



**Biomethan
Taskforce**

Eine Initiative der Gas- und
Wasserstoffwirtschaft



Position Paper

Biomethane as a Cornerstone of the Energy Transition

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Introduction

Biomethane is a renewable, storable, and system-friendly energy carrier and thus an indispensable component of a climate-neutral, resilient, and affordable energy system. As processed biogas, biomethane is fully compatible with the existing gas infrastructure and can be used in networks, storage facilities, power plants, industrial facilities, heating systems, and the transportation sector without any technical or infrastructural disruptions. Biomethane thus enables immediate, scalable, and economically efficient decarbonization.

Biomethane is not a transitional phenomenon, but a structurally necessary cornerstone of the energy transition. In an integrated energy system, biomethane plays central roles: It provides secure renewable power, functions as seasonal energy storage, stabilizes the overall system during periods of low sunlight and low wind, and thus complements renewable electricity and hydrogen where these encounter physical, economic, or temporal limits.

The years 2026 to 2030 mark a decisive market, investment, and infrastructure window for biomethane. European and national regulations—ranging from emissions trading and Re-PowerEU to the revision of key German energy legislation—simultaneously create or hinder demand, price signals, investment incentives, and political pressure to act. This paper demonstrates why biomethane must now be prioritized in policy and regulation, what systemic and economic advantages it offers, and what regulatory guidelines are necessary to enable a sustainable, market-driven ramp-up.

Against this backdrop, the current debate cannot focus on decommissioning the gas grid, but rather on a gradual transition of the remaining gas demand in the heating, industrial, power generation, and transportation sectors to renewable gases.

1. The Energy Transition as a System, Market, and Infrastructure Transformation

The energy transition is one of the largest transformation projects in German and European economic history. It must not be reduced solely to the expansion of renewable electricity generation. In fact, it is a profound systemic and market transformation affecting all energy sectors, infrastructures, and value chains. The goal is not merely to maximize the production of green electricity, but to achieve a gradual and realistically achievable reduction in greenhouse gas emissions across all primary energy sources.

This requires the development of an energy system that ensures long-term security of supply, affordability, and international competitiveness with the lowest possible emissions. An overly narrow focus on electrification alone leads to additional economic costs, as grids, storage facilities, and generation capacities would have to be massively oversized to compensate for seasonal fluctuations and extreme events. Germany's existing infrastructure, with approximately 600,000 km of gas networks, can also make an ideal contribution to the use of decarbonized gases as part of the transition. This also facilitates the prospect of retrofitting 20 million households, which should ideally be technology-neutral wherever possible, to give households more freedom of choice in the retrofitting process. Furthermore, a non-diversified energy system is highly vulnerable to external influences.

Biomethane, alongside other decarbonized gases, can also make a significant contribution in this regard. As a regionally produced, storable renewable molecule, it brings flexibility and stability to the energy system. It enables the efficient use of existing gas networks and

storage facilities, reduces the need for additional infrastructure, and increases the resilience of the overall system against geopolitical shocks.

2. Why Biomethane – Why Now? The Strategic Market Window 2026–2030

Biomethane combines key characteristics that are of paramount importance in the future energy system: climate neutrality, storability, system services, regional value creation, resilience, importability, and rapid scalability. At the same time, several regulatory developments are converging to create, for the first time, a functional, large-scale market for renewable gases:

- The European Emissions Trading System (ETS I and ETS II) structurally and permanently increases the cost of fossil fuels.
- The EU Effort Sharing Regulation requires Germany to significantly reduce greenhouse gas emissions in the sectors of transportation, buildings, and waste management.
- RePowerEU sets a European target of 35 billion cubic meters of biomethane by 2030. Many European neighbors are using this as an opportunity to set ambitious national targets.
- The phase-out subsidies under the Renewable Energy Act (EEG) is prompting operators of existing biomethane and biogas plants to explore alternative business models for continued operation.
- Carbon Contracts for Difference (CCfDs) reduce investment and price risks for early adopters in industrial applications
- The EU Gas Market Package lays the groundwork for guarantees of origin, the Union Database, mass balancing, and, more broadly, the transformation of the gas network infrastructure
- National regulations such as the Building Modernization Act (GModG), Heat Planning Act (WPG), Fuel Emissions Trading Act (BEHG), GHG quota, and Electricity Supply Security and Capacity Act (StromVKG) have the potential to generate concrete demand for renewable molecules.

This interplay opens a time-limited market window. If it is not used politically, there is a risk of existing plants being shut down, investment projects being abandoned, and a lasting loss of industrial value creation and technological expertise.

However, the currently planned German implementation of European requirements contains risks that unnecessarily restrict the existing and practically feasible potential of biomethane. At present, the regulations provide for the large-scale decommissioning of the gas network, the phasing out of connection privileges for biomethane, and to largely electrify the mobility and the heating sectors at enormous economic cost. Biomethane, an available and regionally produced energy source, appears to be being overlooked.

3. Biomethane in cross-sectoral use

3.1 Heating Sector – Social, Economic, and Infrastructure Reality

The heating sector is by far the largest energy-consuming sector in Germany. A complete and short-term electrification is neither technically nor economically realistic. Especially in winter, increased use of heat pumps can lead to a shift in peak load, which would require a significant expansion of electricity grid capacity. In contrast, biomethane offers an immediate, socially acceptable, and affordable decarbonization of the building stock—particularly in multi-family homes, rural areas, and existing buildings with poor energy efficiency.

Biomethane can already be used in existing gas heating systems, in hybrid systems, and in district heating networks. It reduces investment costs for property owners, prevents social upheaval caused by rising rents, and supports municipalities in developing pragmatic and realistic heating plans.

3.2 Industry – Competitiveness, Planning Certainty, and Location Protection

Industrial companies need reliable, scalable, and long-term predictable decarbonization solutions. Biomethane enables this through long-term purchase agreements, reduces ETS costs, and prevents carbon leakage. Especially for high-temperature processes, continuous process heat, and material gas utilization, biomethane is often the most economically and technically realistic option as long as sufficient quantities of climate-neutral or low-carbon hydrogen are not yet available.

3.3 Transportation – Realistic Decarbonization of Segments Difficult to Electrify

In the transportation sector, electrification faces physical and economic limits, particularly in heavy-duty transport, shipping, and parts of the aviation industry. As Bio-LNG, bio-CNG, methanol, or a feedstock for Sustainable Aviation Fuels (SAF), biomethane enables realistic, short-term emission reductions. The GHG quota combines climate protection with market-based incentives. Under Sections 37a et seq. of the Federal Immission Control Act (BIm-SchG), fuel suppliers are required to reduce the greenhouse gas emissions of their fuels. Sustainable biofuels can be counted toward meeting the GHG quota.

3.4 CHP, Power Plants, and System Stability

Biomethane-based CHP plants and power plants provide reliable renewable power. They are flexible, support the grid, and are hydrogen-compatible in the long term. Thus, they ensure grid stability, security of supply, and system resilience in an increasingly volatile electricity system. The new gas-fired power plants to be built as part of the German government's power plant strategy are to be "H₂-ready" and must be "decarbonized using any available technology" by 2045 at the latest. This could establish an additional market for biomethane, particularly in regions with low availability or high prices for hydrogen.

4. Market, Volumes, and Macroeconomic Significance

German gas consumption stood at around 864 TWh in 2025¹. German biomethane production amounted to only about 10 TWh. However, analyses² indicate significant expansion potential of 90–102 TWh by 2030 and more than 331 TWh by 2045. In addition, there is substantial import potential from European partner countries and from Ukraine, from which biomethane has already been successfully imported into the EU.

Biomethane creates regional economic value, safeguards jobs in rural areas, and strengthens European energy independence and security. The goal is to transition from a fragmented producer market to a liquid, mass-balanced commodity market for green gases.

5. Climate protection, circular economy, and negative emissions

Biomethane enables significant greenhouse gas reductions, particularly when waste and residual materials are used. Additionally, biogenic CO₂ is produced, which can be used for Carbon Capture and Utilization (CCU) or Bioenergy with Carbon Capture and Storage (BECCS). This makes biomethane a tool for negative emissions and opens up new value-added and revenue models for industry and the energy sector.

The conditions for scaling up carbon management in general and BECCS/BECCU in particular must be created to enable negative emissions on a large scale while simultaneously supporting industries with carbon needs, such as the chemical industry, in their transformation.

In the long term, no fossil carbon atoms will remain in our gas networks. However, carbon atoms from non-fossil sources will continue to be needed, particularly in the chemical industry and in the production of high-energy-density fuels for aviation and shipping. The only viable source of carbon atoms in the future will be biomass, as it is already cost-effective and has high expansion potential compared to Direct Air Capture. Thus, it is essential for a future energy system that both the biomethane sector and the natural gas networks are maintained to supply the required renewable carbon atoms.

6. Regulatory Challenges and Systemic Misalignments

The **transposition of the European Internal Gas Market Package** into national law via the Energy Industry Act (EnWG) must not force biomethane out of the energy system. Grid connections subject to short-term termination, inconsistent mass balancing rules, and premature grid shutdowns jeopardize investments and significantly increase the cost of the energy transition.

The **Gas Network Access Ordinance** requires a permanent, investment-secure successor regulation. The specific biomethane provisions of the GasNZV in Sections 31–36 (grid

¹ Federal Network Agency (2026): Review: Gas Supply in 2025 ([Link](#))

² BDEW/DVGW/Zukunft Gas (2023): Pathways to a Resilient and Climate-Neutral Energy System by 2045. Transformation Path for New Gases

connection, cost sharing, priority grid access) have expired as of December 31, 2025, under the current legal framework. The currently applicable transitional regulation ends at the close of 2026. At present, there is no genuine successor regulation for the cost-sharing provision of the GasNZV (Section 33). Without a successor regulation, only the general connection and grid access provisions in the EnWG will apply. These do not include any comparable privileged cost-sharing arrangement.

The **Renewable Energy Act** must place greater emphasis on system benefits and flexibility. Biomethane ensures reliable power from renewable sources. To enable biomethane to better realize its flexibility potential, greater focus should be placed on system benefits. Through targeted tender segments, biomethane should also leverage its potential as a strategic fuel for municipal heating planning.

The upcoming **Building Modernization Act** must be designed to be technology-neutral. However, the current Building Energy Act contains restrictions on the use of biomethane and does not provide for a level playing field, particularly with regard to the market ramp-up of green methane. Furthermore, biomethane is disadvantaged by impractical, unfavorable primary energy factors.

7. Policy Demands of the Biomethane Task Force

Full implementation of the EU Internal Gas Market Package

- Establish investment-friendly payback periods of 20 years for the connection of biomethane production facilities and the maintenance of existing facilities.
- Advance European harmonization of mass balance rules for biomethane.
- Set a national biomethane expansion target based on a potential analysis.
- Prioritize the transformation of gas networks, not their decommissioning. Do not decommission climate-neutral gas networks.
- Establishment of successor regulations to the expiring Gas Network Access Ordinance and the Gas Network Tariff Ordinance. Successor regulation for biogas cost sharing and pass-through (Section 33 of the Gas Network Access Ordinance).

Reform of the Renewable Energy Act

- Improved flexibility incentives: Introduction of an electricity volume model that applies to the entire subsidy period (maximum eligible electricity volume).
- Increase in tender volumes and flexibility surcharges for biomethane.
- Targeted tender segments for, e.g., CHP winter electricity, high heat utilization, and neighborhood grids.

Heating Sector/Building Modernization Act

- Establish regulatory clarity as quickly as possible to restore predictability and investment security.
- True technology neutrality by treating grid-connected renewable energies such as H₂ and biomethane on an equal footing with heat pumps and district heating (level playing field for market ramp-up)

- Introduction of a green gas quota starting in 2028.
- Adjustment of primary energy factors.

CHP, power plants, and system stability

- Flexible renewable power plant capacity must be given special consideration both in the context of tenders and in a future capacity market.
- No discrimination against biomethane compared to hydrogen in power plant tenders.

Transport sector

- In heavy-duty transport and shipping, biomethane in the form of bio-CNG and Bio-LNG must be recognized more ambitiously in regulatory terms. Biomethane must be counted toward fleet limits.
- To create a liquid market, greenhouse gas emissions trading must be secured in the long term and effectively protected against fraud.
- Liquefied or compressed biomethane must receive tax incentives in the short term (at EU minimum rates)—analogous to the existing exemption for electric trucks, for which no requirements regarding the origin of the electricity have been specified to date. In the long term, the tax rate should be adjusted according to the CO₂ content of fuels.
- For the medium- and long-term market success of Bio-CNG and Bio-LNG, it is also imperative that, as part of the revision of the CO₂ fleet regulation for LDVs this year and for HDVs next year, a new vehicle class “Carbon Neutral Fuels only” (CNF-only) with equal treatment to BEVs/FCEVs, as well as a Carbon Correction Factor (CCF) within the VECTO regulations. We therefore expressly call on the Federal Government to actively advocate for the introduction of CNF-only and CCF within EU bodies.

Enable imports not only from other EU countries but also from Ukraine and other third countries

- Ukraine, in particular, could become a key supplier of biomethane in the medium to long term, which would make a substantial contribution to the defossilization of the German gas market.
- To achieve this, regulatory hurdles at the federal and EU levels must be removed. These relate in particular to eligibility under existing subsidy and quota schemes, as well as to export and customs law issues in Germany.
- In doing so, a level playing field must be maintained, meaning that potential distortions of competition arising from investment and operating subsidies in other European countries must be taken into account.

8. Conclusion – The Decisive Decade

There should be no lack of understanding regarding the role of biomethane as a cornerstone of the energy transition. Actively incentivizing production in Germany is urgently needed. This requires an appropriate regulatory toolkit. For the 2026–2030 market window will determine the success or failure of this additional cornerstone of a decarbonized energy supply in Germany. If this window is missed, the energy transition will become more expensive, riskier, and socially more challenging. If it is seized, biomethane will strengthen climate protection, energy sovereignty, resilience, and economic strength.

The Biomethane Task Force and its members stand ready to actively shape this path together with policymakers, industry, and society.

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The Biomethane Task Force is the central initiative for companies in the biomethane value chain. It brings together expertise, market knowledge, and political experience to give biomethane a strong voice in Berlin's political circles. It represents the interests of everyone who produces, trade, use, or rely on it—from the agricultural and circular economy sectors, through municipal utilities and industry, to retailers. It brings together stakeholders from the energy sector, agriculture, and small and medium-sized enterprises who want to drive the ramp-up of biomethane. The initiative is supported by the association DIE GAS- UND WASSERSTOFFWIRTSCHAFT e.V. and implemented operationally by GW Wirtschafts GmbH.