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## PRESS STATEMENT

### BIOGAS: A PILLAR OF EU ENERGY INDEPENDENCE

On 8 March 2022 the Commission published its Communication "REPowerEU: Joint European action for more affordable, secure, and sustainable energy". The Communication aims to support the EU's energy independence by accelerating the deployment of renewables and ensuring the affordability and security of energy supply.

REPowerEU identifies diversifying the EU's gas supplies as the first action to increase EU energy independence. Biomethane is recognised as a sustainable alternative to natural gas. The document proposes an EU target to produce 35 billion cubic metres (bcm) of biomethane by 2030, which compares to 18bcm of biogas produced in 2020. The document calls for Member States' CAP strategic plans "to channel funding to biomethane produced from sustainable biomass sources, including in particular agricultural wastes and residues."

**Paul Mesters, CEFS President and CEO of Cosun Beet Company said:**

"Today's Communication is an important step. It's been clear for years that we need to increase the EU's energy independence. The gas price spike and Russia's invasion of Ukraine mean we can no longer avoid the question. It's good to see biogas finally get proper recognition as a decarbonisation solution, alongside renewable hydrogen."

The Communication could not be timelier. EU wholesale gas prices have increased 14-fold since December 2020. Russia's aggression in Ukraine has

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greatly exacerbated the situation; prices have more than tripled over the past two weeks alone. They now stand at 270 EUR/MWh, vs 19 EUR/MWh in December 2020. Immediate action is needed: the sugar sector should be recognised as a priority sector in need of financial aid to reduce the impact of higher energy costs and possible gas supply shortages.

Sugar manufacturing is already under severe pressure from the gas price increase. The EU beet sugar industry is energy-intensive: in past years energy has made up around 20% of sugar manufacturing costs. This share spiked during the 2021/22 campaign, according to industry sources. In the 2022/23 campaign energy is expected to become the single biggest cost factor in many countries, overtaking sugar beet. Energy prices are likely to remain high and volatile until 2023, heaping further pressure on the industry.

In EU beet sugar factories biogas is produced as a co-product of the sugar manufacturing process, often from the biomass fraction of wastewater, but increasingly also from the fermentation of beet pulp and other solid residues. Biogas can be refined into biomethane for further use. The price of sustainable biomethane is considerably lower than that of natural gas.

Both biogas and biomethane can be blended with natural gas in sugar factories' Combined Heat & Power systems to reduce the carbon intensity of the electricity and heat needed to power the sugar production process.

One example is the Dutch beet sugar manufacturer Cosun Beet Company, which produces c. 35 million cubic metres of upgraded gas annually, using (among other beet-based feedstocks) 200,000 tonnes of pressed pulp - around 10% of the company's annual pressed pulp production.

**CEFS President and CEO of Cosun Beet Company Paul Mesters said:**  
"It's not just about injecting biogas into the grid. It's also about replacing natural gas used in factory processes today with biogas produced from agricultural biomass residues tomorrow. In the sugar sector many factories already produce biogas from wastewater. But it can also be produced from other non-food residues such as the tops, tails and pulp."

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He continued: “The Fit for 55 package, in particular the Renewable Energy Directive and the Energy Taxation Directive, need to facilitate this. We are asking for exemptions from the RED sustainability criteria and the Energy Taxation Directive for the energetic self-use of biomass residues. Because the stakes could not be higher.”

The Commission’s Fit for 55 package defines ambitious goals for energy, climate, land use, and taxation. These targets can help strengthen the resilience of the EU’s energy system by supporting renewable energy sources and accelerating energy efficiency measures. But the proposals from the European Commission do not recognise the role that energetic self-use of biomass residues, e.g., to produce sustainable biogas, can play in supporting decarbonisation in the agricultural sector.

The Communication states that Member States’ National Strategic Plans (NSPs) – the central pillar of the new Common Agricultural Policy – should be used to promote the development of biogas. The NSPs should also support biogas production to decarbonise factory processes.

The EU sugar sector is ready to contribute to the EU’s energy independence and its Green Deal targets. But both policy and financial support is needed. The Fit for 55 package must not raise new obstacles to sugar factories’ use of biogas produced from sugar beet residues. And the NSPs should provide funding for the energetic transition of beet sugar factories towards the production and self-use of biogas.