena  
Note that Energy Cities **cannot take in charge the costs of your travel allowances** to take part in Modena.

# GET A GLIMPSE WHAT IS AT STAKE HERE?

## WHICH ISSUES GAS GRID OWNERS AND CONSUMERS ARE FACING?

Long-term decarbonisation scenarios foresee an important decrease of gas consumption: between 60% and 46% in the different scenarios of the EU long-term strategy published by the European Commission in 2018 (from 2015 to 2050). The decrease is expected to be even sharper in the building sector: between 70% and 61% of consumption reduction.

Figure 44: Non-electricity fuel consumption in buildings.



Source: PRIMES.

The decrease in gas consumption was accelerated to reduce the dependency on Russian gas in 2022. In the period August-November 2022, the EU consumption of fossil gas has dropped by 20.1% compared to the average gas consumption for the same months between 2017 and 2021.

This needed decline threatens the economic model of the gas network, which is threefold: 1/ the cost is mostly composed of past investments, 2/ the adaptation of the network has a lot of inertia, and 3/ the revenues streams depend mostly on the volume of gas consumption.

Without anticipation and strong actions, these three factors will most probably lead to stranded assets or to a very steep increase of gas distribution costs. Households unable to unplug, i.e. the low-income households who cannot invest in alternative clean heat supply, will be hit the hardest.

## SOLUTIONS TO BE CONSIDERED:

- Reduce investments and valorise avoided investments in budget planning,
- Anticipate the reduction of incomes when contracting with gas grid operators,
- Repurpose methane grids in hydrogen grids (especially for industrial purposes),
- Modify depreciation rules,
- Adapt distribution tariffs,
- Decommission part of the grids.





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