

# TYNDP 2022

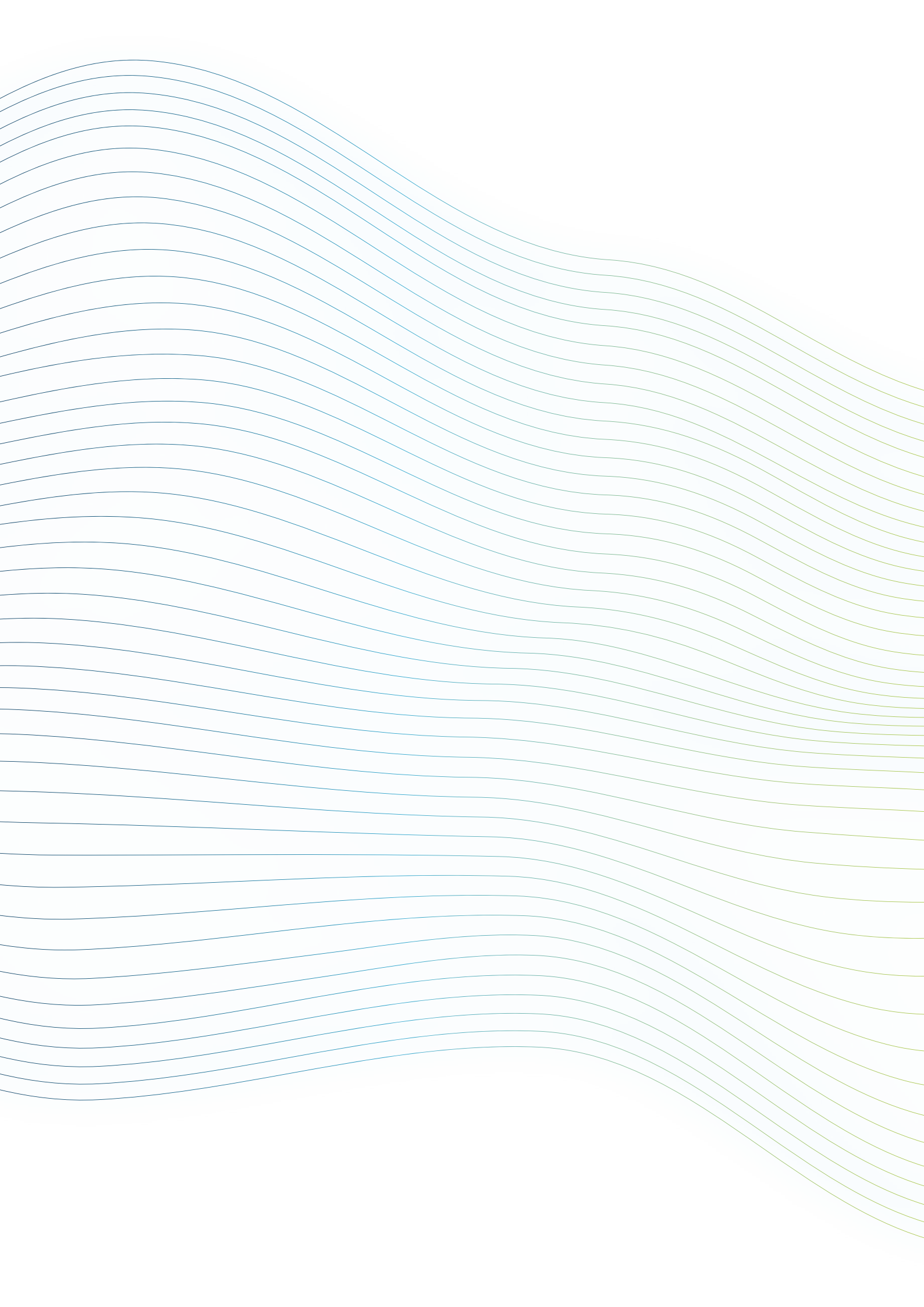
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## Scenario Report



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# Disclaimer

In a rapidly changing energy landscape and impacts due to geopolitical influences, the energy policies of the EU and many Member States are continuously developing.

The invasion of Ukraine by Russia on 24 February 2022 has led to a major overhaul of energy policy objectives in terms of energy security and diversification of supply that the TYNDP 2022 scenarios do not currently reflect.

ENTSO-E and ENTSOG would like to explain that due to these recent events affecting the energy supply in Europe, some assumptions used in this report regarding gas supply may be impacted for the short and longer terms.

ENTSO-E and ENTSOG are committed to developing TYNDP scenarios that will support the European Union plans for energy infrastructure and to achieve the objectives of the EU Green Deal as well as the Paris Agreement, and to ensure a fair, affordable and secure transition towards a clean and decarbonised energy system. The TYNDP 2022 scenarios were developed over the last two years on this basis, and with extensive stakeholder engagement.

As for every TYNDP, the assessment of the EU's dependence on the main gas supply sources and impact on the infrastructure will continue in TYNDP 2022 and is planned to be published at the end of the 2022.

# Foreword



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General Director ENTSOG



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**We are happy to present to you the updated gas and electricity joint Scenario Report, the third report of its kind. It results from the close collaboration of ENTSOG and ENTSO-E to develop scenarios for the whole energy system and the public consultation held last autumn on the Draft Scenario Report published on 7 October 2021. Scenario work is the first important step to capture the interactions between the gas and electricity systems and is therefore paramount to delivering the best assessment of the infrastructure from an integrated system perspective. The joint work also provides a basis to allow assessment for the European Commission's Projects of Common Interest (PCI) list for energy, as ENTSOG and ENTSO-E progress to develop their Ten-Year Network Development Plans (TYNDPs).**

The outcomes of the work presented illustrate the unique position of the gas and electricity TSOs to provide quantitative and qualitative output, while also building upon the synergies and interlinkages between the two sectors: in total almost 80 TSOs, covering more than 35 countries, contributed to this collaborative process. The combined expertise, knowhow and modelling capabilities enabled ENTSOG and ENTSO-E to build a set of ambitious and technically robust scenarios, which are fully compliant with the Paris Agreement and with the European ambitions for achieving climate neutrality by 2050. The scenarios aim to provide a quantitative basis for infrastructure investment planning and insights into the evolution of integrated energy system perspectives, while remaining both technology- and energy-carrier neutral.

Transparent, inclusive and active stakeholder engagement has been a crucial element in the development of this first step of the TYNDP process and will continue to be in future editions. We have worked closely with numerous stakeholders from a wide range of industries and sectors, NGOs, National Regulatory Authorities and Member States, among others, in order to ensure transparency of processes and data, robust assumptions and inputs, and data comparability and availability. The Scenario Report builds on the feedback and recommendations received through multiple stakeholder workshops covering each step of the scenario building process, two extensive public consultations on the scenario assumptions and the scenarios themselves, as well as numerous bilateral exchanges with stakeholders. In addition, the Scenario Report is accompanied by **Scenario Building Guidelines** offering a detailed description of the underlying assumptions for the scenarios and the modelling process and methodology,

and all raw data and individual datasets are published to allow readers/users to scrutinise both individual figures per Member State and combined figures for Europe.

A core element of ENTSG and ENTSO-E's scenario building process has been the use of supply and demand data collected from both gas and electricity TSOs as well as from official EU and Member State data sources and key industry projections to build robust bottom-up scenarios. This approach is used for the **National Trends Scenario**, the central policy scenario of this report, recognising national and EU climate targets as reflected in the latest Member States' National Energy and Climate Plans (NECPs). In view of the 1.5°C target of the Paris Agreement and the EU Climate Law ambition of minimum 55% GHG emission reductions by 2030 and net zero by 2050, the ENTSGs have also developed the **Global Ambition** and **Distributed Energy** Scenarios using a top-down approach with a full-energy perspective. For the first time, the scenarios utilise new sector-coupling methodologies and dedicated modelling tools both to optimise overall system efficiencies and flexibility use as well as to capture better the interactions and new dynamics at the interfaces between various end-use sectors (e.g. vehicle-to-grid and prosumer modelling), at various geographical scales (e.g. district heating) and with other carriers (Power-to-Gas and Power-to-liquid). It is also the first time that the scenarios have modelled hydrogen and electrolysis at pan-European scale.

As ENTSG and ENTSO-E look to the future, it is evident that **energy system integration and innovation** will be key to meeting European energy consumers' needs, whilst also achieving EU climate neutrality goals by 2050.

A fully integrated energy system can deliver more efficient decarbonisation solutions and enable the European production of gas and electricity to become carbon neutral already by 2050. An integrated approach connecting gas and electricity networks and countries seamlessly will support the uptake of new technologies and foster regional and pan-European economies of scale, while ensuring reliable electricity and gas supplies to consumer throughout the year, including peak demand situations. Hydrogen will be

a game changer for both gas and electricity systems as it will support decarbonisation efforts, interlink the two systems while further unlocking the potentials of renewable electricity sources to deliver system flexibility and energy autonomy at a European level. Moreover, the increasing integration of electricity, methane and hydrogen infrastructures and the efficient use of electrolysis technologies will also support large-scale renewables' integration and solutions to support system flexibility needs.

Achieving net-zero emissions requires a wide range of actions from all sectors of society, but energy efficiency is key to achieve the EU climate neutrality objectives. The improvement of existing technology options and the active participation of consumers through smart energy use and behavioural adaptations supports the efficient use of renewable and low-carbon technology solutions for cross-sectorial decarbonisation.

Last but not least, the scenarios rely on innovation in new and existing technologies to achieve net-zero emissions. This is required to reduce the costs of energy from renewable energy sources, increase the efficiency of user appliances, facilitate demand side response and consumer participation, support renewable and decarbonised gases, develop technologies that will support negative emissions, and reap the benefits of a circular economy, while ensuring long-term sustainability for future generations.

The development of this comprehensive, reliable and contrasted set of possible energy futures, as presented in the Scenario Report, will allow the TYNDPs to perform a sound and comprehensive assessment of European energy infrastructure requirements from a whole energy system perspective and will provide decision makers with better information, as they seek to make informed choices that will benefit all European consumers.

We look forward to working with you again as we follow the next important steps in the TYNDP process.



# 1

## Executive summary

Building on the previous scenario reports, the cooperative work of gas and electricity planning experts across Europe and the public consultation of the draft report published on 7 October 2021, the updated joint TYNDP 2022 Scenario Report is more ambitious, more inclusive, and more transparent than previous editions. It includes two COP21-compliant scenarios and ENTSO-E and ENTSG have gone to great lengths to capture the impact of the fast-moving and fast-paced energy transition on electricity and gas infrastructure. This report is the common building block of the future gas and electricity TYNDPs and contains a series of important highlights for the future of Europe's energy system:

### Net-zero can be achieved by 2050 while ensuring the security of energy supply

Both Distributed Energy and Global Ambition scenarios reach -55 % of GHG reduction in 2030 and net zero in 2050. These targets are achieved with an ambitious development of energy efficiency and renewable and low

carbon technology solutions in EU Member States. This achievement requires a wide range of actions whose impact depends on an appropriate political, societal, and economic framework.

### Energy efficiency is key to achieve the EU long-term Climate and Energy objectives

The efficiency first principle is key to minimise the challenges of decarbonising the energy supply and requires among others:

- Continued improvement of existing technology options, whilst switching to new and emerging technologies where further efficiency gains can be obtained.
- Active participation of end consumers through smart energy use and behavioural adaptation.
- Direct electrification is key to achieve the decarbonization objectives when it can ensure an efficient use of renewable energy. Decarbonising all energy carriers is crucial to ensure a competitive, resilient, and reliable energy system.
- Early development of negative emission options are required to limit further investments post 2050 subject to the carbon budget method.

## Ambitious development of renewable energy across Europe

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All decarbonisation and renewable technologies are needed to reach net zero 2050 and European renewable energy will be essential:

- Long term climatic targets can be achieved through sustained growth and substantial investment in all European renewable energy sources including wind, solar, and biomethane.
- Fostering renewable energy production at consumer level (e.g., prosumers, energy positive buildings ...) will contribute to scaling up and embracing clean energy supply.
- Transmission infrastructure is needed to connect areas of high renewable energy potential to the high demand centres.
- Acceptance of energy infrastructure expansion is paramount to achieve climatic targets

## Sector Integration provides efficient decarbonisation solutions

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A fully integrated system can deliver efficient decarbonisation solutions and enable the European production of gas and electricity to be carbon neutral before 2050.

- Integration of electricity, methane and hydrogen infrastructures provides a wide range of opportunities to solve short term and seasonal flexibility needs in a net-zero energy system.
- The development of hydrogen and synthetic fuels by electrolysis will foster further development of wind and solar.
- District heating and urban energy planning can support smarter utility from a broader range and combination of energy sources.

## Integrated energy systems: hydrogen is a game changer for gas and electricity systems

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- Hydrogen can efficiently contribute to the transition of the current gas system into a carbon neutral and more integrated system.
- While reducing import dependence, a European hydrogen market is an opportunity for the EU to take part to a global clean energy market and import decarbonised energy.
- Hydrogen can unlock the full potential of renewable electricity resources. It will contribute to a higher European energy autonomy.

## Innovation is key to achieve a sustainable energy future

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The scenarios depict several ways in which the European energy system may evolve. They aim to reach climate neutrality; however, it cannot be ignored that there are additional factors and challenges that go beyond what is needed for energy infrastructure planning. Further attention is needed to understand the impact in the shift towards a sustainable economy including recycling and repurposing, enabling stable supply chains, use of land space and scarce resources, training of workforce, financing, and citizen engagement. Innovation needed goes beyond technical knowhow to ensure the energy system is made sustainable in time for future generations.

The updated joint TYNDP 2022 Scenario Report comes with enlarged data sets available through a dedicated data visualisation platform. These scenario data sets can be used by stakeholders to do their own studies on possible energy futures. ENTSG and ENTSO-E have also provided full transparency on how scenarios are built and how each factor influencing the development of gas and electricity infrastructure is considered. ENTSG and ENTSO-E will continue striving to improve their scenario report, engaging as early as possible with stakeholders, increasing transparency and usability. Both associations hope this report will give readers a qualitative insight into the impact of the energy transition on Europe's future gas and electricity networks.





# 2

## Purpose of the Scenario Report

### What is the purpose of the scenarios and how should they be used?

As outlined in Regulation (EU) 347/2013, ENTSOG and ENTSO-E are required to use scenarios as the basis for the official Ten-Year Network Development Plans (created every two years by ENTSOG and ENTSO-E) and for the calculation of the cost-benefit analysis (CBA) used to determine EU funding for electricity and gas infrastructure Projects of Common Interest (PCI). The scenarios are designed specifically for this purpose. Where possible, they have been derived from official EU and Member-State data sources and are intended to provide a quantitative basis for infrastructure investment planning.

The scenarios are intended to project the long-term energy demand and supply for the drafting of ENTSOG's and ENTSO-E's Ten-Year Network Development Plans within the context of the ongoing energy transition. They are designed in such a way that they specifically explore those

uncertainties which are relevant for gas and electricity infrastructure development. As such, they primarily focus on aspects which determine the infrastructure utilisation. Furthermore, the scenarios draw extensively on the current European political and economic consensus and attempt to follow a logical trajectory to achieve future energy and climate targets.

The scenarios should provide the user with insights into the possible energy system of the future and the role of electricity and gaseous carriers in this energy system as well as the effects of changes in supply and demand on the energy system. The European and global perspectives of these scenarios enable the user to track supply and demand developments geographically as well as temporally and to gain greater insight into the challenges energy infrastructure planning is facing during the energy transition.

## What is not the purpose of the scenarios?

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ENTSO-G and ENTSO-E have gone to great lengths to build on previous Scenario Reports and to increase its ambitions, especially in considering external factors such as the energy transition and the impacts of decarbonisation of the European energy system on energy infrastructure. Nonetheless, it is important to recognise that the scope of these scenarios remains focused on providing sufficient input data to investigate future infrastructure needs.

ENTSO-G and ENTSO-E have sought to avoid making political statements with these scenarios and, as far as possible, to anchor key parameters in widely accepted data and assumptions. The National Trends scenario exists within an input framework provided by official data sets (such as PRIMES) and official energy and climate policies from the EU Member States (the NECPs, hydrogen strategies, etc.). The goal of ENTSO-G and ENTSO-E has been to maintain a neutral perspective to these inputs.

While the COP21-compliant scenarios (Global Ambition and Distributed Energy) have greater room for innovation to meet more ambitious decarbonisation of the energy system up to 2050. Energy policy involves political institutions, it is not the intention of ENTSO-G and ENTSO-E to use these scenarios to promote one political agenda over another. The main focus of the TYNDP Scenario Report is the long-term development of energy infrastructure. As such, the differences between the two COP21 compliant scenarios are predominantly related to possible variations in demand and supply patterns.

To this end, all the scenarios in the TYNDP 2022 Scenario Report remain technology and energy-carrier neutral. The energy mix deployed in each of these scenarios has been designed to reflect a broad consensus within the energy industry and correlates to a large extent with official literature – most prominently with the EU's own Impact Assessment scenarios<sup>1</sup>.

The TYNDP 2022 Scenario Report attempts to reflect the energy transition and the decarbonisation efforts of the European energy system in its scenarios. This is incorporated by the use of the COP21 Agreement (in the form of a carbon budget calculation) as one of the key input parameters for the COP21-compliant scenarios. However, it is important to recognize that it is beyond the scope (and indeed the resources) of the scenarios to analyse political, environmental, and societal developments on the widest scale.

Above all it is important to recognise the fast-moving nature of the energy transition in Europe. ENTSO-G and ENTSO-E are aware that some of the input parameters used in the creation of these scenarios may well need to be adjusted in the months and years to come as the energy policy of the EU and its Member States evolves to meet the challenges of climate change. The TYNDP Scenario Building Process is an iterative process, and it continues to evolve based on external influences. A scenario is a picture of a possible future under certain defined circumstances, not a forecast of what the future will look like. Simultaneously, it reflects present knowledge and the expected challenges already foreseen today.

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<sup>1</sup> More information available [here](#).



# 3

## Scenario descriptions and storylines

**Scenarios have to ensure both consistency between successive TYNDP reports and to capture new developments and expectations. For this purpose, initial storylines proposed to stakeholders were derived from the TYNDP 2020 scenarios already taking into account the feedback received during the Q4 2020 public consultation. The final scenario storylines are laid out in the [Final Storyline Report](#) published in April 2021. This chapter recaps the most important information of the storyline report.**

### Scenario drivers

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Storylines aim to ensure that sufficient differences are made between the scenarios by correctly identifying high-level drivers and quantifying their outcomes. The energy landscape is constantly evolving and scenarios need to keep pace with the main drivers and trends affecting the energy system and in particular the gas and electricity infrastructures. A key success factor in understanding these drivers is the ongoing dialogue with stakeholders like NGOs, policy makers and industrial associations. Based on this engagement process ENTSG and ENTSO-E identified four high level drivers:

**Green transition** reflects the level of GHG reduction targets and is one of the most important political drivers of energy scenarios. The European Union has ratified the Paris Agreement. This implies a commitment to the long-term goal of keeping the increase in global average temperature to well below 2°C compared to pre-industrial levels and to pursue efforts to limit the increase to 1.5°C. The current EU decarbonisation targets consider at least –55 % greenhouse gas reduction in 2030. For 2050 there are non-binding decarbonisation targets (80 to 95 % cuts in GHG emission from 1990 levels). Moreover, ENTSG



and ENTSO-E acknowledge that setting GHG emissions targets for 2030 and 2050 is not sufficient for keeping temperature rise below 1.5 °C. As a result, the scenarios will consider a carbon budget up to 2100 including emissions and removals from agriculture and from Land Use, Land Use Change and Forestry (LULUCF)<sup>2</sup>.

Beyond climate targets, the European energy system will be increasingly shaped by societal decisions and initiatives acting as a **driving force of the energy transition**. This scenario driver translates in the level of (de)centralisation and energy autonomy which both strongly impact the structure of the European energy system and therefore the need of infrastructure. Currently the EU primary energy consumption relies strongly on centralised production sources and imports from outside Europe. Whether this dependency will remain is rather uncertain. Especially when considering the current uptake of wind and photovoltaic technologies, enabling localised (self-)production and smart use of distributed energy supply. This makes it a relevant driver to be explored in the scenarios.

**Energy intensity** is a result of innovation and consumer behaviour and can be a major factor in the transition of the energy system. New appliances and technological innovation reduce specific energy demand or facilitate the participation of consumers in the energy system. On the other side, new technologies can lead to additional energy demand. Moreover, consumers can reduce their consumption by modal shifts, for example using the bike instead of the car for shorter distances or by more shared economy through public transport and vehicle sharing. This also applies to agriculture and industrial sectors, where a drive towards circularity could lower energy demand, but an increase economic activity could at least partly offset the efficiency gains. Assumptions need to be made for each sector and energy application.

**Technological progress** is a driver for the energy system evolution. It can act both as an enabler of other drivers (e.g. more powerful wind turbine helping to further harvest EU RES potential) and as a trigger (e.g. electrolysis paving the way to a hydrogen economy). Further assumptions are made to define the market shares for different technologies/appliances, for example through technology prices<sup>3</sup>.

## Scenarios will cover different time horizons

For both 2022<sup>4</sup> and 2025 a “Best Estimate” scenario is developed. For the quantification of this time horizon ENTSG and ENTSO-E use data collected from the TSOs.

These figures reflect current national and European regulations as stated end of 2020.

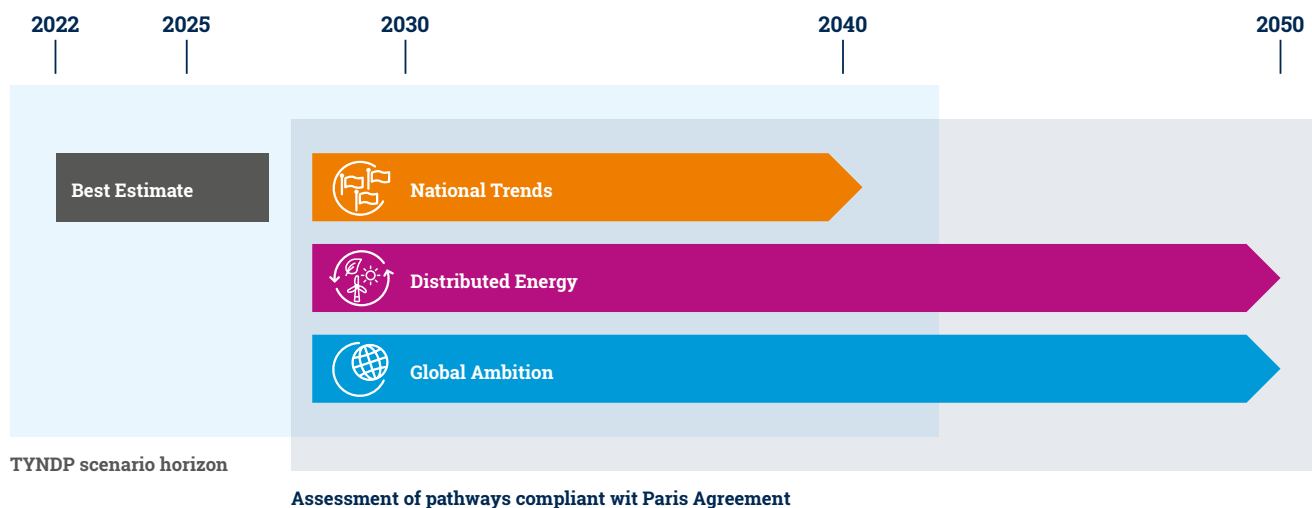


Figure 1: Scenario framework for TYNDP 2022

- 2 For the assessment of the carbon budget, ENTSG and ENTSO-E will build upon the work performed together with CAN Europe for the TYNDP 2020 scenarios.
- 3 The present scenarios only cover technologies having reached some degree of maturity in the early 2020s. Other technologies such as Direct Air Capture or innovative ways to produce synthetic fuel are not considered in the scenarios up to 2050. But it is assumed that these technologies can reach commercial maturity after 2050.
- 4 As the 2022 time horizon is not used in ENTSO-E TYNDP, the report figures for this year refer to gas TSO data collection without modelling of the electricity system.

**The long-term goals, starting from 2030, will be covered by three different scenarios, reflecting increasing uncertainties towards 2050.**

- The **National Trends scenario (NT)** is in line with national energy and climate policies ([NECPs](#), [national long-term strategies](#), hydrogen strategies, etc.) derived from the European targets. The electricity and gas datasets for this scenario are based on figures collected from the TSOs translating the latest policy- and market-driven developments as discussed at national level. The quantification of National Trends focuses on electricity and gas up to 2040<sup>5</sup>. ENTSOG and ENTSO-E invite stakeholders to refer to the national documents to have a more energy-wide perspective.
- In addition to the National Trends scenario, which is aligned with national policies, ENTSOG and ENTSO-E have developed two COP21 compliant scenarios. These are built as full energy scenarios (all sectors, all energy carriers) in order to quantify compliance with EU policies and climate ambitions. Both scenarios aim at reaching the 1.5 °C target of the Paris Agreement following the carbon budget approach. They are developed on a country-level until 2040 and on a EU27-level until 2050.



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<sup>5</sup> As most of national material focuses on the path to 2030, extending the National Trends scenario beyond 2040 would require additional assumptions no longer reflecting national policies and strategies.

# Storylines for COP 21 scenarios

ENTSOG and ENTSO-E applied the aforementioned scenario drivers and the scenario framework to create two COP21 compliant scenario storylines:

**Distributed Energy (DE)** pictures a pathway achieving EU-27 carbon neutrality by 2050 and at least 55 % emission reduction in 2030. The scenario is driven by a willingness of the society to achieve energy autonomy based on widely available indigenous renewable energy sources. It translates into both a way-of-life evolution and a strong decentralised drive towards decarbonisation through local initiatives by citizens, communities and businesses, supported by authorities. This leads to a maximization of renewable energy production in Europe and a strong decrease of energy imports.

**Global Ambition (GA)** pictures a pathway to achieving carbon neutrality by 2050 and at least 55 % emission reduction in 2030, driven by a global move towards the Paris Agreement targets. It translates into the development of a wide

range of renewable and low-carbon technologies (many being centralised) and the use of global energy trade as a tool to accelerate decarbonization. Economies of scale lead to significant cost reductions in emerging technologies such as offshore wind, but also imports of decarbonised energy from competitive sources are considered as a viable option.

The final storylines are the product of extensive stakeholder engagements and a public consultation conducted in 2020. Both storylines are designed to explore different pathways with regard to the identified scenario drivers, with the purpose of covering the uncertainty in the possible use of energy infrastructure. This is further elaborated in the scenario matrix that was published as part of the [Scenario Matrix](#) that was published as part of the Final Storyline Report. Figure 2 provides an overview of the most important storyline assumptions. More information on the scenario storylines can be found in the [Final Storyline Report](#).



	 <b>Distributed Energy</b> Higher European autonomy with renewable and decentralised focus	 <b>Global Ambition</b> Global economy with centralised low carbon and RES options
<b>Green Transition</b>	At least a 55 % reduction in 2030, climate neutral in 2050	
<b>Driving force of the energy transition</b>	Transition initiated at a local /national level (prosumers)	Transition initiated at a European /international level
	Aims for EU energy autonomy through maximisation of RES and smart sector integration (P2G/L)	High EU RES development supplemented with low carbon energy and imports
<b>Energy intensity</b>	Reduced energy demand through circularity and better energy consumption behaviour	Energy demand also declines, but priority is given to decarbonisation of energy supply
	Digitalisation driven by prosumer and variable RES management	Digitalisation and automation reinforce competitiveness of EU business
<b>Technologies</b>	Focus of decentralised technologies (PV, batteries, etc.) and smart charging	Focus on large scale technologies (offshore wind, large storage)
	Focus on electric heat pumps and district heating	Focus on hybrid heating technology
	Higher share of EV, with e-liquids and biofuels supplementing for heavy transport	Wide range of technologies across mobility sectors (electricity, hydrogen and biofuels)
	Minimal CCS and nuclear	Integration of nuclear and CCS

Figure 2: Storylines for the two COP21 scenarios





# 4

## Stakeholder engagement and how it shaped the scenarios

### Three core principles/values for stakeholder Engagement

**Transparency** – Developing three scenarios that project energy demand and supply until 2040 and 2050 is a highly complicated process. ENTSG and ENTSO-E recognise that it is not sufficient to merely publicise the results of scenario modelling or to provide only a general overview of the methodologies used. Therefore, the TYNDP scenarios aim to provide full transparency for all stakeholders. This entails delivering a full explanation of all assumptions that have been made and making all raw data fully accessible via the dedicated website. Our goal is to create scenarios that could be replicated plausibly by third parties.

**Inclusiveness** – Due to the significance of the TYNDP scenarios for EU infrastructure planning, it is important to ensure that the scenarios reflect the general opinions of EU citizens both in their scope and in their goals. ENTSG and ENTSO-E believes that any organisation or individual who wishes to share their views on the scenario building process should be offered sufficient opportunities to do so. This is made possible through the organisation of mul-

tiple fully public stakeholder events (such as consultation workshops and subject-specific webinars) and two written stakeholder consultations.

**Efficiency** – The energy transition is dynamic and fast-paced. New technologies and new developments are constantly influencing the long-term outlook for the energy system of the future. ENTSG and ENTSO-E recognises that thorough stakeholder engagement is necessary to ensure that the most up-to-date data and assumptions are utilised in the TYNDP scenarios. Interacting with stakeholders offers us the chance to learn from their experiences and to test our methodologies against real world conditions. An efficient scenario building process relies on stakeholder input.

### What did we learn from the last process?

The transparency and stakeholder interaction in the TYNDP 2020 Scenario Report was deeper and more detailed than in any previous process. Stakeholder feedback played a key role in shaping the scenarios from the outset and the results and the publication of full final data sets as

well as a detailed Scenario Methodology Report allowed stakeholders deeper insight into the development process and the subsequent results.

External feedback on the 2020 cycle showed that the following elements of the process were well-received:

- The **Scenario Methodology Report** offering a detailed description of the condition the underlying assumptions for the scenarios and modelling process.
- The **publication of datasets** on the TYNDP Scenario website allowing all users to scrutinize individual figures and break down results to a Member-State level.
- The **two public consultations** (one on the storylines and one on the scenarios) giving all interested parties two occasions to offer input on the scenario building process.

- The **multiple stakeholder workshops** providing regular updates on the process, detailed presentations of specific issues and offering all users a platform to ask questions and share opinions.

These elements have therefore served as the basis for further expansion of the stakeholder engagement in the TYNDP 2022 scenario building cycle. However, the lack of information on the determination of certain key parameters was criticised as untransparent. In particular, the qualitative parameters used in the Storyline Report in June 2019 were considered too vague to provide a sound assessment basis. In addition, stakeholders requested greater transparency regarding publication of consultation results.

For the 2022 scenario building cycle the Scenario Building Team have increased their ambition on stakeholder engagement as a key topic building upon the valuable lessons learned from the TYNDP 2020 Scenario Report. In order to ensure the credibility and integrity of the Scenario Report, the Scenario Building Team has focused on further enhancing transparency and stakeholder engagement.

## 4.1 Consultation on scenario storylines

### Stakeholder engagement from Day One

In the 2022 Scenario Report-cycle, the Scenario Building Team agreed to include stakeholders from the very beginning. This began at the kick-off meeting for the process on 3 July 2020, where stakeholder questions were documented (via an interactive Q & A app used during the event), answered and subsequently published on the 2022 TYNDP Storyline Report website.

During the public consultation of the draft storylines, we received about 30 responses from a variety of stakeholder (including NGOs, associations, energy companies and research institutes). At the Draft Storyline Consultation Workshop on 2 December 2020, more than 60 participants were in attendance and 46 questions were received. As with the kick-off meeting, the questions received at this event or otherwise have been answered by the Scenario Building Team and published as part of the [Final Storyline Report](#). This stakeholder engagement has continued since completion of the Storyline Report.

In May 2021, ENTSOG and ENTSO-E hosted a dedicated workshop on extra-EU supply potentials, with the goal of sharing their own assumptions and receiving stakeholder feedback. After the publication of the Draft Scenario Report, stakeholders were once again offered the opportunity to share their views, both in written form (via a six-week public consultation) and via a public workshop.

### Input on key parameters

During the 2020 scenario building process, ENTSOG and ENTSO-E engaged with the NGO CAN Europe to calculate a carbon budget for the two COP21 compliant scenarios. This approach gave the carbon budget more credibility and provided ENTSOG and ENTSO-E with important insights from external experts that enhanced the final scenarios. After the success of this cooperation in the TYNDP 2020 Scenario Report, ENTSOG and ENTSO-E decided to expand their interaction with external organisations.

In order to provide greater transparency on key data parameters and assumptions used throughout the scenario building process, the Scenario Building Team decided to document and publish all interactions via bilateral meetings conducted with external stakeholders (e.g. research institutions, industry organisations etc.). After publishing an initial list of bilateral meetings as part of the Storyline Report, this list has been updated for the publication of the Draft Scenario Report and made available on the [TYNDP Scenarios website](#). This documentation provides greater transparency and shows clearly the wide range of organisations that have contributed to the creation of the report.

## Consultation on hard data – not just concepts

After criticism of the qualitative “storyline matrix” produced for the 2020 Storyline Report, the Scenario Building Team chose to completely revise this element of the scenario building process. For the 2022 Storyline Report, the Scenario Building Team included not only qualitative questions in their public consultation, but also quantitative ranges on key parameters (e.g. development trajectories for important technologies or energy carriers) based on data from reputable external studies. This gave stakeholders the opportunity to directly influence the underlying assumptions for the scenarios.

## Transparent documentation of feedback and interactions

In order to ensure stakeholders that their consultation responses have been considered as part of the scenario building process, the scenario building team decided to publish all consultation feedback received in the storyline consultation of November – December 2020.

The scenario building team often receives feedback from external stakeholders outside of the planned consultation windows. While the team has always made every effort to respond to this feedback and answer any questions, it was decided that this correspondence should also be published as part of the 2022 cycle. This information is available on the [TYNDP Scenarios website](#). This publication enhances transparency and provides further insight into the process.

# 4.2 Consultation on draft scenarios

On 7 October 2021 ENTSG and ENTSO-E published their draft joint TYNDP 2022 Scenario Report. The release of this document also marked the start of a public consultation. An online workshop was held on 20 October 2021 where ENTSG and ENTSO-E presented their draft scenarios and further clarified the scenario report and associated documents. This workshop also provided stakeholders with the opportunity to ask questions to the scenario building team. 178 people attended this workshop and 50 questions were asked. Each of them was either answered during the webinar or in writing afterwards. All workshop material including answers to all questions are available on the [scenario website](#).

As part of the public consultation, ENTSG and ENTSO-E received responses from 32 stakeholders (this does not include bilateral or non-consultation feedback from institutions such as the European Commission and ACER). These responses came from a wide variety of stakeholders including associations, energy companies, think tanks, researchers and NGOs. It shows the high level of engagement these organisations were able to achieve in the scenario building process. All comments including ENTSG and ENTSO-E responses are available on the [scenario website](#).

Stakeholder feedback and suggestions helped us to identify in which areas the draft scenario for TYNDP 2022 could be improved. Based on the feedback received scenarios were adapted in several ways:

## An extended set of published data

In the draft report great effort was put in the detail of the scenarios and the associated datasets. Several stakeholder however pointed out areas where more information could be beneficial. ENTSG and ENTSO-E have taken action upon these suggestions to further clarify certain assumption and to further improve the scenario datasets. To give some examples:

- The updated report now shows the technology shares for heating (heat pumps, district heating) and vehicle types on a EU-27 level. This complements the country level technology shares which were already available on the Visualisation Platform at draft scenario level.
- Several stakeholders requested access to the hourly timeseries for electricity demand that were used in the modelling. These are now available on the download page of the [scenario website](#)
- The Visualisation Platform was also expanded. The updated version gives more detail regarding energy demand per energy carrier per sector on a country level, as requested by stakeholders.
- The scenario building guidelines report was also expanded to provide more clarity on the methodologies. For example regarding the coefficient of performance (COP) curves used for heat pump modelling, adequacy assessment methodologies and the multi-temporal modelling approach.

## **Reinforced electrification of Distributed Energy to increase scenario differentiation**

Some stakeholders felt that the electricity demand in the scenarios could be increased. It was pointed out that the market share of BEVs in Distributed Energy 2030 was a bit conservative, also in relation to the high share for 2050. Furthermore, it was suggested to increase BEV shares for heavy goods transport to differentiate the scenarios further. Both points were addressed in the updated Distributed Energy scenario. As a result the electrification rate in Distributed Energy now reaches 52 % percent in 2050.

## **Reduction of biomass consumption in Distributed Energy**

The draft scenarios for TYNDP 2022 were designed with a level of biomass which did not exceed the levels observed in the Impact Assessment from the European Commission. Distributed Energy was comparable to the CPRICE scenario, whereas Global Ambition was lower than the Impact Assessment. In the public consultation several stakeholders commented that the biomass utilization should be lower. In response the level in Distributed Energy was reduced. As a result both Distributed Energy and Global Ambition are now below the Impact Assessment. The scenario report has been expanded to provide more details regarding the biomass assumptions.

## **Shift of some wind capacity to solar**

Some stakeholders have advocated for a more ambitious development of solar PV. It is especially true for the Distributed Energy scenario in order to be closer from the upper range of the Final Storyline Report and to take into the better acceptability of such technology. In parallel, offshore wind capacity of draft Global Ambition exceeded the Final Storyline Report upper range. The level has been adjusted accordingly.

Scenario differentiation at EU level reaches 10 % for offshore wind, 20 % for onshore wind and 50 % for solar. Finally wind and solar development in Global Ambition is in line with EC Impact Assessment scenarios. Distributed Energy achieves higher level as nuclear capacity is significantly lower than in EC scenarios.

## **Increase of flexibility options**

Based on stakeholder feedback, battery capacity and V2G availability have been increased especially for Distributed Energy. In parallel the activation cost of demand shedding has been decreased to model a stronger participation of prosumer in the adequacy of the electricity system. Demand shedding capacity has also been increased in 2050 for Distributed Energy in order to match the evolution of final electricity demand.

## **Increase of (off-grid) electrolysis (power to methane)**

In the public consultation some stakeholders commented on a lack of dedicated renewable capacities for hydrogen production with electrolysis. Furthermore, it was pointed out the option of power to methane (P2M) was missing in the scenarios. Both points were addressed in the updated scenarios. Although the draft scenario report already included some dedicated RES for electrolysis, this was not shown in the figures. The report and its datasets have been adapted to specifically show the dedicated RES for hydrogen production as a separate category. Furthermore, additional dedicated RES with electrolysis for power to methane production have been added in both scenarios.

In addition to the adaptations based on the public consultation we also implemented some improvements in the scenarios that we already announced in the draft scenario report for TYNDP 2022. These are the following:

### **National Trends 2040**

As most of national material focuses on the path to 2030, extending the National Trends scenario beyond 2040 would require additional assumptions no longer reflecting national policies and strategies. To enable a timely delivery of the draft scenario report the scenario results for National Trends 2040 time horizon were not yet included at Draft Scenario report stage. ENTSOG and ENTSO-E performed the necessary analyses in parallel to the public consultation and the subsequent feedback implementation. The National Trends 2040 results have been included in the updated scenario report and the Visualisation Platform.

### **Assessment of electricity system adequacy**

In the draft scenario report for TYNDP 2022 the presented dispatchable thermal capacities for power generation did not fully take into account adequacy needs. Compared to the draft scenarios, a security of supply step has been added at the end of the electricity modelling process in order to ensure an adequacy level close to current one (below 4 hours of unserved energy). As a result of this adequacy step, additional (gas fired) peaking units and batteries were added on a country level. The impact these additional units on the dispatch modelling is also considered in the scenario results.

More information on the applied methodology can be found in the updated [Scenario Building Guidelines](#).





# 5

## Scenario results

**This chapter presents the main quantification of the TYNDP 2022 scenarios. The level of detail provided for each scenario depends on the approach of building the data sets. As Best Estimate and National Trends are based on TSO data, the results are limited to electricity and gas. The final energy demand supplied by other primary fuels, such as oil and coal are not in the focus of these scenarios. Distributed Energy and Global Ambition are developed as full energy scenarios and results are provided for all sectors and energy carriers. The full-energy nature of the quantification also enables the assessment of carbon emissions for the two COP21 scenarios.**

This chapter provides a European overview of the scenario results for demand, supply and emissions at EU-27 level. All figures are expressed in net calorific value. Data per

country (including some non-EU countries which were included in the modelling) can be found on the [visualisation platform](#).



# 5.1 Demand

## 5.1.1 Final energy demand

### Energy efficiency: the EU can significantly reduce its energy demand by 2050.

In both COP21 scenarios, the overall energy demand of the EU significantly decreases with the combination of energy efficiency measures (renovation of buildings and switch to new or more efficient technologies) and the effect of further system integration.

With further electrification and system integration, the EU can make more efficient use of its renewable electricity production, increase the efficiency of variable renewables and improve security of supply:

- Direct use of renewable electricity and responsive demand can reduce the mismatch between production and demand while avoiding unnecessary conversion losses.

- Variable renewables are more productive since they can produce renewable hydrogen whenever the electricity demand is lower than the available renewable capacity.
- The need for additional renewables and decarbonisation capacities is more limited thanks to the integration of hydrogen from variable renewables into the gas system and shorter-term battery solutions.
- With significant storage capacities, the gas system can provide flexibility to the electricity system when the electricity demand is higher than the production, especially during seasonal and extreme climatic events. Besides its transportation tasks, the European gas infrastructure serves as the back-bone for the EU energy system.

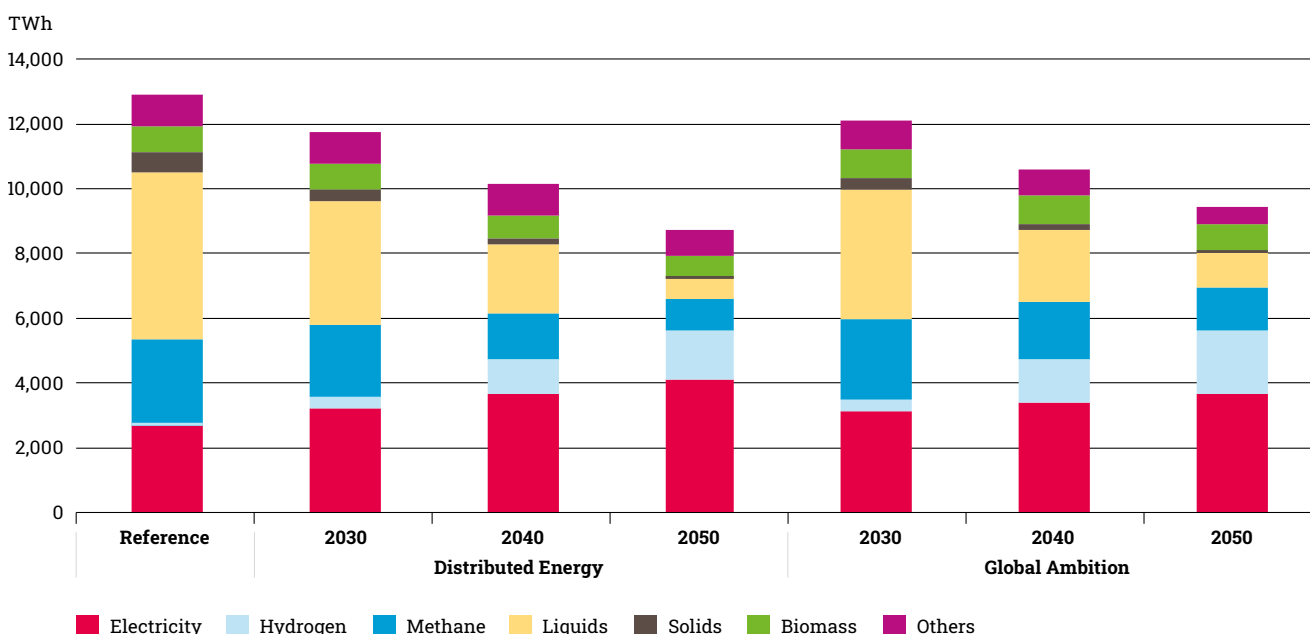


Figure 3: Final energy demand per carrier (energy and non-energy use for feedstock) for EU27

In the Distributed Energy scenario, electricity represents 52 % of the final energy demand and gaseous hydrogen 17 % (including non-energy use) in 2050. In the Global Ambition scenario, these shares reach respectively 43 % and 21 % in 2050.

Final energy demand reduction is achieved through a wide range of actions such as, but not limited to:

- Conversion from less efficient to more efficient heating options, e.g., heat pump technologies, such as electric and hybrid heat pumps (electric heat pump associated with condensing gas boiler).

- Switch from low efficiency transport options to more efficient modes of transport.
- Energy efficiency product standards continuing to deliver energy efficiency gains for end-user appliances.
- In the built environment, thermal insulation reduces demand for heat.
- Behavioural changes where consumers actively reduce demand either by utilizing more public transport or modifying heating and cooling comfort levels.

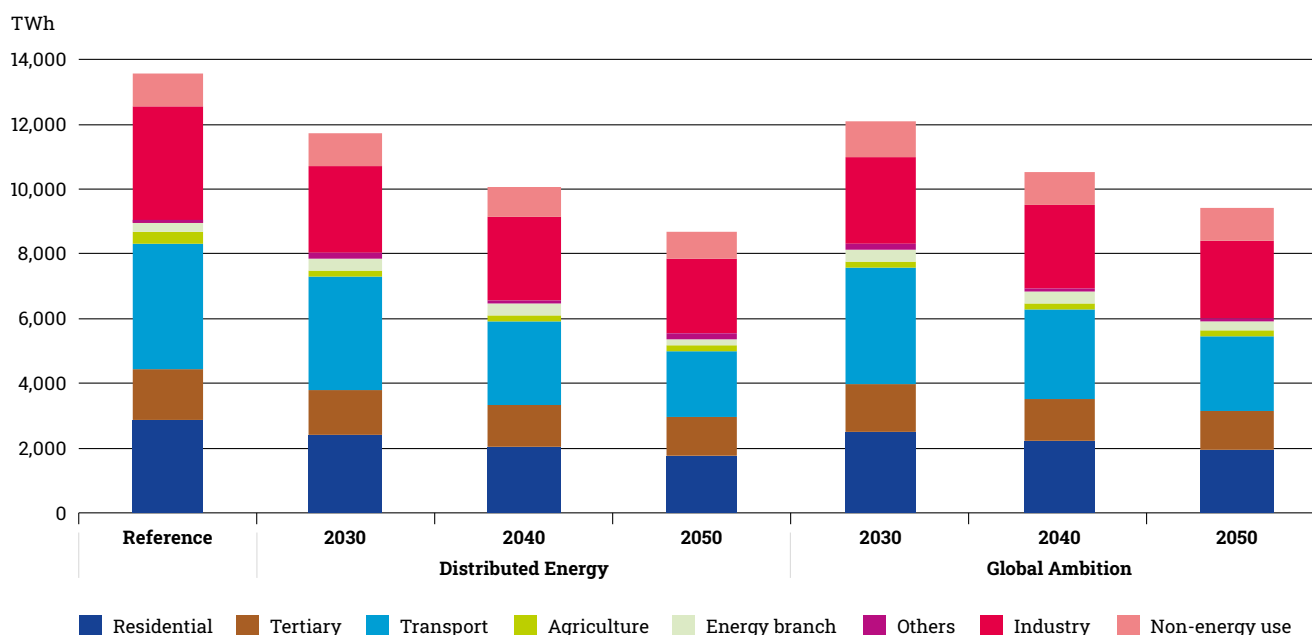


Figure 4: Energy demand per sector (energy and non-energy use for feedstock)<sup>6</sup> for EU27

The final energy consumption (including electricity losses and excluding non-energy use<sup>7</sup>) of Distributed Energy and Global Ambition are respectively 7,812 TWh and 8,412 TWh in 2050.

Figure 5 illustrates the final demand of biomass in both scenarios compared to the reference year. Both Distributed Energy and Global Ambition foresee a decrease in biomass consumption. The strongest decrease is observed in the residential and tertiary sectors. In these sectors wood and pellet are increasingly replaced by other heating technologies like heat pumps. Industrial use increases a bit, in particular for the processes which are harder to decarbonise.

<sup>6</sup> Ambient heat from heat pumps not taken into account

<sup>7</sup> Non-energy uses amount for 848 TWh in Distributed Energy and 997 TWh in Global Ambition in 2050

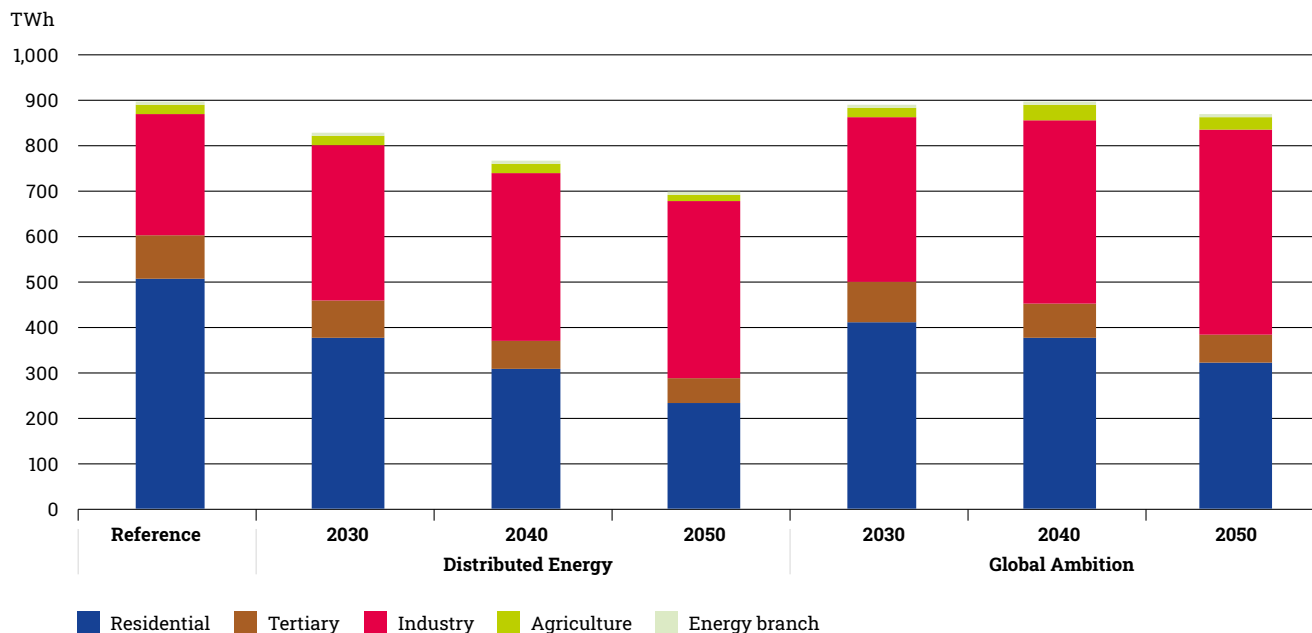


Figure 5: Final demand of biomass

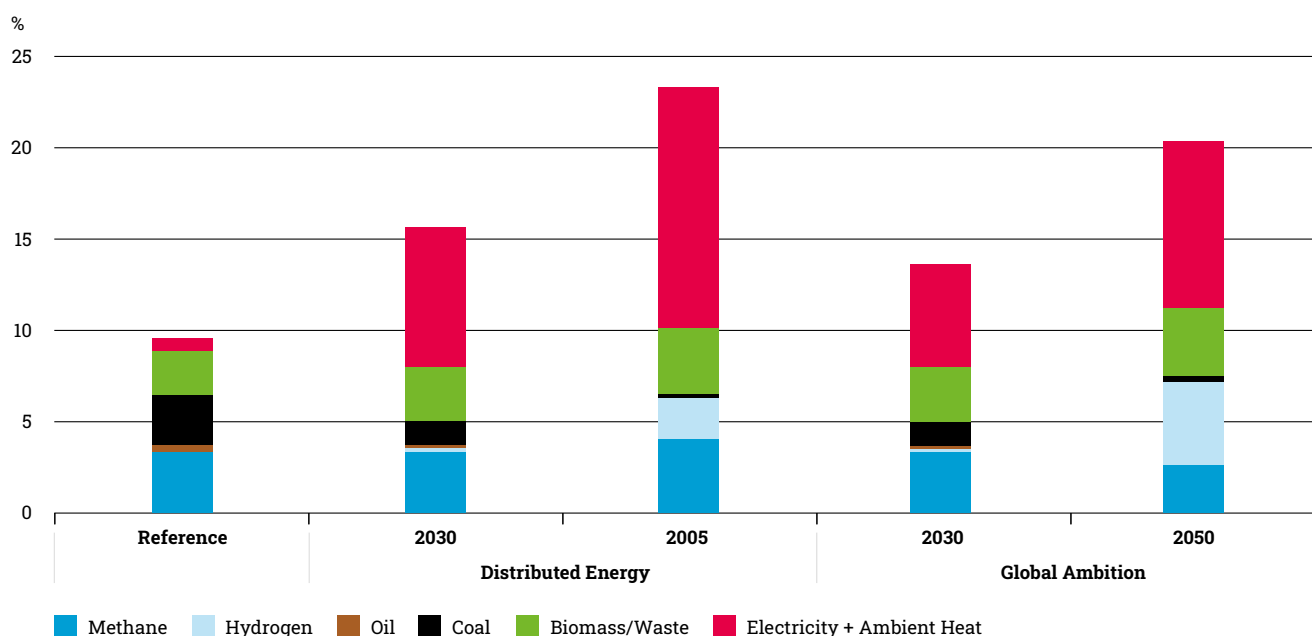


Figure 6: EU-27 share of district heating

Figure 6 illustrates the share of district heating in both scenarios compared to the reference year. Both DE and GA show a strong increase of the number of buildings connected to a district heating network, more than doubled with respect to the reference year. Methane share remains quite stable over the time orison, while oil and coal are nearly phased-out by 2050; electricity shows the fastest growing trend, followed by hydrogen.

Figure 7 illustrates the share of heat pumps in DE and GA compared to the reference year. In both scenarios, by 2050, nearly half of the buildings are equipped with an electric heat pump. The graph also takes into account hybrid heating systems, in which an electric heat pump is coupled with a gas boiler to enhance the overall heating efficiency. In order to avoid confusion and double counting, the market shares of electric heat pumps linked to the district heating network are not represented in this figure, but only in figure 6 with the label "District Heating Electricity + Ambient Heat".

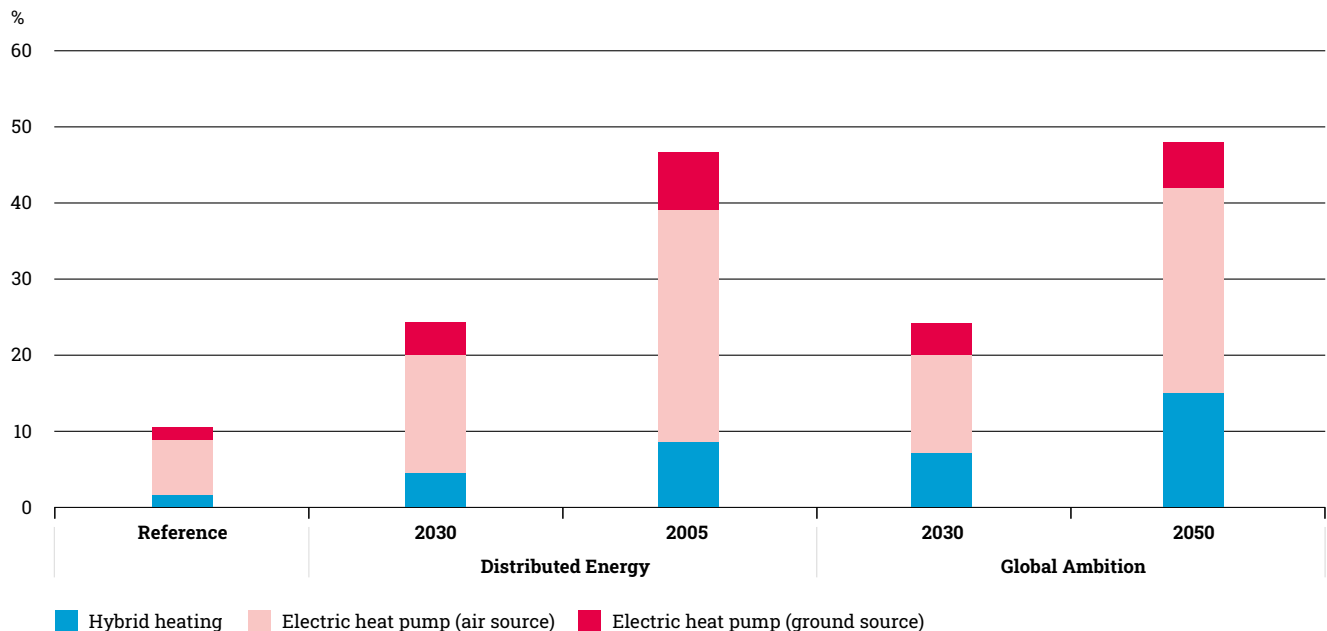


Figure 7: EU-27 share of individual heat pumps

## 5.1.2 Direct electricity demand

Despite the fact that final energy demand in both scenarios decreases over time, direct electricity demand grows up to 52 % in Distributed Energy scenario, and 43 % in Global Ambition scenario compared to the reference year<sup>8</sup>. This is mainly caused by the replacement of fossil fuel powered solutions with electric ones.

Growth in electricity demand can be seen in every sector. However, a strong focus on efficiency gains helps slow this process (e.g., high-efficiency consumer appliances, better thermal insulation of buildings).

### Electricity demand of the transport sector to rise 9 to 12-fold by 2050 due to uptake of electric vehicles.

The main driver of electricity demand growth is the transport sector. The primary energy source for this sector is currently oil. The radical shift to electric transportation

does not only eliminate local emissions from vehicles, but also contributes to energy efficiency as electric motors are much more efficient than internal combustion engines (ICE). In both COP21 compliant scenarios, electricity demand from the transport sector will increase by an order of magnitude of between 9 and 12 until 2050 compared to 2015 (reference year for mobility).

As it was described in the TYNDP 2022 Scenarios Final Storyline Report, Electrical Vehicles (EVs) are emblematic of the energy transition and strong growth in sales is evident across Europe. From a demand perspective their development is driven by air pollution concerns, energy efficiency and CO<sub>2</sub> emission reduction. Passenger vehicles currently account for the highest share in the total transport fleet. To reach the climatic targets, the decarbonisation of the passenger sector will be driven mainly by a fast uptake of EVs.

<sup>8</sup> For residential and tertiary sectors, the historic values are based on 2018. For the other sectors (industry, agriculture, energy branch, mobility) 2015 values are the most recent with sufficient level of detail.

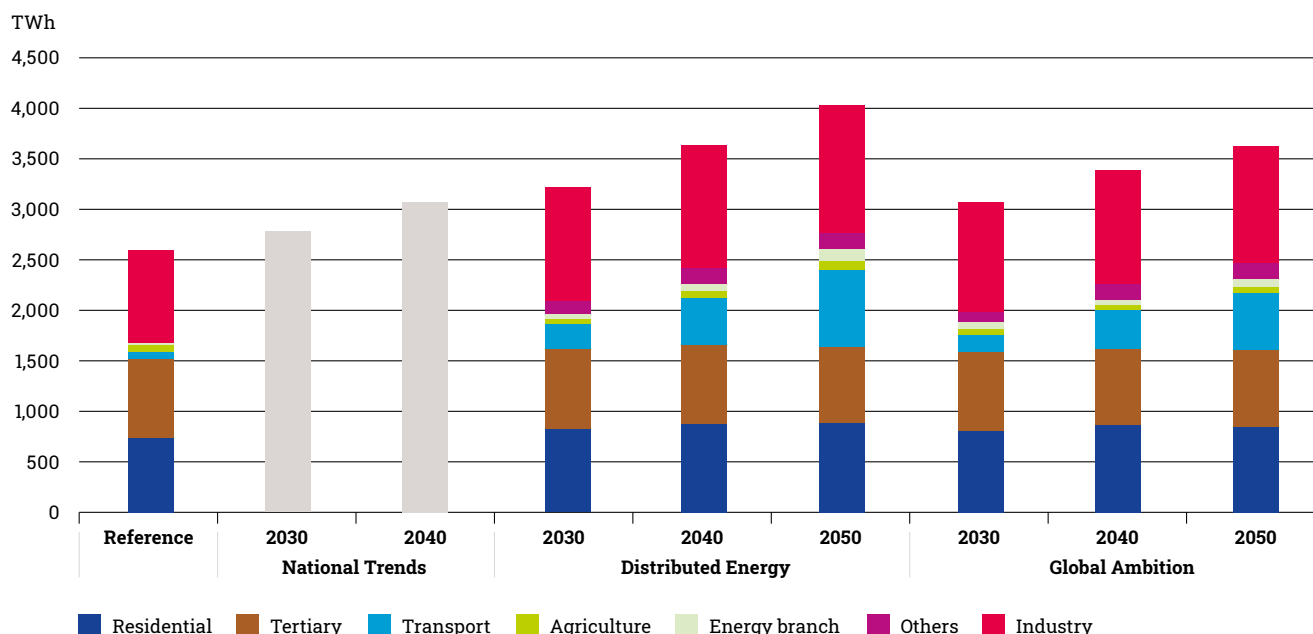


Figure 8: Final electricity consumption (excluding transmission and distribution losses) for EU27

### Electric vehicles are one of the key solutions of the efficiency first principle and reduction of air pollution.

Figure 9 shows the TYNDP 2022 scenario assumptions for EVs including battery (BEV)<sup>9</sup> and fuel cells (FCEV). For passenger cars a strong uptake of EVs is considered in Distributed Energy, reaching almost 90% share of total fleet in 2050. Global Ambition shows a smaller market share for BEV

passenger cars in 2050, considering a wider range of clean mobility technologies with FCEV and renewable methane (CNG/LNG) as meaningful options for long distance travel, high usage rate and power requirement. In 2050 ICEs and (non-plug-in) hybrid vehicles still have a residual market share in particular for heavy goods transport. The fuels for these vehicle types are also decarbonised, as is further detailed in the supply chapter of this report.

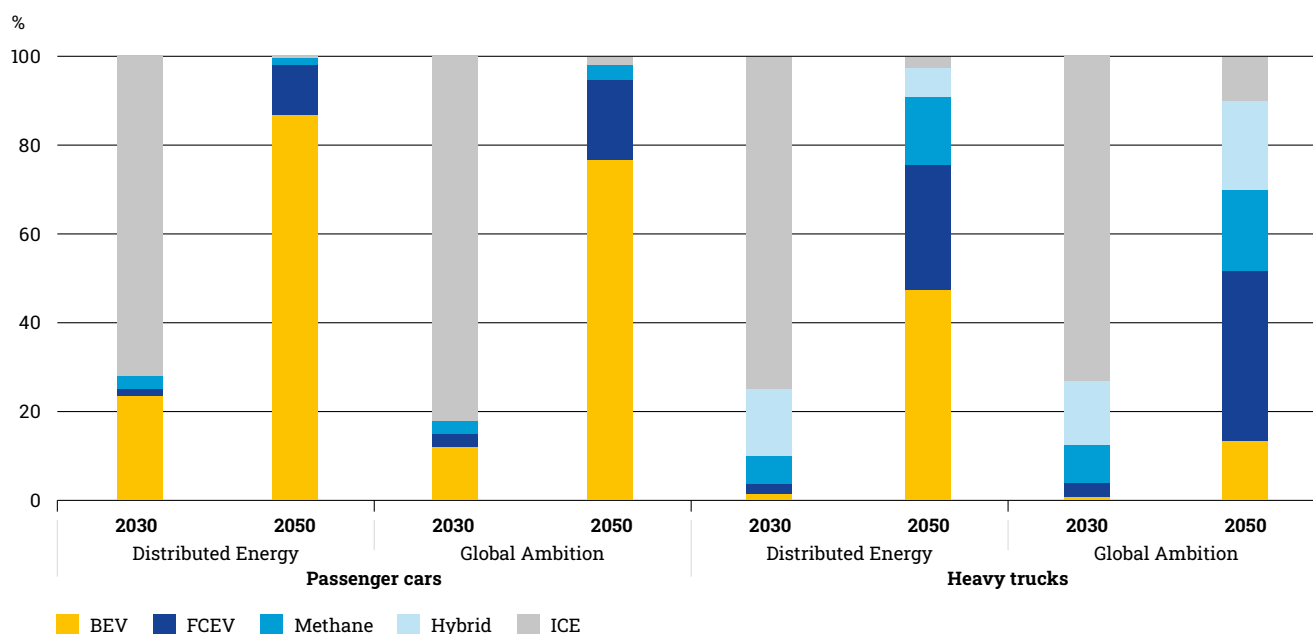


Figure 9: Share of transport technologies for EU27

9 Including plug-in hybrid

For heavy trucks the Distributed Energy scenario also follows a higher electrification rate with a 47 % market share for BEVs while FCEVs amount for 28 % of the market. Global Ambition also shows a strong push of new technologies in such segment but with a reverse proportion, 13 % for BEVs and 38 % for FCEVs.

Overall, the uptake of BEVs in the heavy goods transport category is lower than for passenger cars. This is linked to the specific challenges of transporting heavy loads over long distances.

Beyond road transport, electric engines have a role in shipping and aviation since they can be powered by batteries or hydrogen fuel cells. Furthermore, whatever technology

they use (hydrogen or batteries) they can provide flexibility to the electricity system with Vehicle-to-Grid (V2G) services provided by prosumers' EVs. Both COP 21 scenarios consider a significant development of all technologies but to a different extent depending on the scenario storyline.

TYNDP 2022 country level market shares for the different technologies and transport categories can be found in the Visualisation Platform.

Both scenarios foreseen an increase in term of final electricity demand and Distributed Energy will exceed 4,000 TWh in 2050. The average peak will reach 700 GW and 740 GW in 2050 for Global Ambition and Distributed Energy (57 % and 67 % increase compared to 2018).

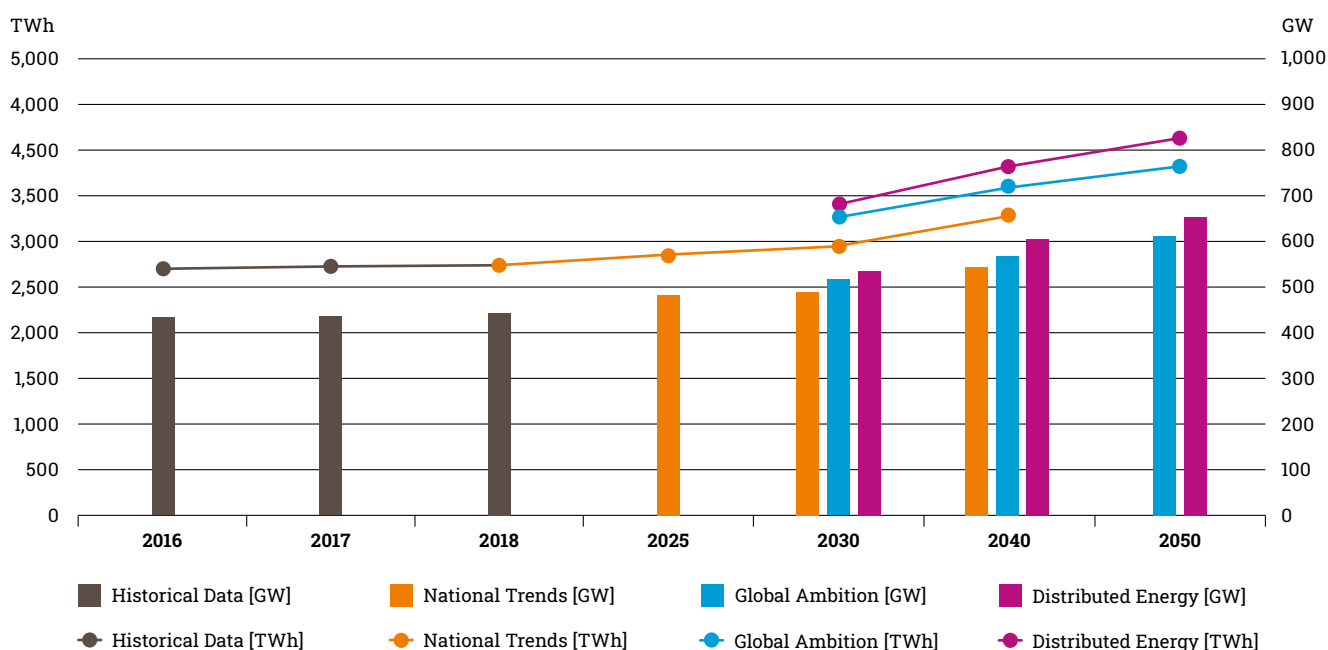


Figure 10: Evolution of average electricity demand and peak (including transmission and distribution losses)<sup>10</sup> for EU27

### 5.1.3 Gas demand

#### Methane and Hydrogen: two complementary energy carriers for an efficient use of the resources.

Europe has significant potentials for producing renewable methane (e.g., biomethane) and hydrogen. Methane can also be associated with carbon capture and storage (CCS) technologies to be decarbonised and, using steam methane reforming (SMR), autothermal reforming (ATR), pyrolysis or other technology, converted to hydrogen. The analysis of the supply potentials for methane and hydrogen shows that for an efficient decarbonization and to limit its dependence on imports, the EU needs to make use of

all its sources of renewable energy in both Distributed Energy and Global Ambition scenarios. Therefore, for cost and energy efficiency reasons both methane and hydrogen demand coexist in both scenarios, to a different extent and with different evolutions depending on the storylines.

The comparison of National Trends and the COP 21 scenarios shows that, in many countries, current national policies do not always have a long-term vision post 2030 and do not consider yet a shift of the gas demand from methane towards hydrogen, nor do they consider significant CCU/S capacities.

<sup>10</sup> For historical data <https://www.entsoe.eu/publications/statistics-and-data/#statistical-factsheet> Malta is missing.

## With electrification, gas demand for power becomes more seasonal and critical.

As electrification increases significantly in Global Ambition and to a greater extent in Distributed Energy, the structure of the gas demand evolves as the demand for electricity becomes more seasonal and variable, requiring more flexibility amongst others from the gas system as well. As electrification increases, the seasonality of the gas demand remains significant since the heating demand shift towards electrification is compensated by the increasing seasonality of the electricity demand.

### 5.1.3.1 Methane demand

#### National policies rely more on methane until 2040, whilst hydrogen kicks in after 2030.

At EU level, national policies show a large role for methane as a gas energy carrier with very limited evolution of the demand until 2030. After 2030 however, the methane demand decreases with the implementation of the strategy of some Member States which see the uptake of their hydrogen demand.

The development of final methane demand differs from region to region. Due to a high dependence on coal and coal-to-methane switch policies, methane demand for heating rather increases in Central and Eastern Europe, whereas other regions head towards more electrification

Furthermore, as the energy system relies on variable renewables to produce electricity and gas, the gas supply becomes sensitive to climatic events as well as the energy demand. This combined climatic sensitivity increases the need for flexibility. This translates in the scenarios by a higher winter demand for power, especially during climatic events like Dunkelflaute<sup>11</sup> when gas demand for power generation increases to compensate for the absence of wind and solar energy during periods of several days.

in the private heating sector. The country specific values can be seen in the [visualisation platform](#).

#### COP 21 scenarios: methane demand decreases and decarbonises over time.

Following the evolution of the production capacities, the methane demand decreases as hydrogen develops after 2030. However, in the scenarios, methane remains necessary to cover the EU energy demand until 2050. The demand for methane is generally sustained by the final demand including non-energy use and the indirect demand of abated natural gas for hydrogen production (974 TWh in Distributed Energy 2050 and 1,328 TWh in Global Ambition 2050).

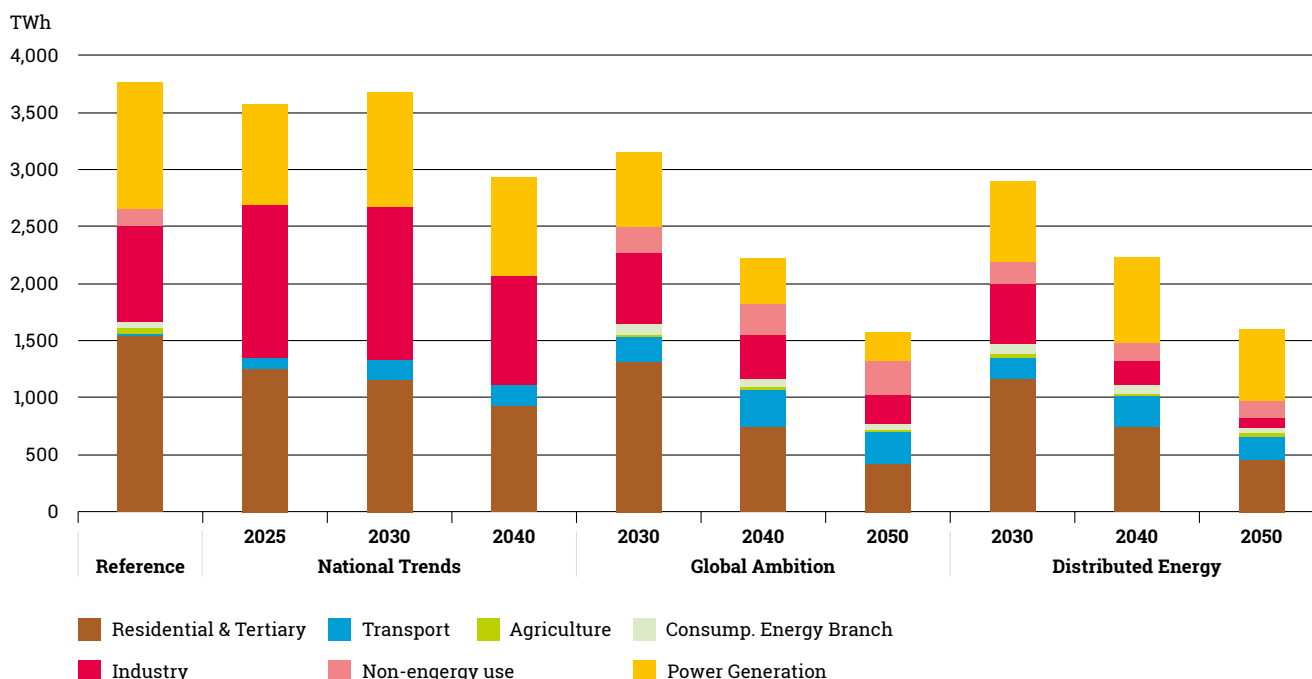


Figure 11: Methane demand per sector for EU27

11 "Kalte Dunkelflaute" or just "Dunkelflaute" (German for "cold dark doldrums") expresses a climate case, where in addition to a 2-week cold spell, variable RES electricity generation is low due to the lack of wind and sunlight.

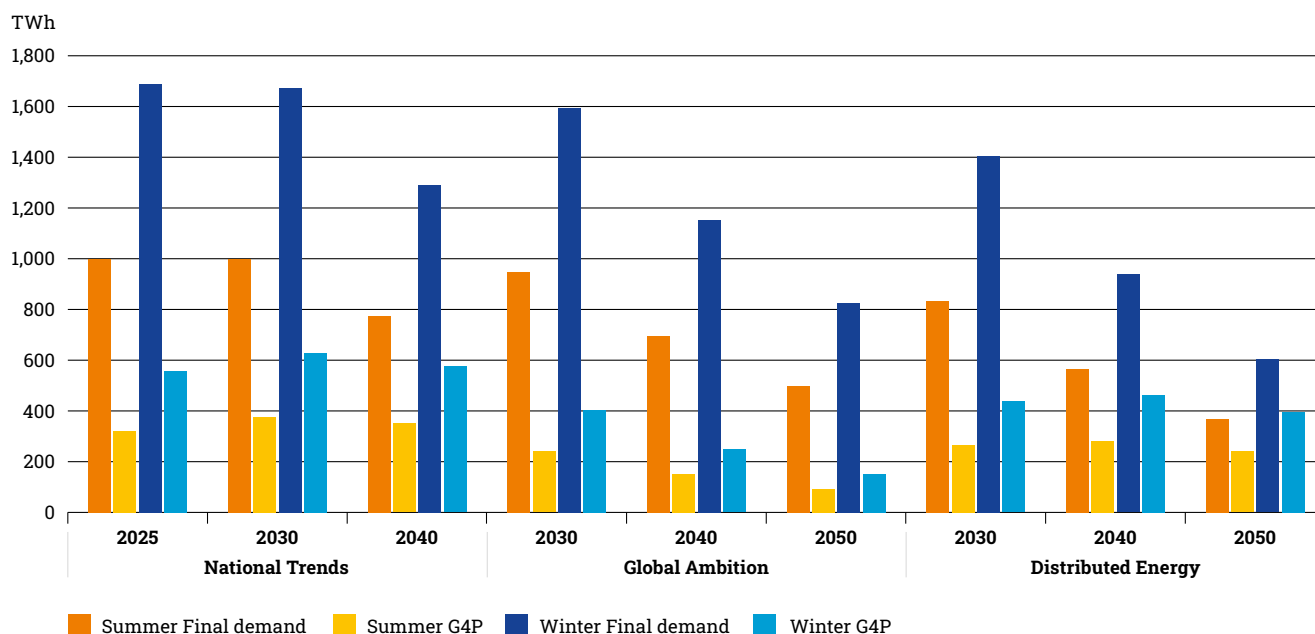


Figure 12: Methane demand seasonality (gas seasons: summer 1 Apr – 30 Sept and winter 1 Oct – 31 Mar) for EU27

### Peak Methane Demand

The high daily-peak and 2-week demand for methane reflect the changing nature of residential and commercial demand, as temperature-depending space heating typically drives peak methane consumption. As a result, the methane demand for end use during peak days and 2-week cold spells decreases in all scenarios due to efficiency measures. National Trends observes the most limited change as consumers invest in more traditional technologies, although they are considered less efficient.

The significant development of variable electricity RES capacities in both scenarios influences the role of the gas infrastructure to back-up the variable power generation. With significant variable RES capacities in the energy system, the methane demand may be impacted by Dunkelflaute events more often and more intensely.

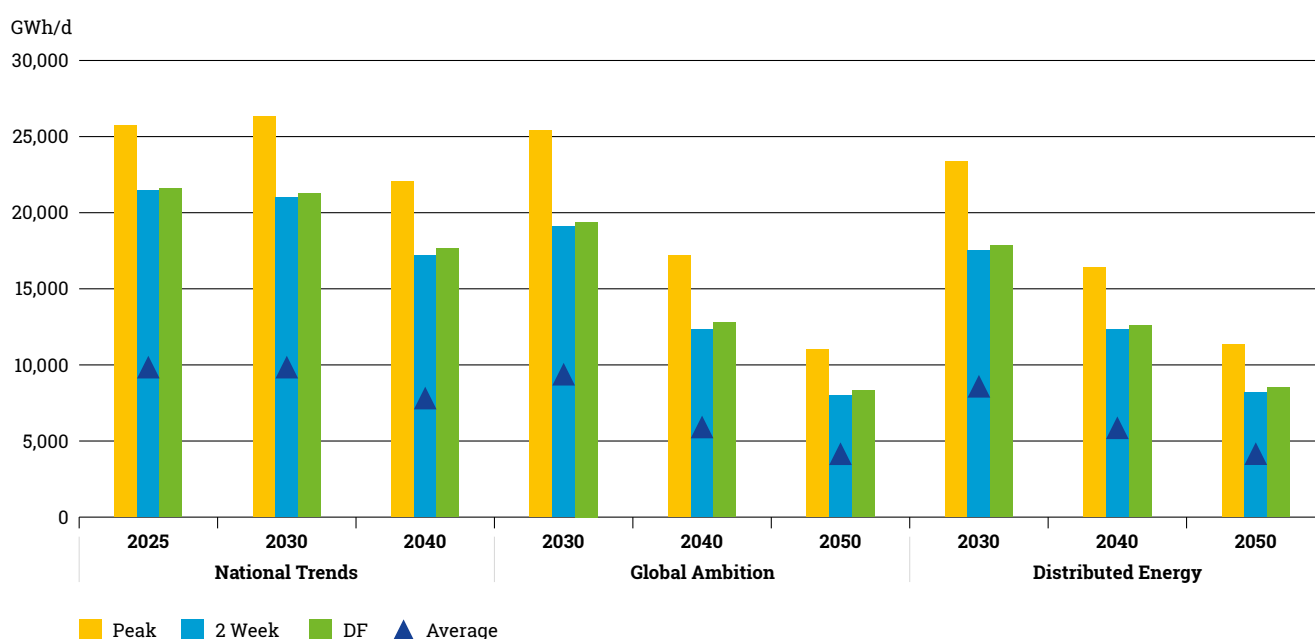


Figure 13: Methane demand in high demand cases (Peak, 2-Week cold spell, Dunkelflaute) for EU27



### 5.1.3.2 Hydrogen demand

In all scenarios, the demand for hydrogen develops as of 2030 and hydrogen becomes the main gas energy carrier in both COP 21 scenarios in 2050. Today, hydrogen is mainly used as a feedstock for the industry and quantified in kg or tonnes<sup>12</sup>. However, as the demand for clean gaseous energy increases to meet the COP 21 and EU climate and energy targets, hydrogen is mainly used for its energy content by 2040 – quantified in TWh – and its use as feedstock becomes more marginal over time.

#### National Trends reflects contrasted policies across the different Member States.

National Trends considers the different national policies of the EU Member States. Whereas some countries plan for the development of hydrogen to replace natural gas with objectives defined for 2030, some other countries plan for a more stepwise approach to move away from the most carbon intensive fuels, especially in the coal mining regions. Therefore, at EU level, this translates into a slower development of the hydrogen demand which is nevertheless steadily accelerating between 2025 and 2040 at EU level.

Most of the current hydrogen produced locally in the industrial clusters is not included in the figures since they are not connected to any regional or national networks. These figures are shown as methane demand.

#### Distributed Energy and Global Ambition: Hydrogen as a key element to reach carbon neutrality.

Both COP 21 scenarios require significant amounts of hydrogen to meet the COP 21 and EU climate and Energy targets and reach carbon neutrality by 2050. Hydrogen can be produced indigenously in the EU to a significant extent and some extra-EU countries<sup>13</sup> have significant potentials to produce renewable hydrogen and can be actors of a global clean hydrogen market. In addition, methane decarbonisation solutions (e.g. SMR/ATR + CCS) can support the development of the hydrogen demand by securing the supply and accelerate the decarbonisation of the European economy. Furthermore, applied with biomethane, those decarbonisation capacities can become carbon negative and help to recover from the carbon budget overshoot after 2050.

In Distributed Energy as well as in Global Ambition, both indigenous production and imports of renewable hydrogen are needed. However, following their storylines, the scenarios show different evolutions of the hydrogen demand<sup>14</sup>: Distributed Energy sees a development of the hydrogen demand following the development of production capacities in the EU (1,744 TWh in Distributed Energy 2050) while reducing the energy imports and Global Ambition sees a more rapid development of the hydrogen demand supported by the access to an international clean hydrogen market, in the context of a global energy transition (749 TWh of renewable hydrogen imports in Global Ambition 2050).

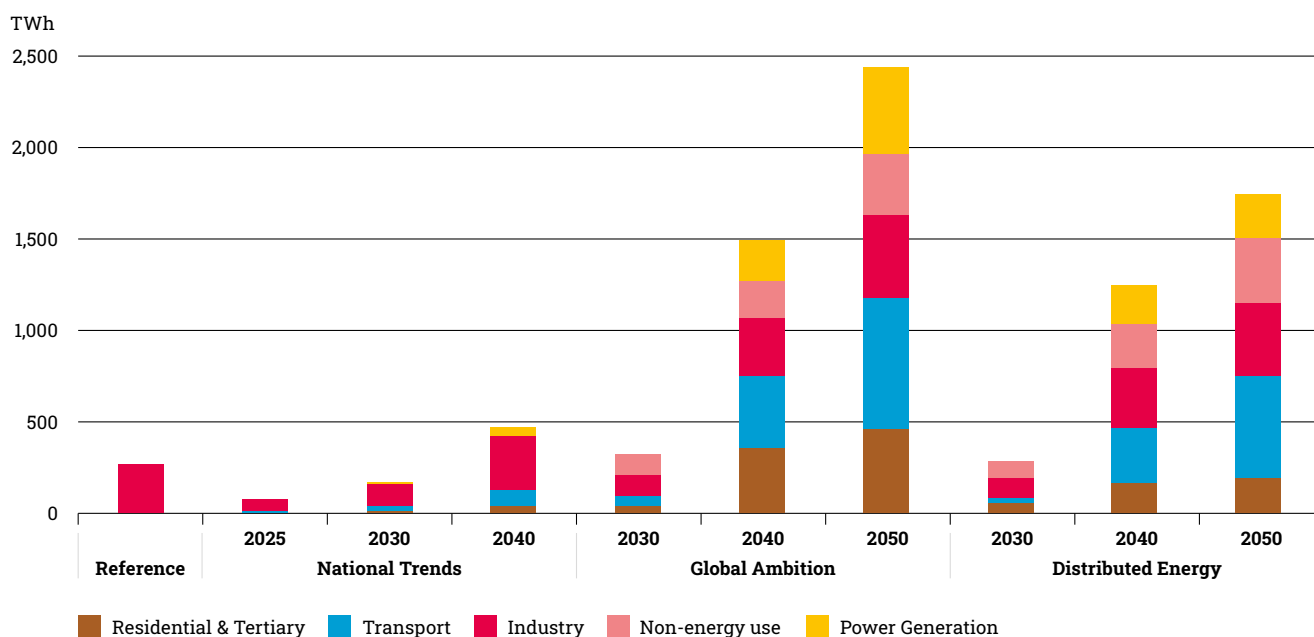


Figure 14: Hydrogen demand per sector for EU27 (excluding hydrogen from by-products and for conversion [P2M/P2L])

12 The hydrogen specific energy content is about 33 kWh/kg NCV

13 Scenarios assume hydrogen production in the UK, Norway, North Africa, Russia, Turkish hub and Ukraine.

14 The hydrogen demand displayed is not considering H<sub>2</sub> supplied via by-products and H<sub>2</sub> used for conversion (P2M/P2L).

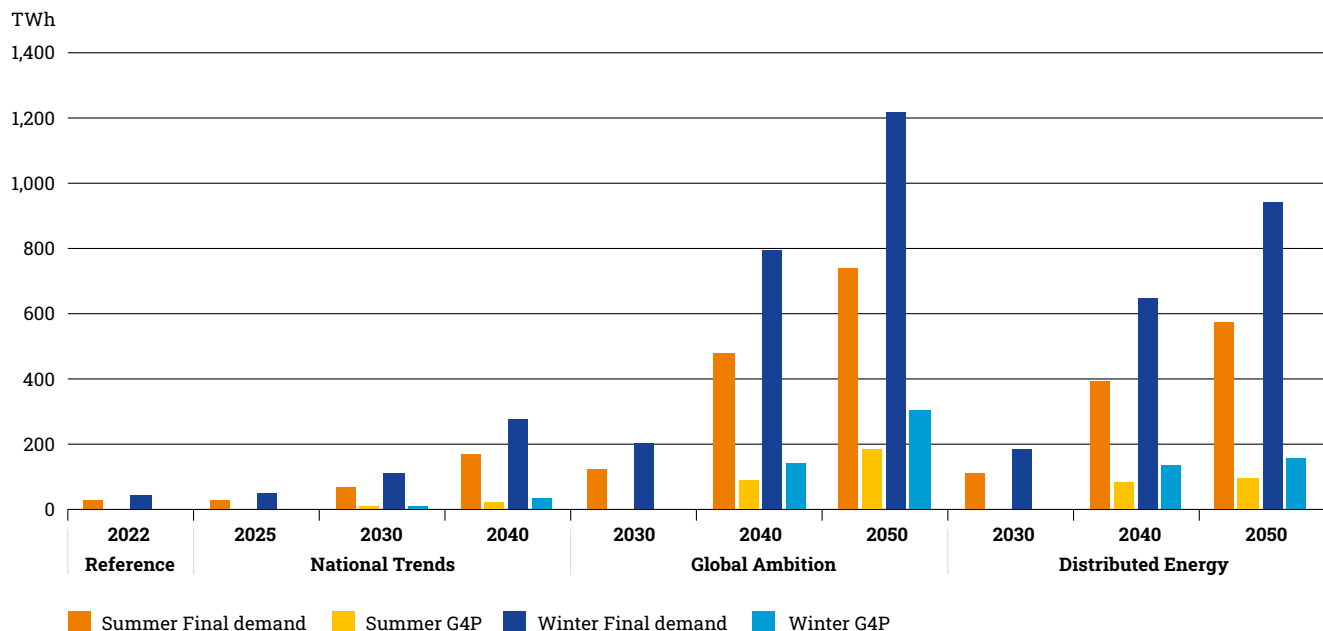


Figure 15: Hydrogen demand seasonality (gas seasons: summer 1 April – 30 September and winter 1 October – 31 March) for EU27

## Hydrogen Peak Demand

In the COP 21 scenarios, the development of hydrogen-based technologies in the residential and tertiary sectors as well as in the power sector results in increasing

peak and 2-week demand, especially in the Global Ambition scenario.

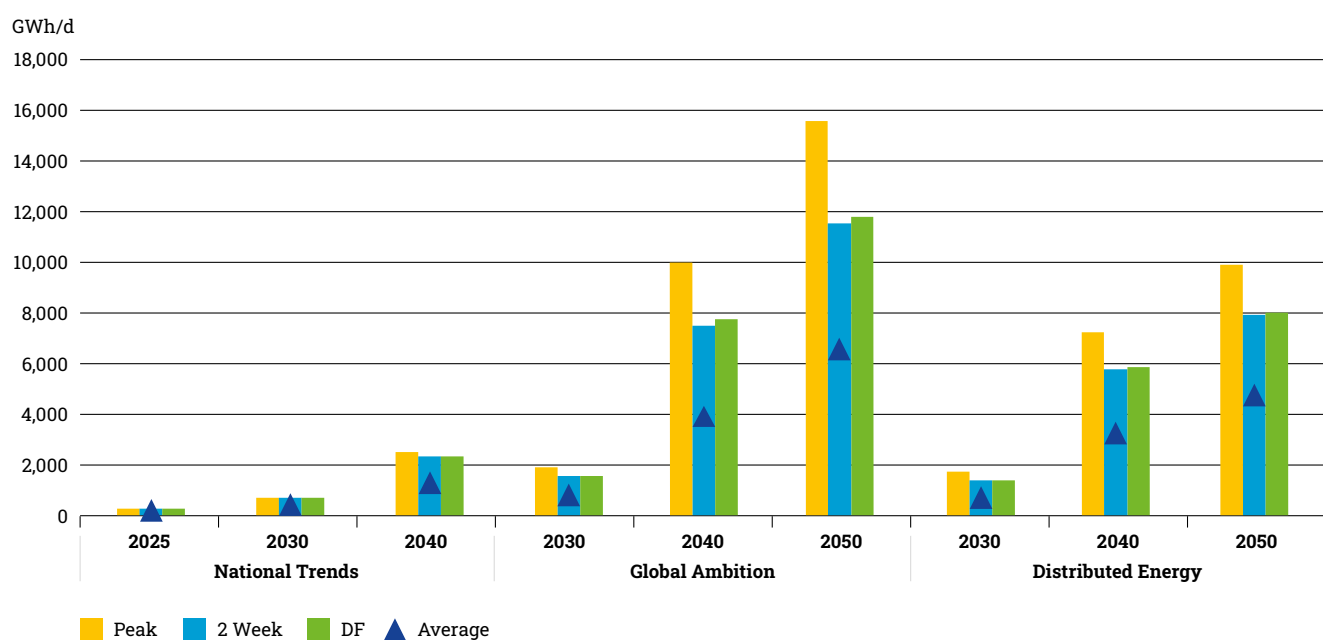


Figure 16: Hydrogen demand in high demand cases (Peak, 2-Week cold spell, Dunkelflaute) for EU27

5.1.3.3 Methane and Hydrogen demand for transport

Beyond EVs the decarbonisation of the transport sector requires the contribution of all energy carriers.

The transport sector represents today close to one third of the final energy demand of the EU. It is largely dominated by Internal Combustion Engines (ICE) using oil or other liquid derivatives as fuel mostly from fossil origin and almost entirely imported.

To decarbonise the transport sector, both COP 21 scenarios consider the necessary contribution of all energy sectors and behavioural changes to reduce the demand of the sector, especially for passenger cars. The increasing availability of decarbonised energy in the gas and electricity sector can be used to produce decarbonised liquids, including liquid biomethane (bio LNG), and can foster the

switch from liquids to gas- and electricity-based fuels, thus accelerating the decarbonisation of the transport sector and reducing the need for additional decarbonisation capacities for liquid fuels.

Hydrogen for transport is predominant for heavy duty road transport, shipping and aviation (mainly fuel cells technology for electric mobility and partly as e-fuel for ICEs) in Distributed Energy and Global Ambition. It also has a significant share in passenger cars in Global Ambition. In 2050 hydrogen accounts for 27 % (545 TWh) and 31 % (712 TWh) of the energy demand for transport respectively in Distributed Energy and Global Ambition. In 2050 methane plays a smaller role in passenger cars, its overall market share in the transport sector is 11 % (212 TWh) and 12 % (277 TWh) in the two COP21 scenarios.

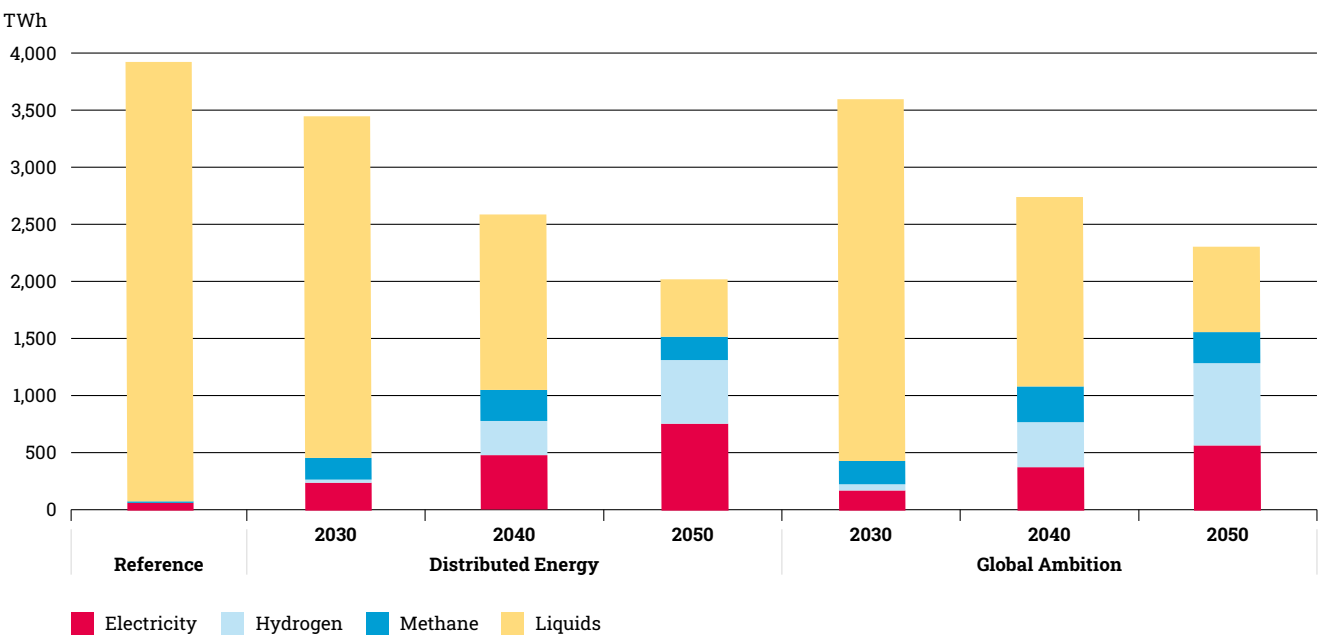


Figure 17: Transport demand per energy carrier for EU27



## 5.2 Supply

The scenarios explore contrasted possible evolutions of the energy market in Europe, and outside Europe, which translate into different primary energy mixes.

As COP 21 and Green Deal compliant scenarios, Global Ambition and Distributed Energy take a holistic approach to the European energy system, including all primary energy carriers, allowing the ENTSOs to compute the GHG

emissions of the EU and to assess their compliance with the EU climate and energy targets and to compare them with the carbon budget. National Trends is based on the different national policies and does not allow for a comprehensive and consistent interpretation of national data for all energy carriers and cannot be entirely assessed in this section.

### 5.2.1 Primary energy supply

**The European energy supply decarbonises with the development of renewable capacities and energy efficiency measures.**

Both Distributed Energy and Global Ambition aim at energy efficiency and decarbonization of the primary energy supply reaching around 20% and 30–40% reduction in primary energy demand in 2030 and 2050 compared to

2015. The electricity and gas production are fully decarbonised by 2040 and coal as well as oil are almost completely phased out by 2050. Natural gas supply declines sharply, in particular after 2030. By 2050 only 42 TWh of indigenous abated natural gas production are considered in Global Ambition. Overall, natural gas supply declines with between 91% and 99% compared to 2015 level.

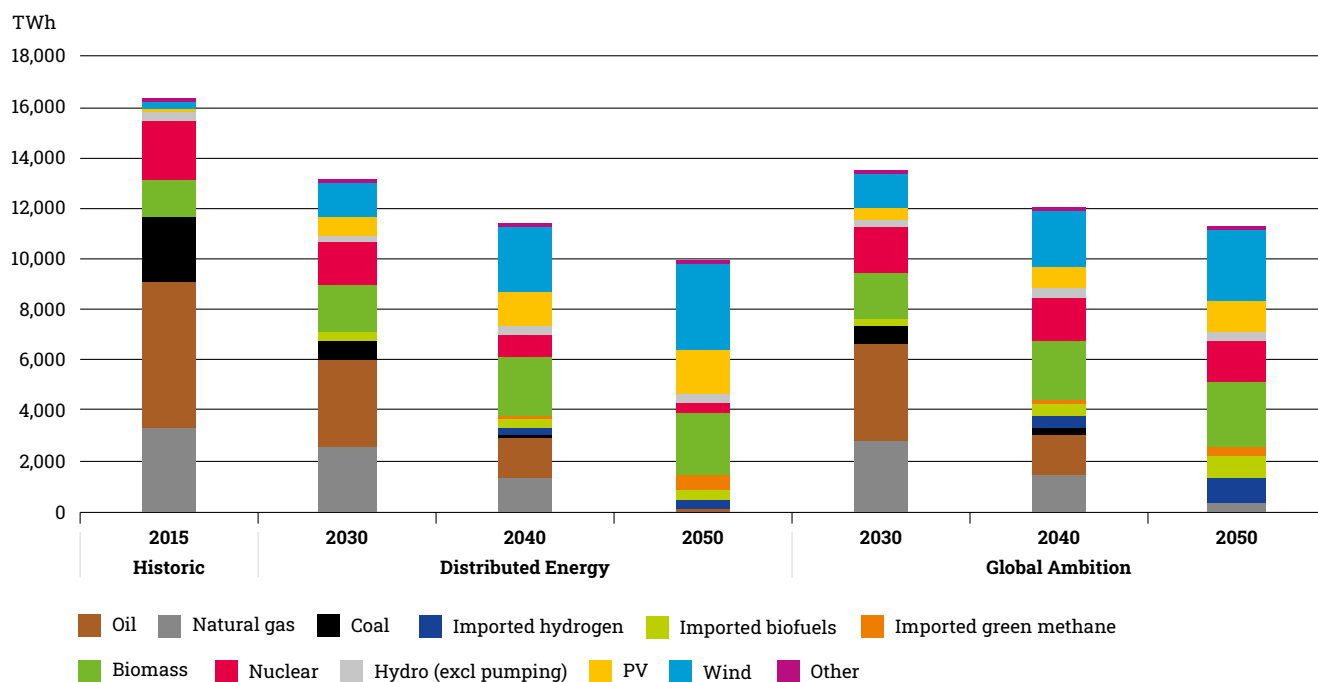


Figure 18: Primary energy supply in the two COP 21 scenarios (for energy and non-energy use) for EU27

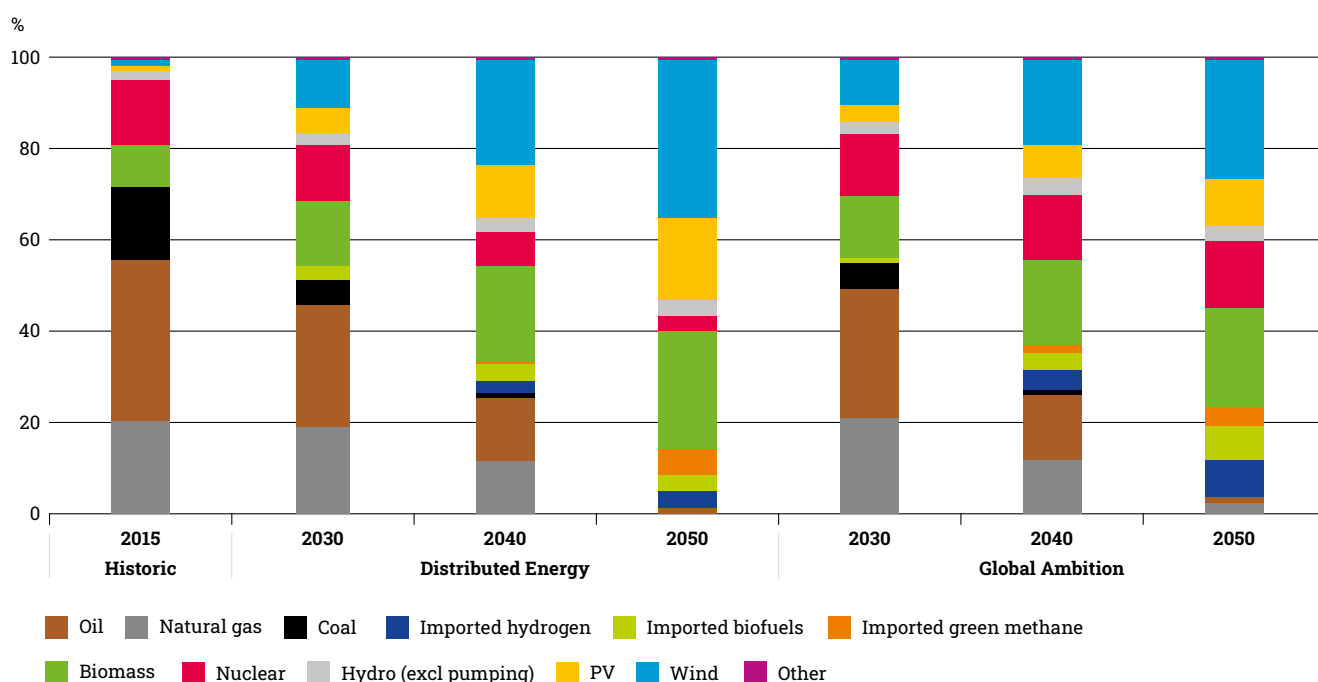


Figure 19: Primary energy supply mix in the COP 21 scenarios (for energy and non-energy use) for EU27

Both scenarios register a significant increase in renewables energy production. The renewable energy (RES) share in Global Ambition reaches 80% by 2050 and 95% in Distributed Energy. The vast majority of the energy supply stems from solar PV and wind generation. Renewable electricity production is complemented with biomass and energy

from waste materials. Low carbon sources like nuclear or blue hydrogen imports also contribute to decarbonise the energy system, especially in the Global Ambition scenario, with a market share between 3% and 16% of primary energy supply.

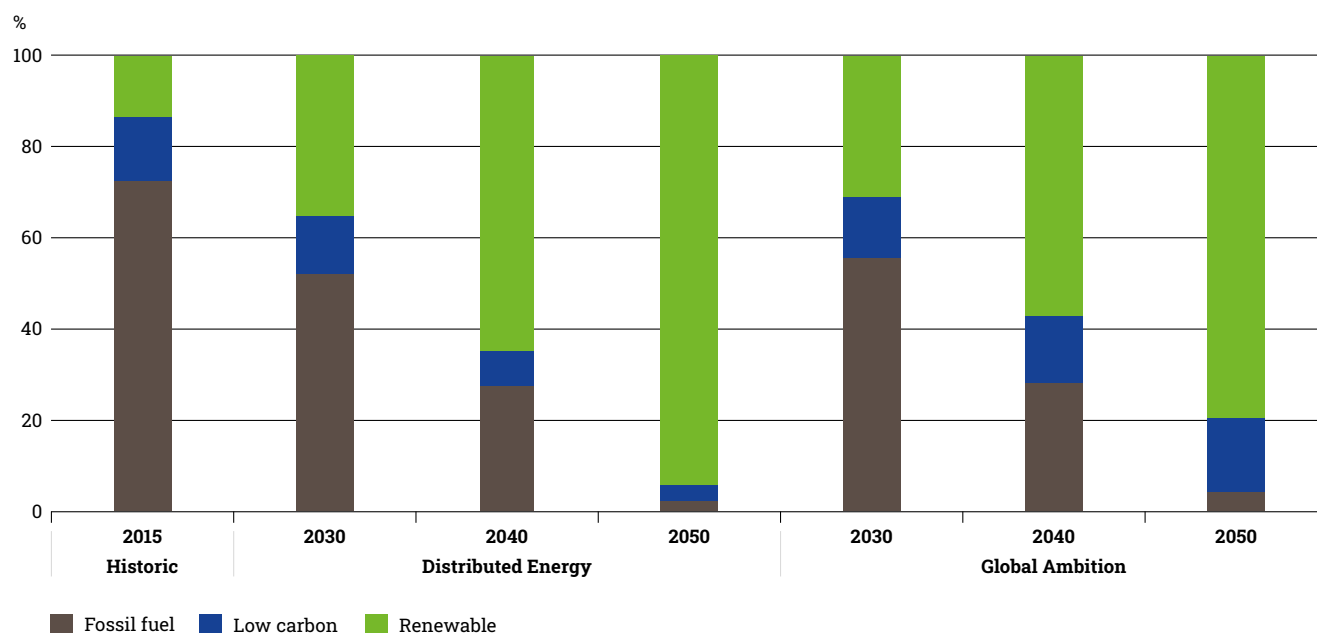


Figure 20: Share of fossil, low carbon and renewable energy in the primary energy supply mix (including non-energy)

## 5.2.2 Biomass supply

Both COP21 scenarios foresee an uptake of biomass supply compared to today's level. The growth trajectory of biomass is similar in both scenarios. However it is slightly higher in Distributed Energy, as biomass generally represents a localised supply of wastes and other organic materials. This is illustrated in Figure 21. Biomass is used for different purposes in the scenarios. It is directly used

as final demand for heating and in industrial processes. Furthermore, biomass is used as a feedstock to produce biofuels, biomethane and electricity<sup>15</sup>. As such the biomass is converted to other energy carriers, which are subsequently used in the end use sectors for mobility, heating and other applications. The biomass potential used in both COP 21 scenarios are well below the max potentials stated by [JRC](#).

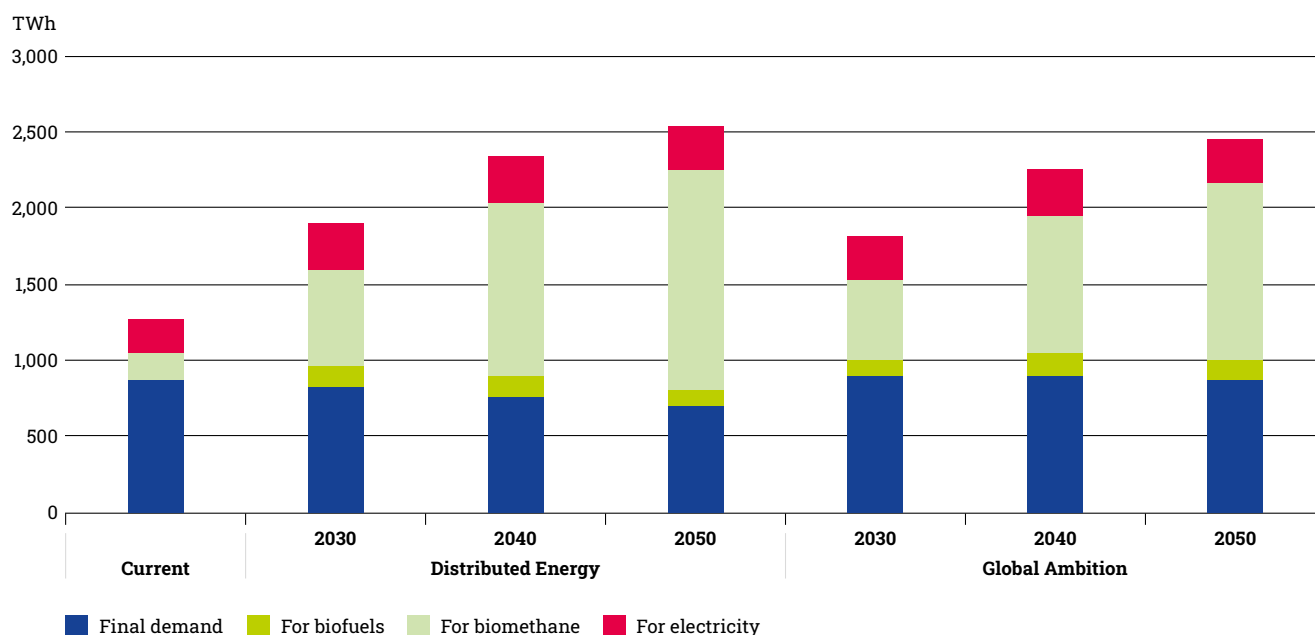


Figure 21: Biomass utilisation

<sup>15</sup> The final demand and power generation categories only include the direct use of biomass. However, the biomethane produced from biomass is subsequently also consumed for these purposes.

## 5.2.3 Electricity supply

For electricity to fully play its role in the achievement of carbon neutrality in 2050, it is necessary to decarbonise its generation possibly before this time horizon. This is of particular importance when synthetic fuels (hydrogen, methane and liquids) are produced based on electrolysis.

**Sector coupling induces a faster development of power generation** as electricity has to supply both direct electrification and electrolysis-based energy (hydrogen, synthetic methane and liquids). While all scenarios anticipate a de-

velopment of electrolysis-based fuels, the magnitude of the associated electricity demand depends on the scenario storyline. The generation figures of the present chapter include the power generation for both final electricity demand and electrolysis.

In 2050, electricity demand for electrolysis accounts for close to one third of the overall electricity demand in both COP 21 scenarios.

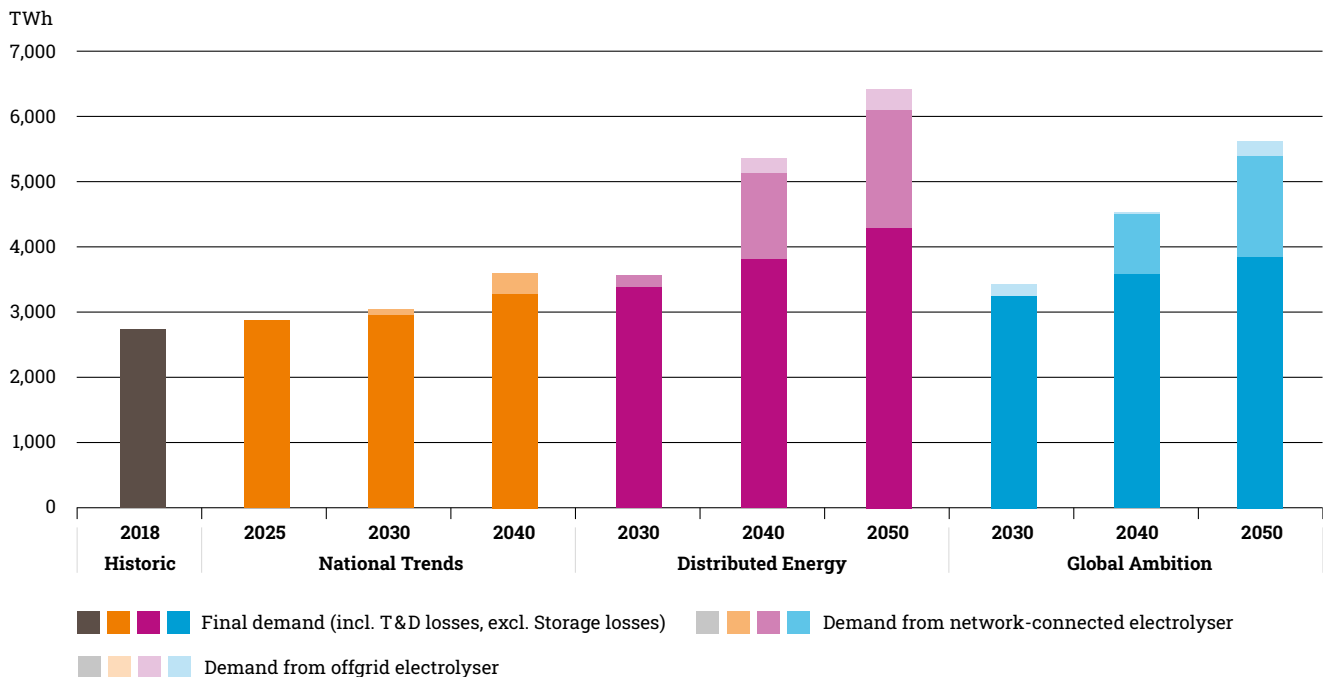


Figure 22: Electricity demand for final use and electrolysis for EU27

These scenarios follow the line of an early reach of carbon neutrality of the power generation mix. In 2040, renewable (e.g. wind, solar and gas-fired power plants using renewable methane or hydrogen) and nuclear power generation amount to around 95 %<sup>16</sup> of EU27 electricity supply in Global Ambition and Distributed Energy (including dedicated wind and solar for electrolysis). In 2050, variable renewables (wind and solar) are the major source with respectively 82% and 73% of power generation in Distributed Energy and Global Ambition compared to 57% to 54% in 2030 and 15% in 2018. In 2050, the electricity generation is almost completely decarbonised<sup>17</sup> and amounts to 6,320 and 5,615 TWh for respectively Distributed Energy and Global Ambition.

While wind, solar, gas-fired power plants using renewable methane or hydrogen, and nuclear capacity differs between the COP 21 scenarios, these technologies are complemented by a wide range of other renewable energy sources (e.g., hydro, biomass...) which capacity is the same for all scenarios based on bottom-up data as strongly influenced by country specifics. Among these other renewable energy sources, hydro is the most prominent. It is currently the largest source of renewable energy, with 342 TWh<sup>18</sup> produced in 2018. While its share will reduce with the development of wind and solar, the capacity will continue to increase from 136 GW in 2018 to 169 GW in 2030 and produced in 2018. While its share will reduce with the development of wind and solar, the capacity will continue to increase from 136 GW in 2018 to 169 GW in 2030 and 174 GW in 2040.

<sup>16</sup> Assuming a share of renewable methane (resp. hydrogen) of 39% (resp. 83%) in Distributed Energy and 36% (resp. 72%) in Global Ambition in 2040

<sup>17</sup> At the exception of small thermal power plants such as CHP answering local needs

<sup>18</sup> including reservoir, run-of-river and pump storage



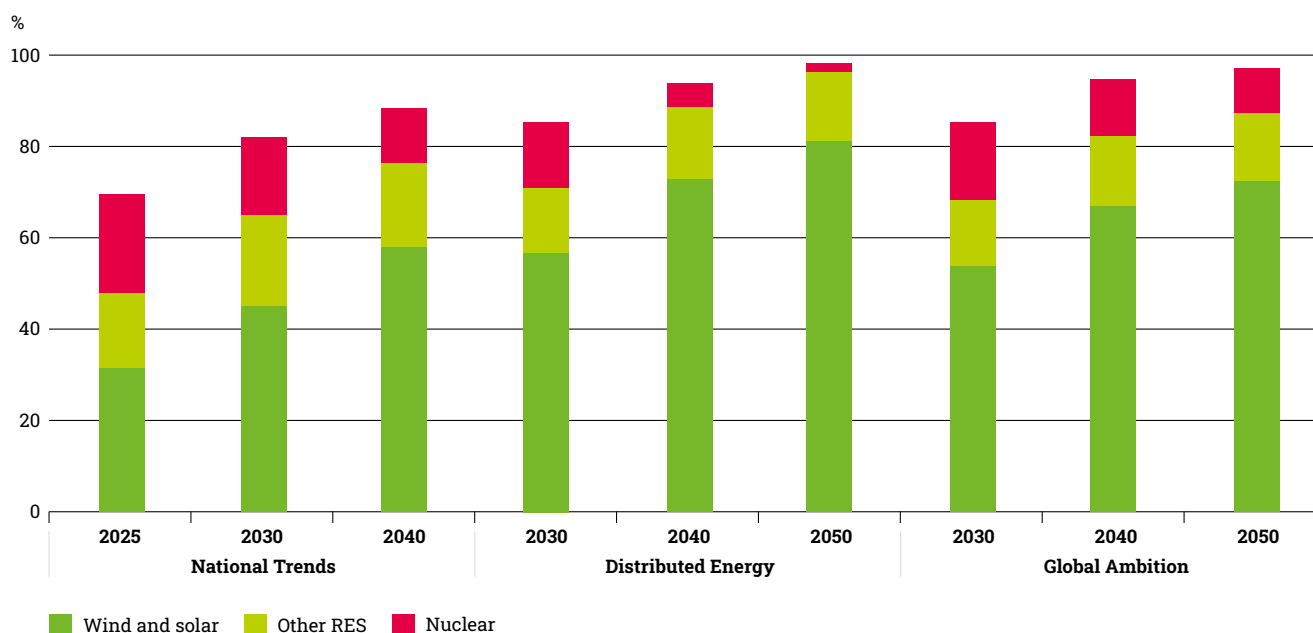


Figure 23: Share of electricity demand covered by low carbon generation in EU27

**A strong increase in wind and solar capacity is constitutive of all scenarios**, but the magnitude depends on the storyline of each scenario.

In Distributed Energy, a focus on lowering nuclear capacity and energy imports supplement the decarbonisation objective. As a result, investment in wind and solar capacity reaches the highest level in order to meet both direct electrification and the need for synthetic fuels to replace imports. From a technology perspective, there is an emphasis on decentralised sources such as onshore wind and solar PV. As they have lower load factors than offshore wind, the need for installed capacity increases sharply. In accordance with more developed prosumer behaviour in Distributed Energy, rooftop PV capacity reached 561 GW in 2050 for Distributed Energy in comparison with 399 GW for Global Ambition. Even if offshore wind is not a predominant technology in this scenario compared to Global Ambition, the renewable electricity needs are such that this technology sees a significant development.

In Global Ambition, final electricity demand is slightly lower than in Distributed Energy while electricity demand for synthetic fuels is lower due to the ability to import low-carbon molecules therefore the total electricity supply increases slower. While nuclear capacity will decrease in some extent

compared to today (moving from 139 GW in 2018 to 86 GW in 2050), new nuclear units will partly compensate the decommissioning of existing ones. As a result, the need for wind and solar capacity will be strong but lower than in Distributed Energy (1,959 GW in 2050 to compare with 252 GW in 2018 and 2,802 GW in 2050 for Distributed Energy).

In line with their respective storylines, Distributed Energy mostly relies on onshore wind and solar (34 % and 28 % of the total power generation) while in the Global Ambition scenario, offshore wind is the first energy source (26 % of the total power generation) in 2050.

Compared to the TYNDP2020 edition, National Trends, which is based on national strategies and policies, shows a higher ambition in terms of electricity demand and renewable generation share compared to the TYNDP2020 edition. It illustrates the integration of the Green Deal ambition at national level. Electricity generation<sup>19</sup> reaches 3,160 TWh in 2030, 3,809 TWh in 2040 compared to 2,775 TWh in 2018.

The share of low carbon and renewable generation reaches 82 %<sup>20</sup> in 2030 and 89 % in 2040. Wind and solar capacity reaches 706 GW in 2030 and 1,025 GW in 2040.

<sup>19</sup> excluding batteries, DSR and hydro pump storage

<sup>20</sup> Assuming a share of renewable methane of 4 % National Trends in 2030



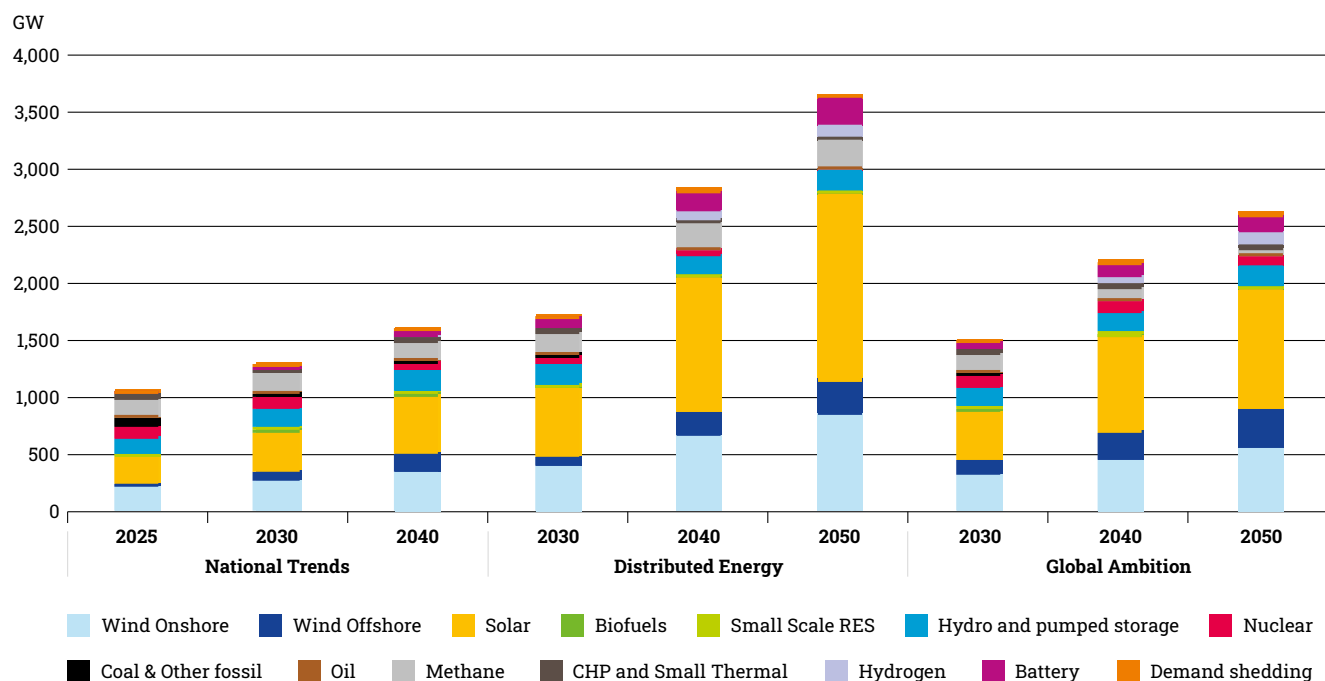


Figure 24: Capacity mix for EU27 (including prosumer PV, hybrid and dedicated RES for electrolysis)

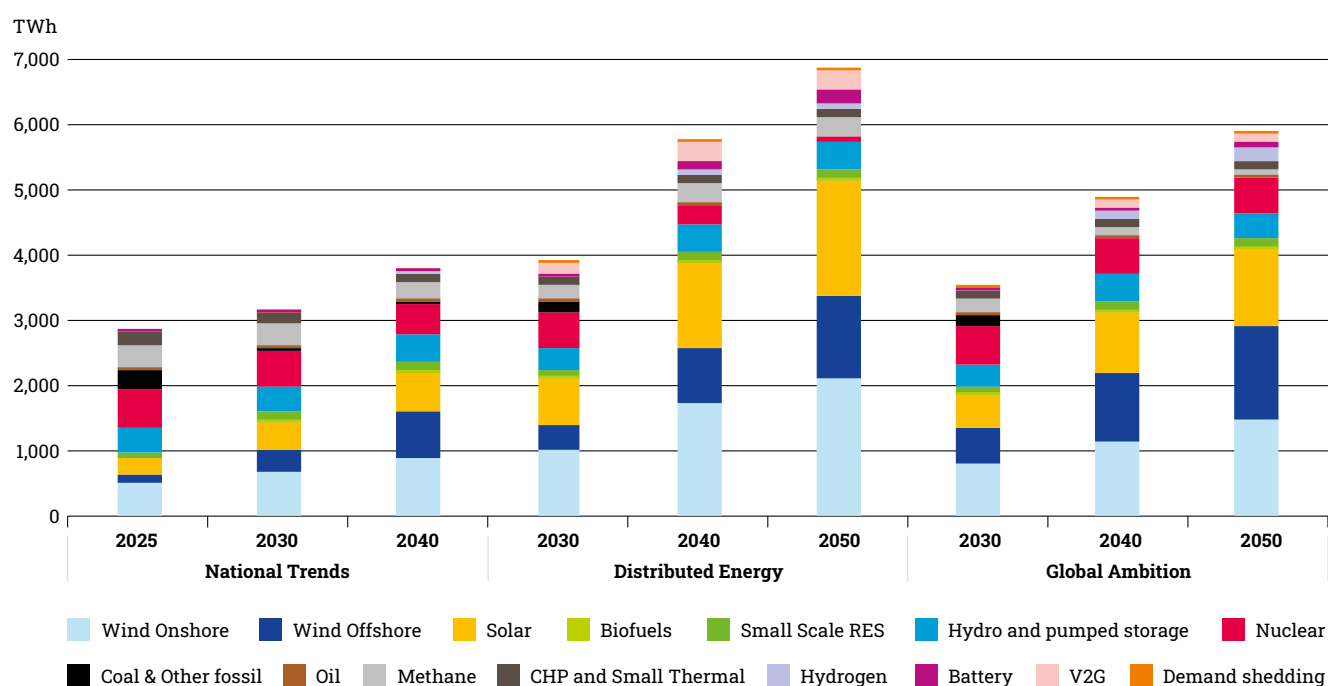


Figure 25: Power generation mix for EU27 (including prosumer PV, hybrid and dedicated RES for electrolysis)

In all scenarios, coal and lignite are under pressure of phase-out policies in many countries as well as high CO<sub>2</sub> price. In 2030 beyond small units (e.g., CHP), they only represent around 170 TWh in Distributed Energy, Global Ambition and National Trends in comparison with 540 TWh in 2018. At European level, the role of these two sources becomes negligible in 2040.

**The role of gas in power generation strongly evolves along the time horizon.** First there is a need to distinguish methane from hydrogen. In the present scenarios the increasing role of hydrogen in final demand translates into a similar evolution for gas-fired power generation replacing progressively part of methane in this sector for the 2040- and 2050-time horizon.

Secondly, methane is progressively decarbonised offering the opportunity of flexible renewable and low carbon generation. While methane is now mostly natural gas, the share of biomethane increases along the time horizon to become fully decarbonised by 2050 in Distributed Energy, as illustrated in Figure 31 on Methane supply.

Finally, the development of variable RES at zero marginal cost has a strong influence on the way that thermal plants are operated (which is also true for nuclear in a lower extent). Due to the coal and nuclear phase-out in many countries, gas-fired power generation will play a more important role to support the development of RES, gradually moving from an electricity to a flexibility source over time. It is pictured by the path followed by capacity and generation.

For Distributed Energy and Global Ambition, capacity increases up to 2040. In Distributed Energy, capacity further increases in 2050 to support the adequacy of an electricity system where wind and solar provides 81 % of the generation. In Global Ambition, capacity stays stable due to a lower RES development.

From an energy perspective, gas-fired power generation follows the capacity trend up to 2040. Regarding Distributed Energy 2050, gas-fired power generation shifts to the role of rather providing flexibility. For Global Ambition, a slower electrification is supported by a larger range of technologies including gas-fired power generation relying more on renewable and low carbon methane and hydrogen (either produced).

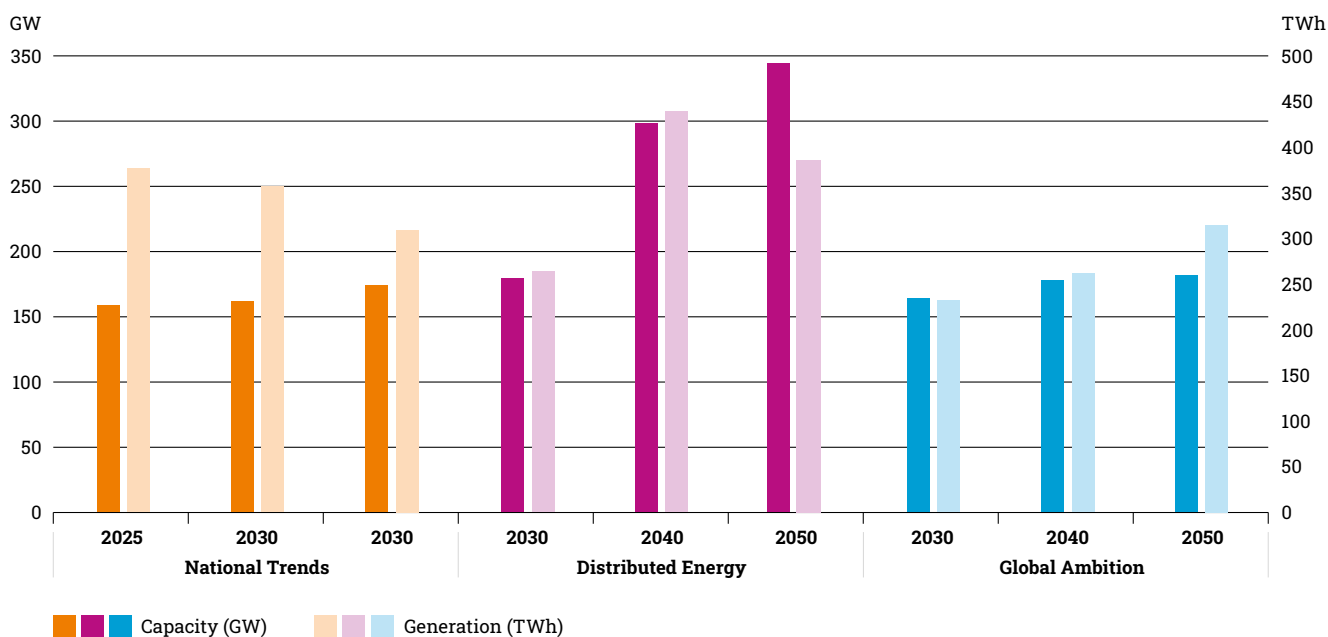


Figure 26: Evolution of the main methane and hydrogen fired power capacity and generation for EU27 (Excluding Small Thermal and CHP which operation can be driven by other factors such as heat production)

In both COP21 scenarios, the full load hours of methane and hydrogen fired power generation is much lower than present level. It will certainly trigger new challenges in

terms of market design which are beyond the remit of the present report.

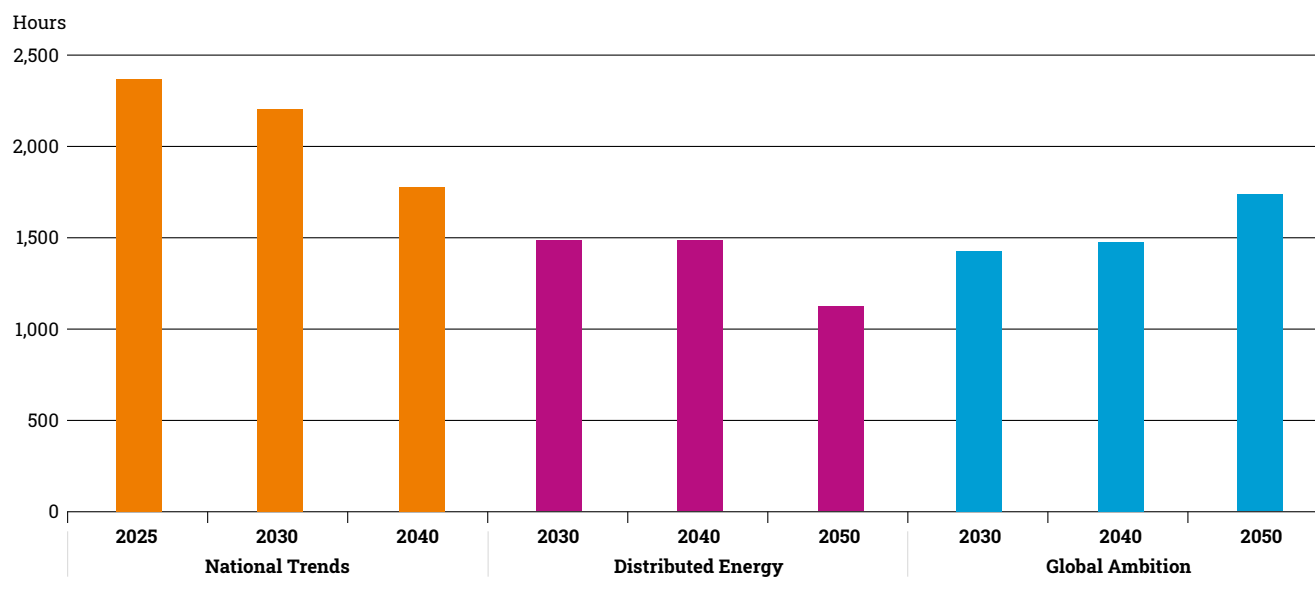


Figure 27: Evolution of full load hours of the main methane and hydrogen fired power generation units for EU27 (Excluding Small Thermal and CHP which operation can be driven by other factors such as heat production)

When Other Non-Renewables (mainly small-scale CHP) play a lesser role in the European electricity system today, they also need to be decarbonised in order to be able to achieve carbon neutrality. For CHP still using fossil fuels, it means either a switch to low-carbon equivalent or de-commissioning on the long run.

Flexibility options go beyond dispatchable power generation. COP21 scenarios rely on a wide range of technologies:

- Demand side response captures the change in load pattern to react to price signals. According to the modelling methodology it covers demand shedding, prosumer batteries, vehicle-to-grid (V2G), hybrid heat pumps and district heating heat pumps<sup>21</sup>
- Utility scale batteries
- Hydro pump storage
- Electrolyser coupled with downstream flexibility

**Flexibility need will increase as well as the range of technologies to answer it.** The electrification of the heating sector and the development of wind and solar will increase the climate dependency of the electricity system. At the same time, the impact of global warming on the variability of weather conditions can already be observed. As a result, the decarbonisation of the electricity mix must go in parallel with the development of flexibility solutions in order to maintain the security of supply. The extent of the flexibility needs and the development of technologies to meet

depend on the scenario storylines. Beyond hydro pump storage which capacity follows the same path (increasing up to 2040), the COP21 scenarios differ in the balance between upstream flexibility (generation side) as today and downstream flexibility (consumer side).

In Distributed Energy, the climatic exposure will be at the highest as a result of heating electrification and maximum wind and solar development. At the same time flexible power generation (including nuclear) will decrease. In addition, the development of prosumer behaviours will result in a high development of residential batteries and V2G services providing short term storage solutions. The development of district heating will also contribute to an optimized use of connected heat pumps mitigating the challenge of peak demand for space heating. Finally, the need to produce synthetic fuels to replace imports will also offer the opportunity of seasonal flexibility by coupling the electricity and hydrogen systems. Electrolysis and hydrogen storage will then be beneficial to the security of the energy system.

In Global Ambition, the climatic exposure of the electricity system will increase relatively slower both on the demand and supply side. The commissioning of new nuclear units will also provide some degree of flexibility. The development of demand side response will be less critical and battery development will rather focus on utility-scale batteries.

<sup>21</sup> In the 2022 methodology, hybrid and district heat pump profile is optimized based on temperature. The capability to adapt to wholesale market price is not modelled (see Scenario Building Guidelines).

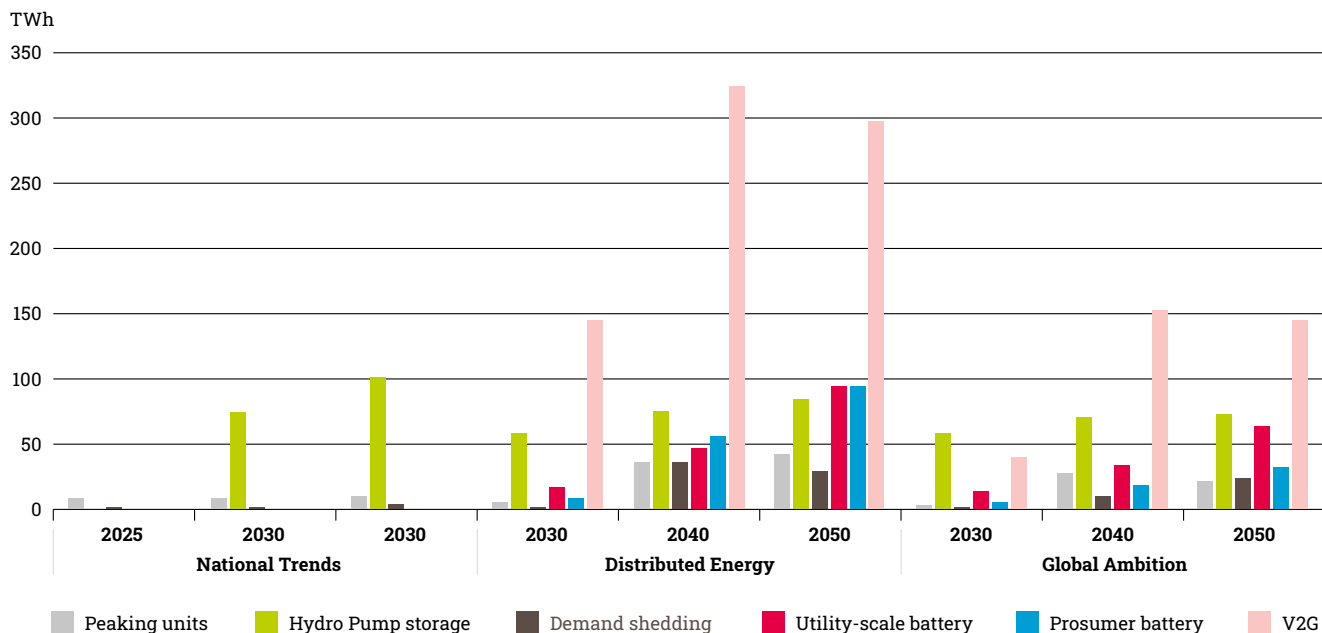


Figure 28: Main flexibility sources for adequacy for EU27 (Peaking units are to be understood as methane-fired open cycle units and peakers as resulting from the new adequacy step. Battery cover utility-scale and prosumer installation)

### Focus on system operation under various climatic situation

The influence of climatic conditions on the electricity system will significantly increase as a result of the elec-

trification of space-heating and the development of wind and solar. In order to illustrate how the adequacy of the electricity system adapts to climatic situations (in particular to wind availability), the following graphs show the hourly balance on 2-week periods of the climatic year 1995<sup>22</sup>.

22 Climatic year of highest residual demand based on Distributed Energy RES capacity and demand profile



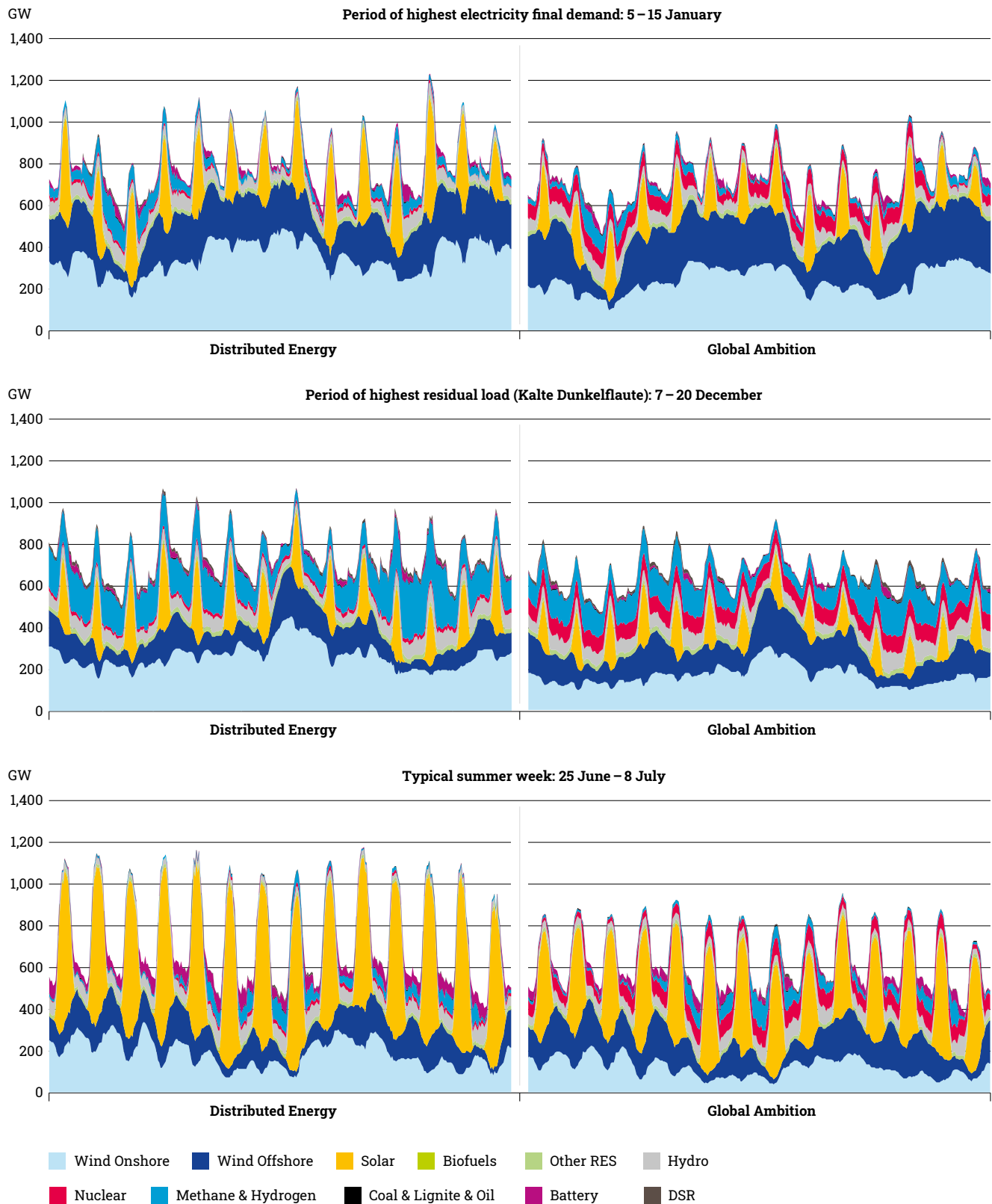


Figure 29: Hourly generation profile of power generation  
(Distributed Energy, left – Global Ambition, right; excluding RES dedicated to Power-to-Methane from the P2G Configuration 5)

## 5.2.4 Gas supply

### All renewable and decarbonisation technologies are needed to meet the EU energy and climate objectives

The decarbonisation of the gas supply can be done in many ways. Gas can either be produced from renewable energy such as biomass producing biomethane or wind and solar energy producing hydrogen. Furthermore, decarbonised hydrogen can be produced with natural gas with different technologies such as steam methane reforming (SMR)/autothermal reforming (ATR) associated with carbon capture and storage technologies<sup>23</sup>.

Both COP 21 scenarios consider all types of technologies to a greater or lesser extent following their storyline. Each technology comes with its level of decarbonisation that is considered in the computation of the GHG emissions of each scenario to keep track of their carbon budget expenses. For instance, biomethane can be considered as carbon neutral or carbon negative if associated with CCS<sup>24</sup>.

### The EU gas production can decarbonise by 2040 in both COP 21 scenarios

With the development of renewable hydrogen, biomethane and decarbonisation technologies, the EU can decarbonise its gas production by 2030 in Global Ambition and by 2040 in Distributed Energy. The EU indigenous production is largely decarbonised in 2040 in National Trends but not entirely with about 100 TWh of remaining unabated Natural gas.

Distributed Energy shows the highest development of indigenous production capacities (about 2,450 TWh produced in 2050) and a higher role for biomethane and hydrogen since local production is prioritised. In Global Ambition, the indigenous production of methane and hydrogen also significantly increases (roughly 2,250 TWh produced in 2050) but to a lesser extent compared to Distributed Energy.

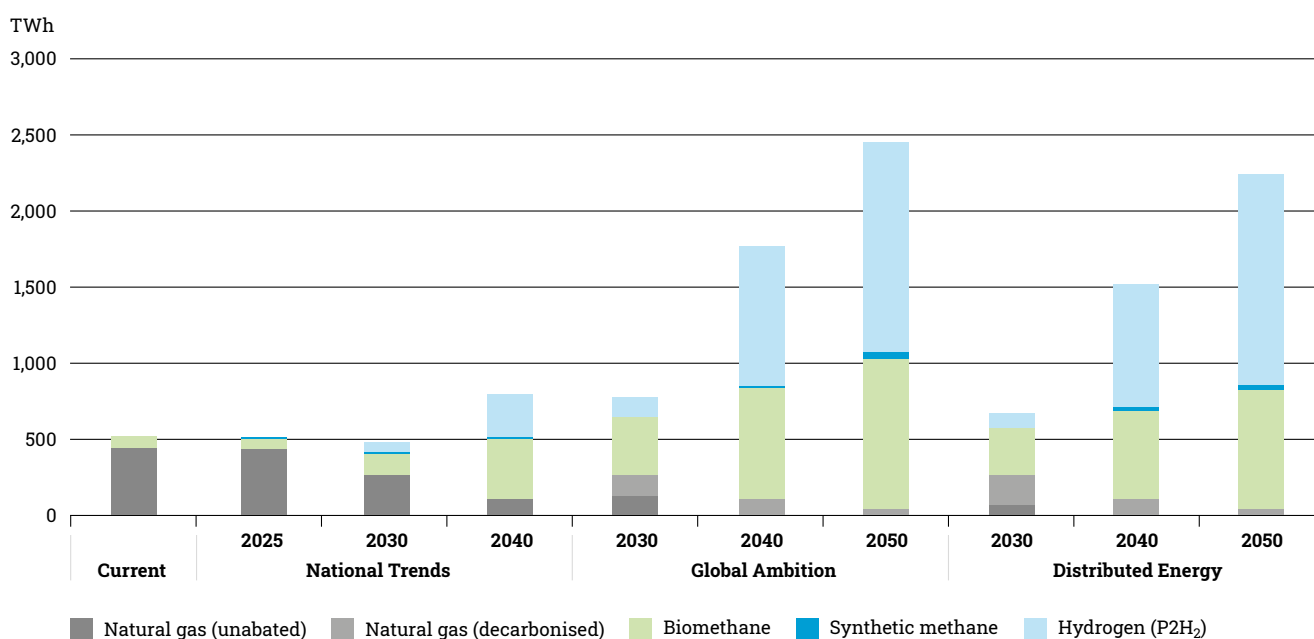


Figure 30: EU27 annual gas production per scenario

<sup>23</sup> For SMR/ATR an overall efficiency factor of 77 % is used. For CCS processes a capture rate of 90 % is considered. This capture rate represents the various methane reforming technologies and takes into account the part of the CO<sub>2</sub> that cannot be captured in the process and that is therefore released in the atmosphere.

<sup>24</sup> Also known as bio-energy carbon capture and sequestration (BECCS)

### 5.2.4.1 Methane supply

Figure 31 provides an overview of the methane supply in all three TYNDP 2022 scenarios. All scenarios consider similar decrease of the conventional indigenous natural gas production. The indigenous renewable methane production, such as biomethane and synthetic methane, differ across the scenarios in accordance with the storylines.

National Trends shows an increase of biomethane production over time and the production of synthetic methane through electrolysis is rather limited. The overall production of renewable gases is enough to compensate for the decline in conventional natural gas, in order to maintain current EU gas production. However, as the reduction in the methane demand starts later than in the other scenarios, National Trends shows the highest import dependence on methane until 2040<sup>25</sup>.

#### Biomethane: an essential source of renewable methane

Biomethane plays a major role in the decarbonisation of the methane supply and is the main source of decarbonisation of the gas supply in both COP 21 scenarios until 2035. Synthetic methane and renewable imports are key to complement the supply needs and reach carbon neutrality by 2050.

#### Import levels are reduced and decarbonised by 2050 in both COP 21 scenarios

As a scenario focusing on energy autonomy, Distributed Energy considers a high level of indigenous production of renewable and decarbonised methane. With around 980 TWh in 2050, Distributed Energy projects the highest biomethane production of all scenarios.<sup>26</sup> The same accounts for the production of synthetic methane, with an amount of 40 TWh in 2050. On the other side, imports are reduced from 86 % to 33 % between 2020 and 2050, accounting for 1,382 TWh in 2040, and 534 TWh in 2050. The level of imports in Distributed Energy is the lowest of all three scenarios and does not consider any natural gas in 2050.

As a scenario focusing on the integration of the EU into the global energy transition, Global Ambition combines both high decarbonisation levels and access to global and diversified markets for renewable methane (1,279 TWh in 2050). Furthermore, thanks to energy efficiency measures, methane imports decrease from 86 % to 46 % by 2050. Natural gas imports reduce from about 3,250 TWh to 260 TWh in 2050, essentially to be decarbonised to produce hydrogen.

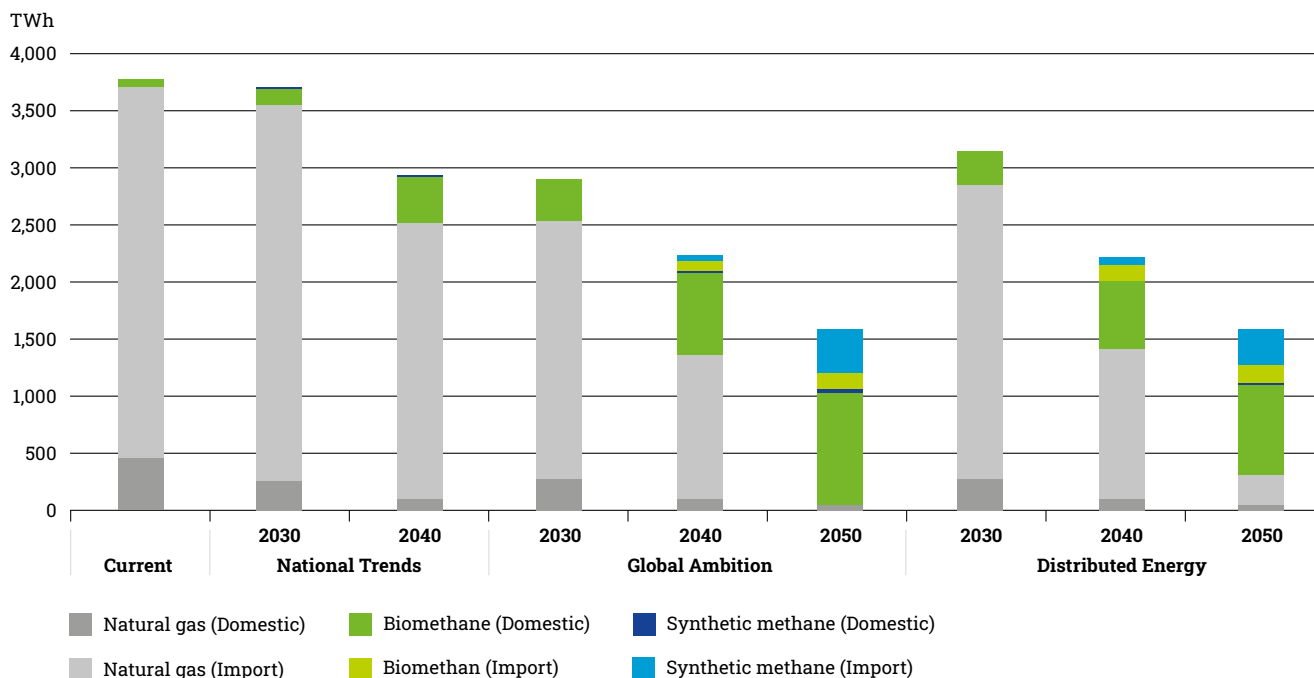


Figure 31: Methane supply for EU27

<sup>25</sup> As the GHG emissions are not assessed for National Trends, the production means of the imported methane (fossil, low carbon, renewable) is not specified.

<sup>26</sup> See TYNDP 2022 scenario building guidelines for the potential of EU27 biomethane production.



## 5.2.4.2 Hydrogen supply

### A game changer

Today the EU-27 hydrogen supply is a domestic production of about 350 TWh<sup>27</sup>, mainly used as a feedstock. About 75 % is produced with SMR/ATR, the remaining volumes are by-products from other industrial processes<sup>28</sup>. However, both COP21 scenarios consider the hydrogen market will undergo a complete transformation over the next 30

years and be traded mainly as an energy carrier to become the main gas energy carrier by 2050 with a marginal role for its demand as feedstock. The main drivers of this transformation of the hydrogen market are the significant EU and global potentials for producing hydrogen from variable renewable electricity and water, including sea water. Figure 32 provides an overview of the hydrogen supply in the three TYNDP 2022 scenarios.

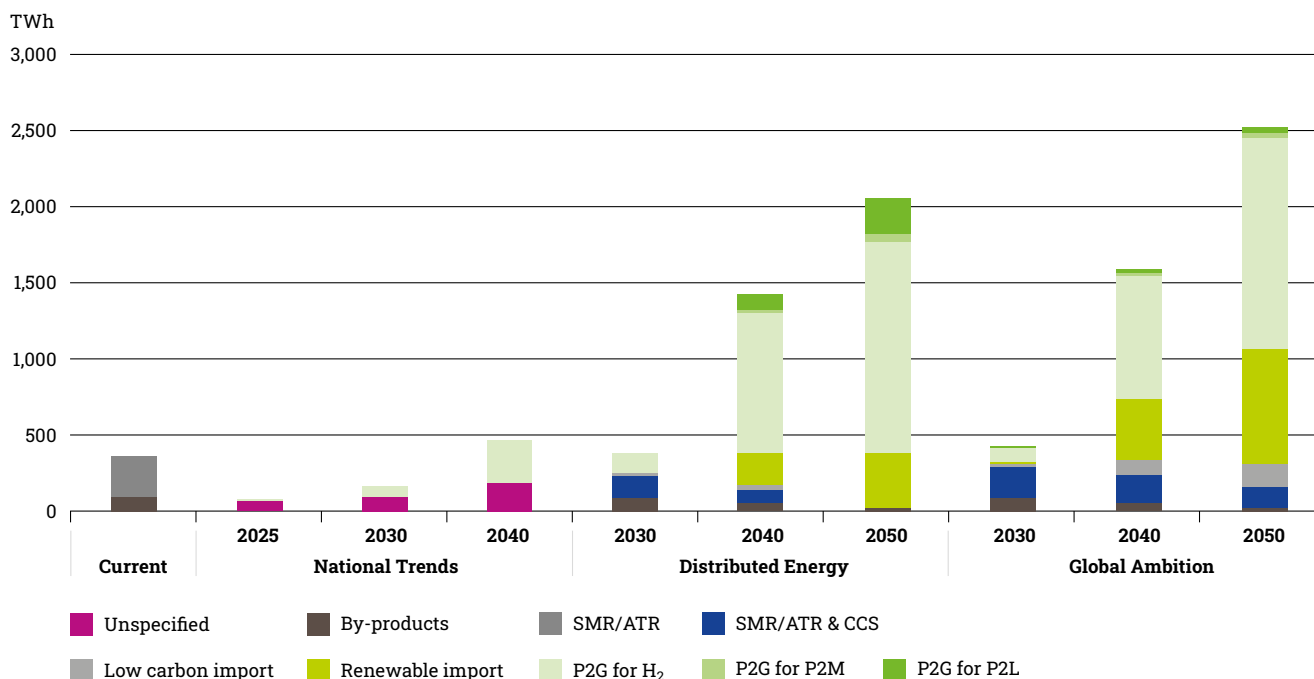


Figure 32: Hydrogen supply for EU27

### National Trends considers a limited uptake of hydrogen production

National Policies generally reflect various and shorter-term visions of the EU Member States. And most policies have not been significantly updated since the NECPs were published in 2019. Therefore, the role of hydrogen to meet the 2050 objectives is not always fully captured by the National Trends scenario (for some countries this also applies for Distributed Energy and Global Ambition). Most of the current hydrogen produced locally in the industrial clusters is not included in the figures since they are not connected to any regional or national networks. These figures are shown as methane demand.

### COP 21 scenarios: the key role of hydrogen to decarbonise the energy system

Both Distributed Energy and Global Ambition integrate all sectors to provide a holistic vision of the European energy system.

Distributed Energy, as a decentralised scenario with high energy autonomy, considers a high level of domestic production of renewable hydrogen – similar to the high domestic methane production. Since both decarbonisation and higher self-sufficiency are the main drivers of the Distributed Energy Scenario, it requires a significant increase in renewable electricity generation to meet the P2G demand (1,674 TWh in 2050) and electricity demand. The uptake of hydrogen imports is limited (358 TWh renewable hydrogen in 2050), with an import share of 17 %.

<sup>27</sup> <https://hydrogeneurope.eu/wp-content/uploads/2021/11/Clean-Hydrogen-Monitor-2020.pdf>

<sup>28</sup> As part of the hydrogen supply is produced with natural gas, methane and hydrogen demand should not be summed.



Global Ambition, as a scenario considering larger scale solutions and the EU as an actor of the global energy transition, combines both high decarbonisation levels with access to a global and diversified clean hydrogen market. Hydrogen produced from renewables in the EU play an important role in the supply mix (1,455 TWh) and clean hydrogen imports are key to ensure the supply and demand adequacy of the EU, providing 901 TWh of decarbonised and renewable hydrogen, resulting in an import share of 36 %.

### A strong development of electrolysis

Electrolysers enable the production of hydrogen and other synthetic fuels (synthetic methane and synthetic liquids). It supports the phase-out of fossil fuels and contributes to European energy autonomy, a driver of the Distributed Energy storyline. This scenario also foresees stronger local initiative including off-grid electrolyzers (30% of the capacity), where production directly depends on wind or solar availability. Both drivers trigger a higher electrolyser capacity reaching close to 400 GW in 2050.

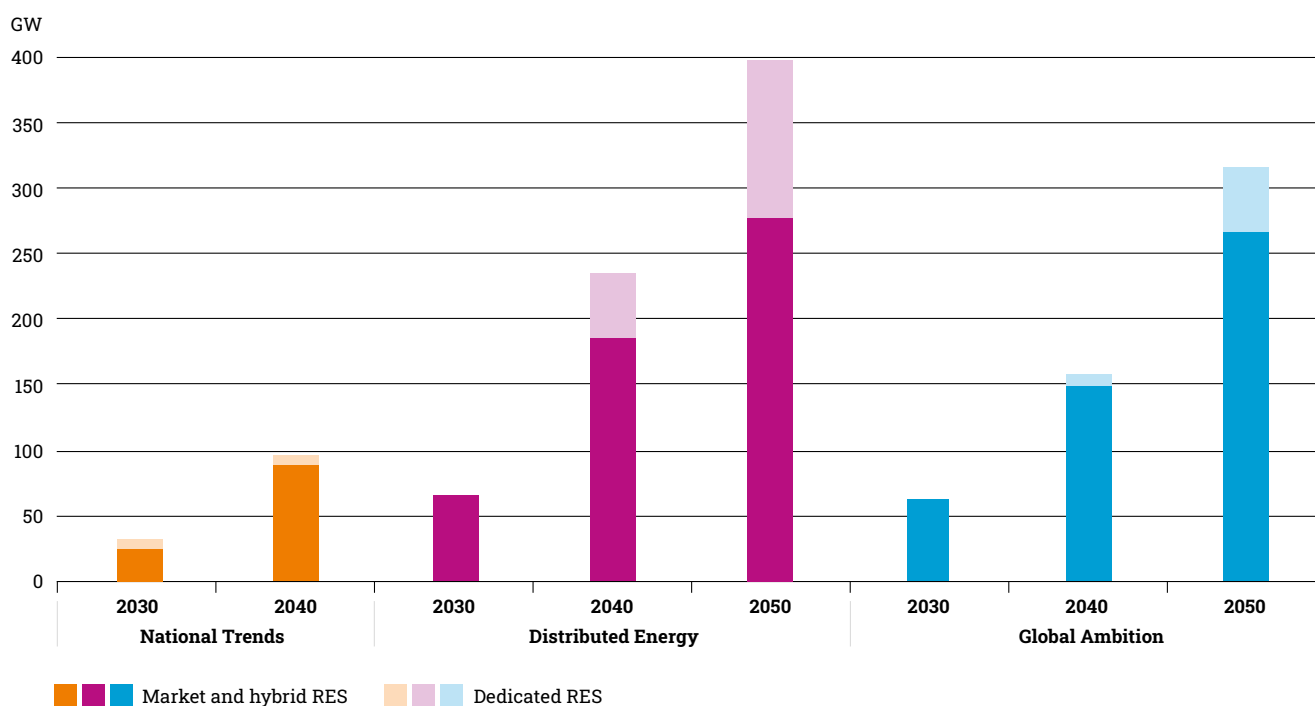


Figure 33: Electrolyser capacity for EU27 (The configurations are explained in the scenario methodology guidelines)

As a result from the decarbonisation of the generation mix and the high number of hours at low marginal price, the wholesale electricity market is the main source of electrolyzers. In 2050, it accounts for 75% of electrolyser electricity supply in Distributed Energy and 81% in Global Ambition<sup>29</sup>. Electrolyser development also takes advantage

of local availability of RES closed to consumption areas, where they can either simultaneously connect to nearby RES and the wholesale market (hybrid RES) or provide a direct connection to the hydrogen grid without expansion of the electricity grid (Dedicated RES).

<sup>29</sup> Consideration about a specific market design or requirement laid out in the legal framework (e. g., the criteria's outlined in the Renewable Energy Directive (RED II) are beyond this edition of the TYNDP scenario report.

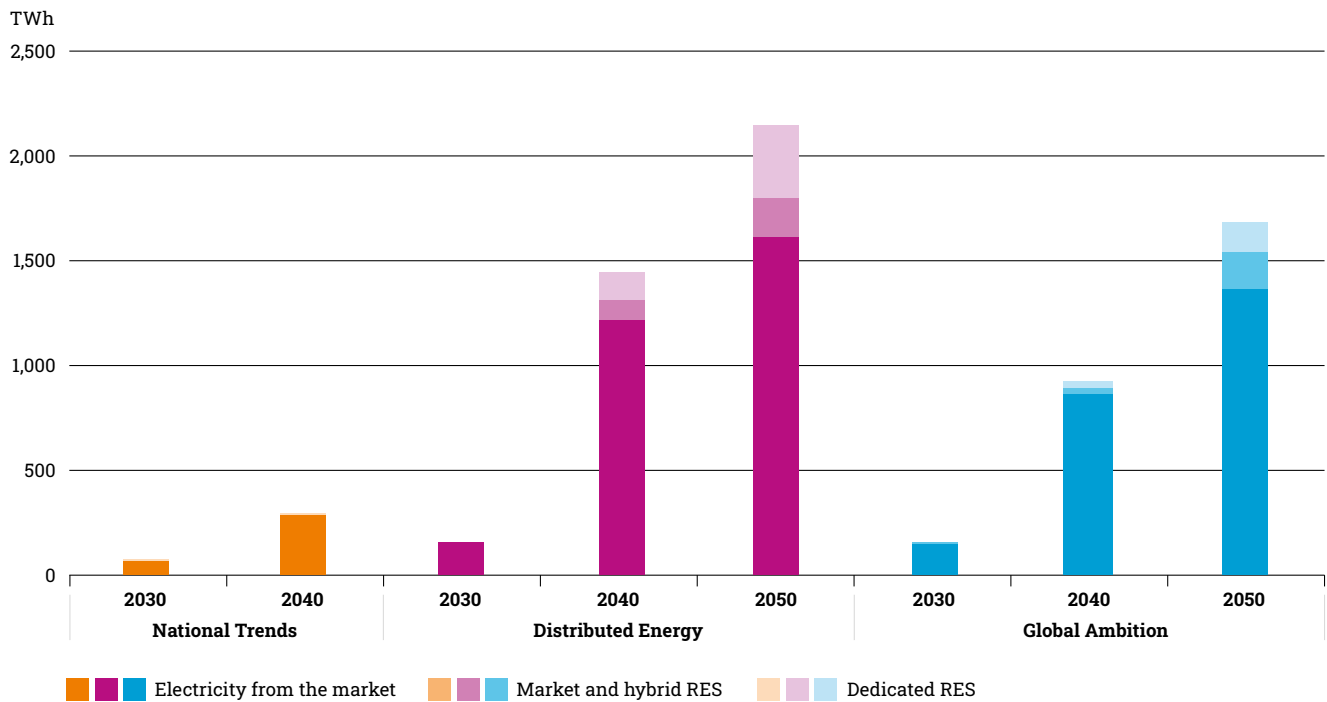


Figure 34: Origin of the electrolyser supply for EU27 (Hybrid renewables are connected to both the electricity grid as well as to an electrolyser)

### All unabated production of hydrogen is decommissioned by 2030

These scenarios have in common that until 2030, all SMR/ATR without carbon capture and storage will be either decommissioned, retrofitted with CCS or replaced by SMR/ATR with CSS. In Distributed Energy low carbon hydrogen plays an important role in the early stage of the transition

when supply must be secured while renewable capacities develop. In the longer term SMR/ATR will be decreased. In Global Ambition the supply of low carbon hydrogen remains important for decarbonising energy supply in the long term, SMR/ATR capacity remaining constant over time.



## 5.3 Imports

**With the development of RES capacities and further sector integration, imports are decreasing significantly**

In both COP 21 scenarios, the combination of the energy efficiency measures combined with further integration

of the different energy systems significantly reduces the energy demand. Furthermore, both Distributed Energy and Global Ambition scenarios see the significant development of indigenous renewable capacities for electricity and gas, reducing the need for imports.

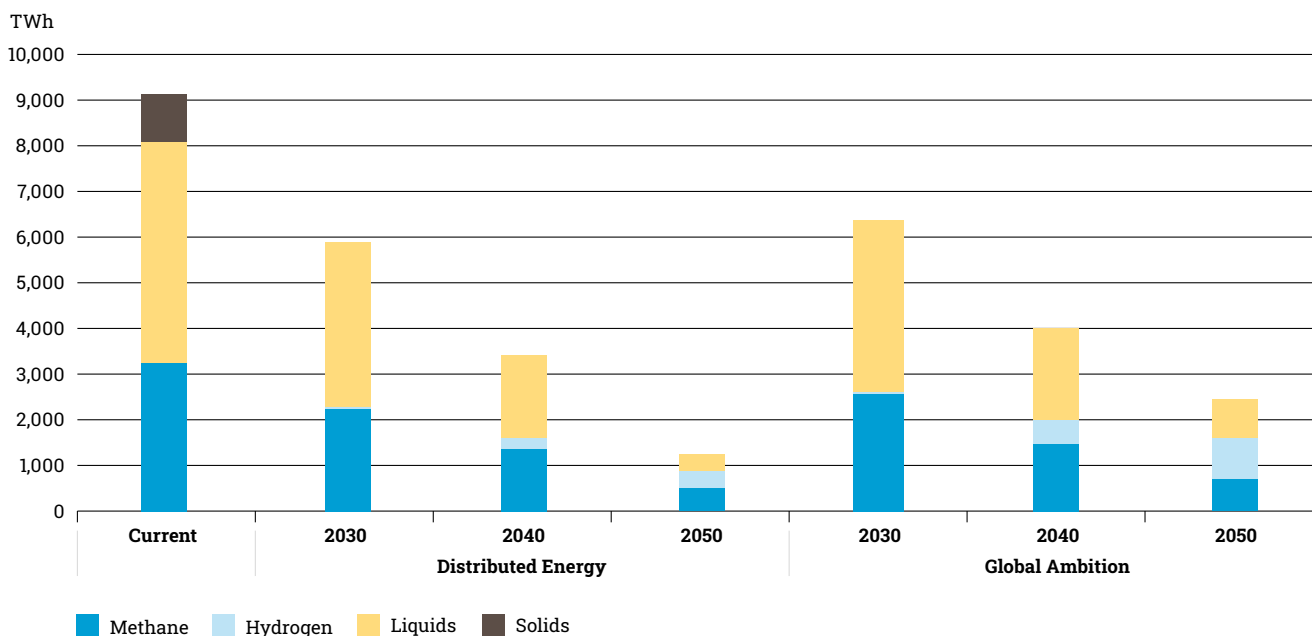


Figure 35: Energy imports for EU 27

**System integration fosters clean energy production and contributes to energy independency**

With increasing system integration, the EU energy system increasingly relies on electricity and gas renewables to satisfy its energy demand since significant production capacities can be developed in the EU. Therefore, the EU energy demand only marginally relies on coal and oil, and liquids in general, which reduces the need for carbon intensive energy imports.

In 2050, the Global Ambition scenario considers the EU as an actor of the international clean energy market and the global energy transition. This scenario shows lower import levels compared to the EC CPRICE scenario with a significantly higher level of decarbonisation. The Distributed Energy scenario considers an increasing energy autonomy of the EU and shows significantly reduced imports compared to all scenarios of the EC Impact Assessment with similar levels of decarbonised imports.

## 5.4 GHG emissions

### **Distributed Energy and Global Ambition: designed for integrated infrastructure planning assessment and to meet the EU Climate and Energy objectives**

Both COP 21 scenarios, Distributed Energy and Global Ambition, are built considering the possible interactions with all different sectors and designed along contrasted storylines making them capable for assessing in which contrasting ways the EU energy infrastructure can support the transition towards net zero 2050, meeting the EU climate and energy objectives.

### **A carbon tracker to compare the scenarios with the Green Deal and COP 21 objectives**

While they are designed to meet the EU objectives, the COP 21 scenarios are fully fledged scenarios taking a holistic approach to the European energy system, capturing all interdependences across the different sectors and therefore allowing to track the carbon emissions. The carbon budget was firstly introduced in TYNDP 2020 and allows to monitor the evolution of the carbon budget left to meet the EU climate targets with each new TYNDP.

### **Energy efficiency first: reducing the energy demand is the most efficient way to reduce GHG emissions**

Both COP21 Scenarios consider the development of energy efficiency measures like renovation of buildings and increasing efficiency of developing technologies. A significant decrease in primary energy demand combined with increasing shares of renewables and decarbonised energy in the EU supply mix is a necessary condition of meeting the EU climate and energy objectives.

### **Renewable and decarbonisation capacities need significant increase**

Whereas electricity generation has already undergone some level of transition (1,300 TWh produced from hydro, wind and solar in 2019<sup>30</sup>), the EU needs a significant increase in renewable and decarbonised capacities including for hydrogen and methane to decarbonise the whole energy system. Just for wind and solar generation, this represents an increase from 400 TWh produced in 2019 to 2,500 or 3,000 TWh in 2050 in Global Ambition and Distributed Energy respectively.

### 5.4.1 Role of non-energy sectors

#### **All sectors need to decarbonise**

The fully integrated COP 21 scenarios confirm that reaching a net zero economy by 2050 requires the contribution of non-energy related sectors, such as the decarbonisation of agriculture and meat production, and requires further afforestation. It should be noted, that for non-CO<sub>2</sub> emissions (methane, N<sub>2</sub>O, F-gases) and LULUCF, the TYNDP 2022 scenarios rely on data provided in the Impact Assessment and Long-Term Strategy of the European Commission. Associated assumptions are the same for both Distributed

Energy and Global Ambition. Non-CO<sub>2</sub> emissions reduce in both scenarios from 627 Mt in 2022 to 288 Mt in 2050<sup>31</sup>. This is also illustrated in Figure 36. Methane emissions cover the largest part of the non-CO<sub>2</sub> emissions. This is mostly enteric fermentation from cattle and anaerobic waste. It also covers methane leakage from gas production, processing and transportation, but this only accounts for a small share (~5 %)<sup>32</sup>. Negative emissions from LULUCF increase from 264 Mt in 2018 to 425 in 2050<sup>33</sup>, as shown in Figure 37.

30 <https://ec.europa.eu/eurostat/web/energy/data/energy-balances>

31 Non-CO<sub>2</sub> emissions for 2030 are also taken from the Impact Assessment (MIX-non-CO<sub>2</sub> scenario). The Impact Assessment does not provide appropriate non-CO<sub>2</sub> emissions for 2050. Therefore the post 2030 figures were taken from the EC Long Term Strategy and consider consumer preference changes and technical mitigation: [https://ec.europa.eu/clima/sites/default/files/docs/pages/com\\_2018\\_733\\_analysis\\_in\\_support\\_en\\_0.pdf](https://ec.europa.eu/clima/sites/default/files/docs/pages/com_2018_733_analysis_in_support_en_0.pdf)

32 For more information, see: [https://energy-community.org/dam/jcr:1cbf8c52-f0df-4007-b0bc-f1b75ed93cb8/ECS\\_methane\\_emissions\\_052021.pdf](https://energy-community.org/dam/jcr:1cbf8c52-f0df-4007-b0bc-f1b75ed93cb8/ECS_methane_emissions_052021.pdf)

33 [https://knowledge4policy.ec.europa.eu/publication/commission-staff-working-document-swd2020176-impact-assessment-stepping-europe%E2%80%99s-2030\\_en](https://knowledge4policy.ec.europa.eu/publication/commission-staff-working-document-swd2020176-impact-assessment-stepping-europe%E2%80%99s-2030_en). The figures for 2030 are based on the FRL scenario, which sets the total net LULUCF removals at a level similar as in 2018. The 2050 figures are based on the Net-zero GHG scenario.

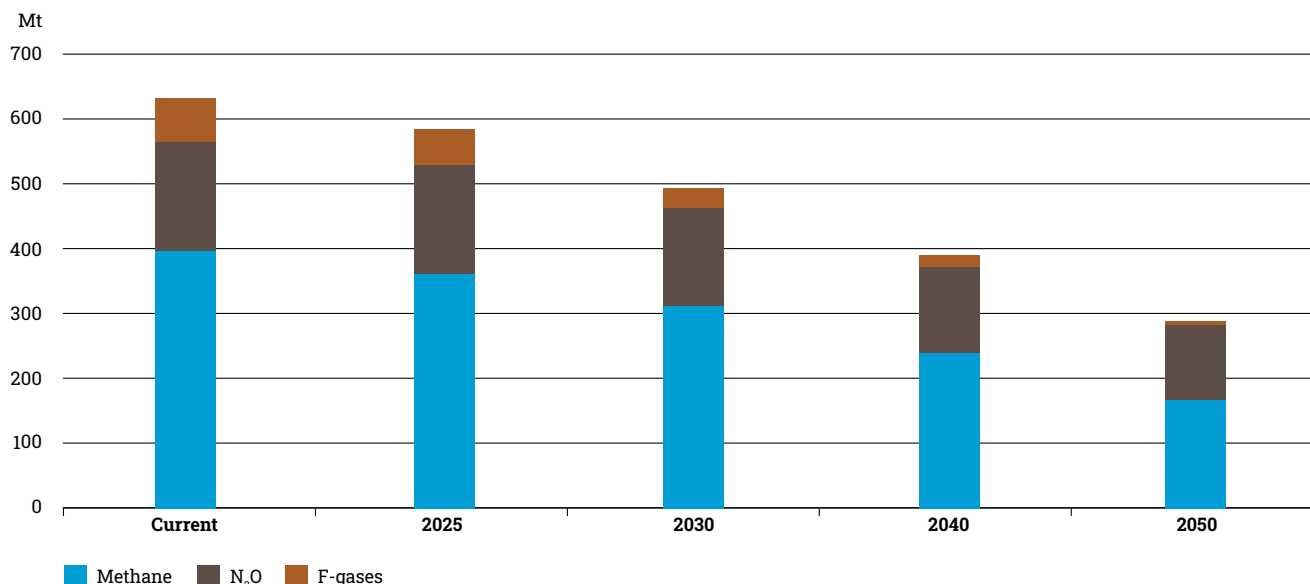


Figure 36: Non-CO<sub>2</sub> emission assumptions

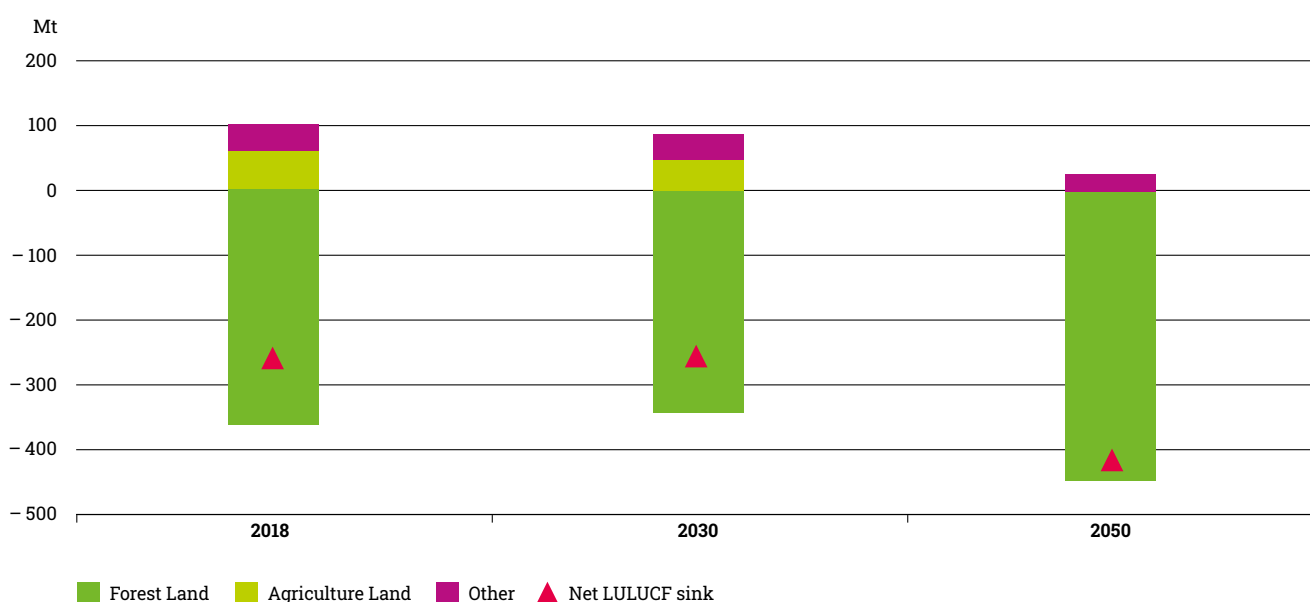


Figure 37: Emissions and negative emissions from LULUCF

The TYNDP 2020 scenario building exercise has already shown that to decarbonise all sectors as well as all fuel types, additional measures such as CCU/S are needed, also in combination with bioenergy. The TYNDP 2022 scenario assumptions for CCS are summarized in Figure 38. The

Global Ambition scenario shows an increased application of carbon capture and storage (CCS), with up to 662 Mt per year by 2050. This assumption was based on the Net Zero by 2050 study from IEA<sup>34</sup>. Distributed Energy foresees some limited use of CCS (up to 64 Mt).

<sup>34</sup> <https://www.iea.org/reports/net-zero-by-2050>. This study assumes up to 7.6 Gt of carbon capture by 2050 globally. For TYNDP 2022 it was assumed that 10 % of the global CCS is accounted for by the EU-27. This assumption is based on the current share of the EU-27 in the global GHG emissions. IEA also foresees the application of direct air capture (DAC), but these negative emissions are not considered in the calculations.



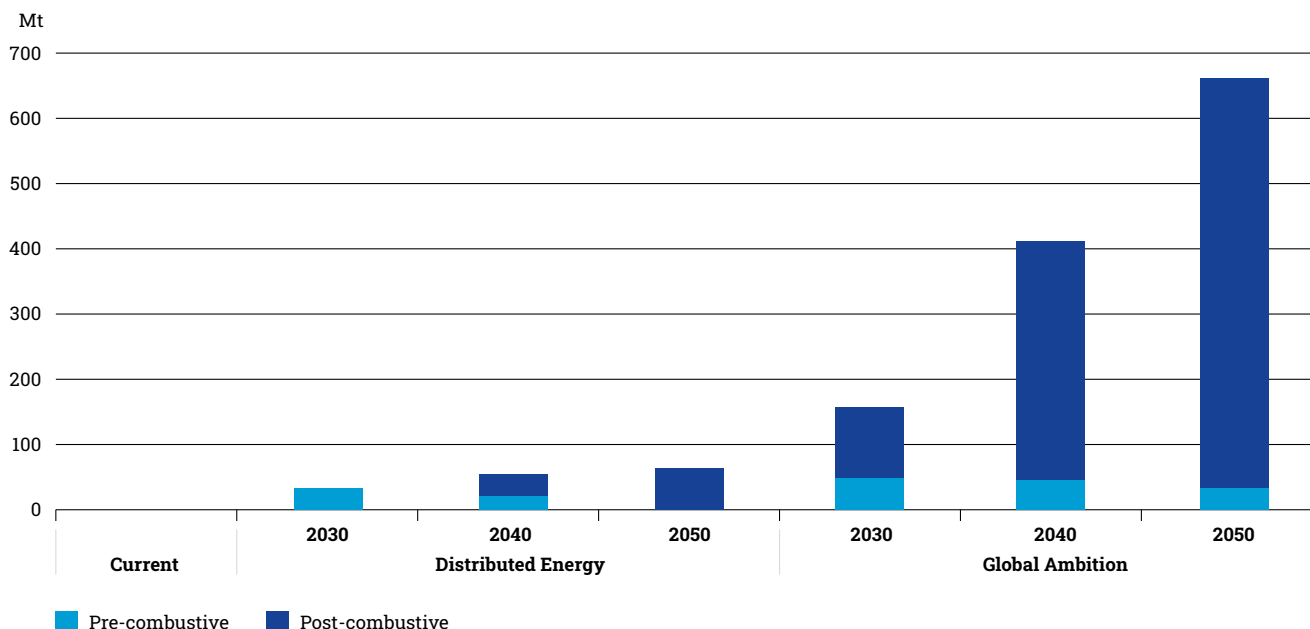


Figure 38: Carbon capture and storage assumptions

## 5.4.2 Compliance with the EU Climate and Energy objectives

Both Distributed Energy and Global Ambition comply with the European climate and energy objectives, in particular the greenhouse gas reduction targets. On 11 December 2019 the European Commission has announced the European Green Deal<sup>35</sup> and since then published several policy strategies, among others the Energy System Inte-

gration strategy<sup>36</sup> (ESI) and EU Hydrogen strategy<sup>37</sup> for the European Union. On 17 September 2020 the European Commission reconfirmed its proposal of reducing GHG emission by at least – 55 % by 2030 and reach climate neutrality by 2050. This was accompanied by a supporting impact assessment<sup>38</sup>.

35 [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

36 [https://ec.europa.eu/energy/topics/energy-system-integration/eu-strategy-energy-system-integration\\_en](https://ec.europa.eu/energy/topics/energy-system-integration/eu-strategy-energy-system-integration_en)

37 [https://ec.europa.eu/commission/presscorner/detail/en/FS\\_20\\_1296](https://ec.europa.eu/commission/presscorner/detail/en/FS_20_1296)

38 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1599](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1599)

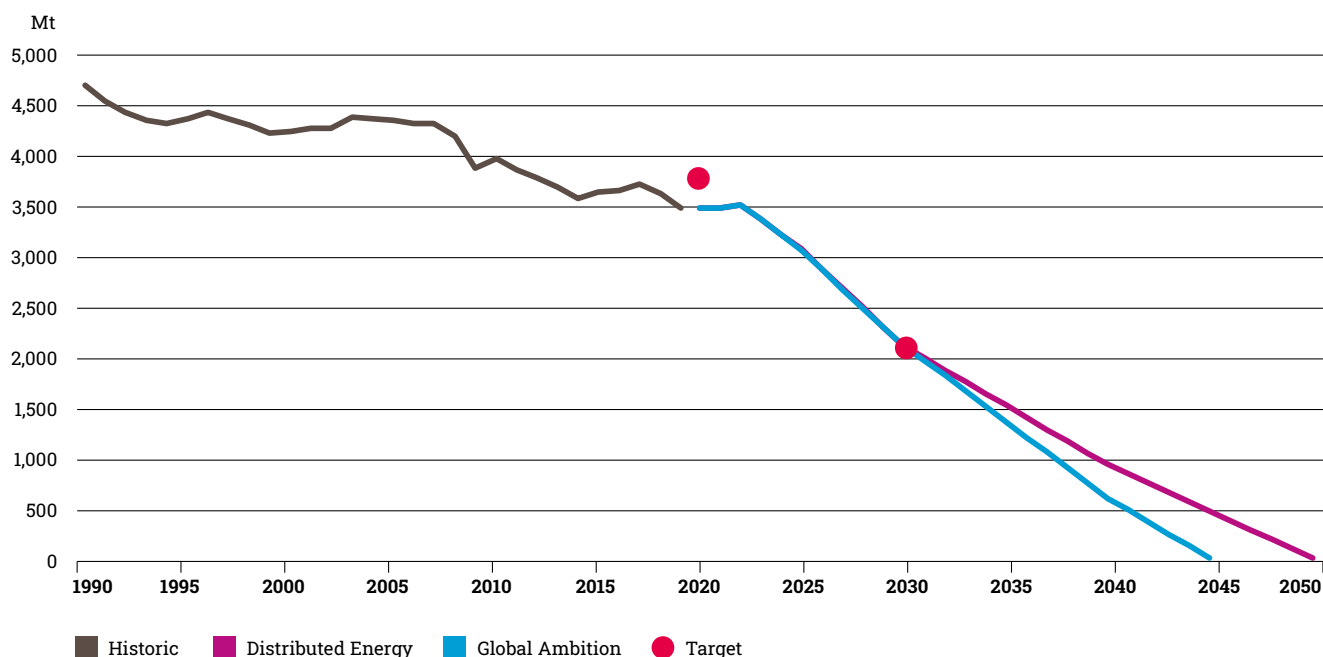


Figure 39: GHG emissions in Distributed Energy and Global Ambition

### COP 21 scenarios meet the 2030 targets and reach carbon neutrality by 2050

Both Distributed Energy and Global Ambition foresee a reduction of GHG emissions of at least 55 percent by 2030 compared to the 1990 level. Distributed Energy reaches carbon neutrality by 2050<sup>39</sup> and Global Ambition already achieves carbon neutrality around 2045.

### The EU needs to become carbon negative in 2050

The development of large-scale decarbonisation technologies can contribute to accelerate the decarbonisation of the European economy and reaching carbon negativity after 2045–2050 to be on the trajectory to meet the COP 21 objectives. Reaching carbon negativity in the second half of the century is necessary to recover from the overshoot of the carbon budget defined to comply with the COP 21 objective of limiting the amount of GHG by the end of the century to limit the global temperature increase to +1.5°C.

## 5.4.3 Carbon budget assessment

The European Union has ratified the Paris Agreement. This implies a commitment to the long-term goal of keeping the increase in global average temperature to well below 2°C compared to pre-industrial levels and to pursue efforts to limit the increase to 1.5°C. For the purpose of the TYNDP scenarios, this target has been translated by ENTSG and ENTSO-E into a carbon budget to stay below +1.5°C at the end of the century with a 66.7% probability<sup>40</sup>. The calculation of the carbon budget is based on the exchange with CAN Europe for the TYNDP 2020 Scenarios. It includes emissions and removals from agriculture and from LULUCF.

### Between 2018 and 2020, the EU already consumed 17% to 21% of its CO<sub>2</sub> budget left until 2100

In TYNDP 2020 ENTSG and ENTSO-E used an EU-28 carbon budget based on population for the period 2018–2100. For TYNDP 2022 ENTSG and ENTSO-E benchmark their scenarios against a carbon budget based on population, as well as a carbon budget based on equity<sup>41</sup>. To this end, the carbon budgets were recalculated, now considering the EU-27 scope and the historic emissions in 2018 and 2019. Table 1 provides an overview of the

<sup>39</sup> Carbon neutrality (or net zero) means having a balance between emitting carbon and absorbing carbon from the atmosphere in carbon sinks. Removing carbon oxide from the atmosphere and then storing it is known as carbon sequestration, for example through land use, land use change and forestry (LULUCF).

<sup>40</sup> <https://www.ipcc.ch/sr15/>

<sup>41</sup> The main approaches to define the European share in the global carbon budget are based on population or on equity. A methodology based on population assumes that all earth citizens are allowed to emit the same amount. A methodology based on equity assumes that developed nations should take responsibility for their high-carbon path to industrialisation during the 19th and 20th centuries. The calculation based on equity provides a lower carbon budget for the EU than a calculation based on population.

estimated carbon budget threshold following different methodologies. In 2018 and 2019 the EU already consumed a substantial part of the remaining carbon budget.

As a result, the remaining EU-27 carbon budget is 35.1 Gt CO<sub>2</sub>eq by population and 26.7 Gt CO<sub>2</sub>eq by equity.

Method	Based on population			Based on equity		
Period	2018–2100	2020–2100	Delta	2018–2100	2020–2100	Delta
EU-27	42.2	35.1	–17%	33.8	26.7	–21%
UK	6.2	5.3	–15%	4.7	3.8	–20%
EU-28	48.5	40.4	–17%	38.5	30.5	–21%

Table 1: Remaining carbon budget expressed in Gt of CO<sub>2</sub> equivalents

### Carbon budget overshoot before 2035 seems inevitable

The cumulative emissions of Distributed Energy and Global Ambitions have been assessed and benchmarked against aforementioned carbon budget thresholds. Figure 40 provides an overview. It can be concluded that with the current pace of annual GHG emissions, an overshoot of the calculated budget seems unavoidable. By 2022 it is expected that the EU-27 already consumed between 30 and 40% of the remaining carbon budget, depending on the calculation method. Despite the ambitious decarbonisation trajectories set in both the scenarios, the carbon budget based on population is reached around 2032. The budget based on equity is reached around 2027.

### Technologies to achieve negative emissions are essential to meet the COP 21 objectives

In Global Ambition the net cumulative emissions peaks around 2045. Renewable energy combined with CCS contributes to bending the curve and recovering from the carbon budget overshoot. Total cumulative emissions add up to 44.8 Gt by 2050, which means an overshoot of 9.7 Gt based on population and 18.0 Gt based on equity. Distributed Energy shows slightly higher cumulative emissions of 51.3 Gt, which represents an overshoot of between 16.2 and 24.5 Gt. This means that in both scenarios net negative emissions have to be achieved after 2050 to reach the 1.5°C target by 2100, with BECCS or direct air capture (DAC) technologies for example.

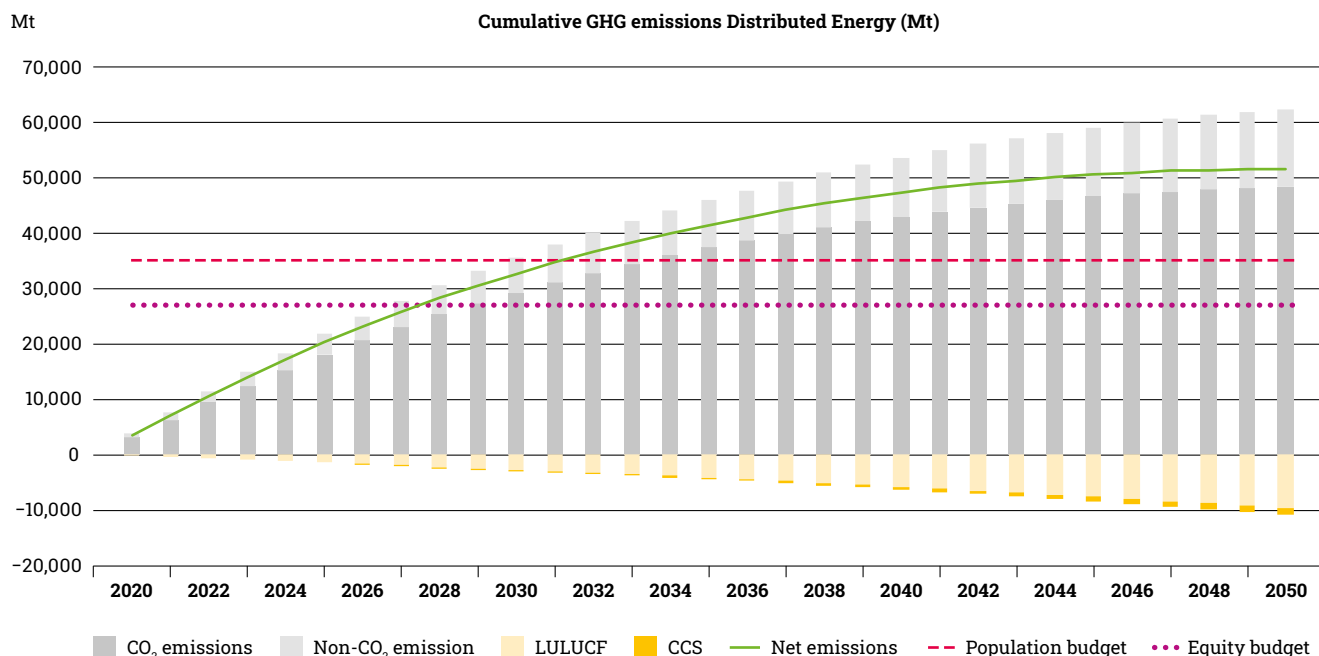


Figure 40.1: Cumulative emissions in the COP21 scenarios – Distributed Energy

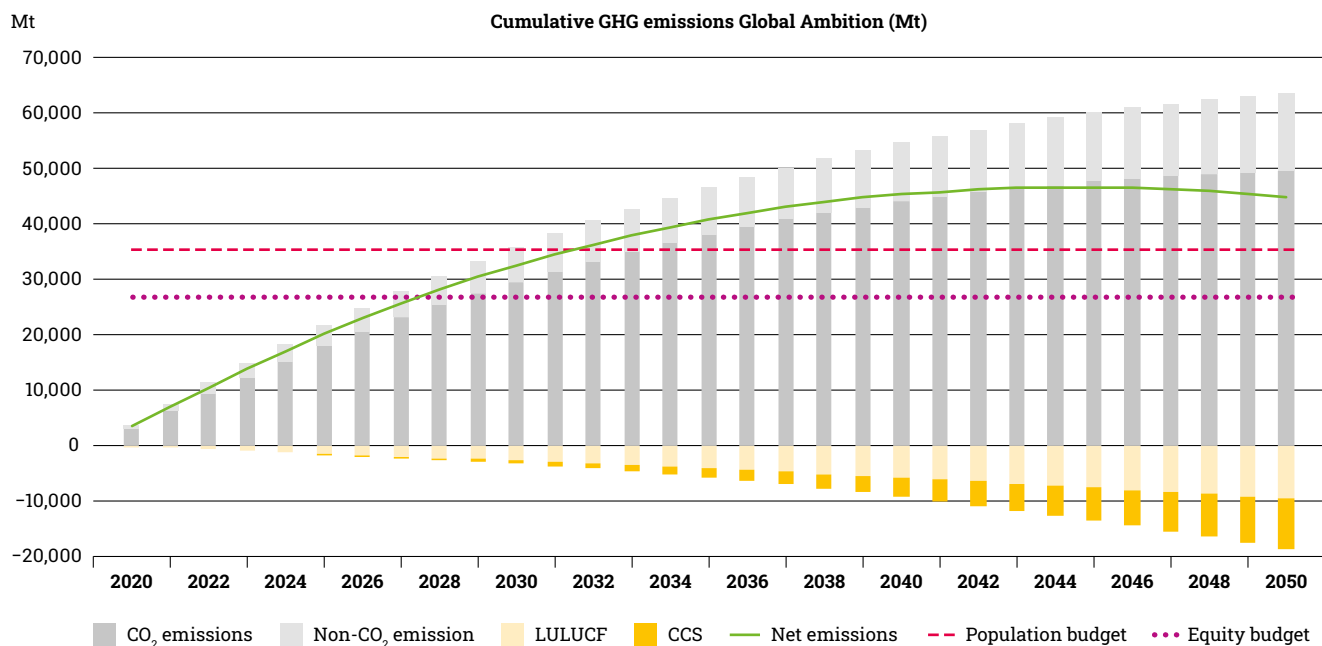


Figure 40.2: Cumulative emissions in the COP21 scenarios – Global Ambition

## 5.4.4 Carbon footprint of energy

### Electricity generation

Aiming at an earlier decarbonisation, emissions of the electricity sectors already strongly decrease to reach between 127 and 282 MtCO<sub>2</sub> in 2030 which is a decrease of at least 81 % and 64 % compared respectively to 1990 and 2018. In 2040 emissions of the COP21 scenario only represent 107 MtCO<sub>2</sub> for Distributed Energy and 81 MtCO<sub>2</sub> for Global Ambition.

The decarbonisation of flexible thermal power generation necessary to the reliability of the system is ensured by a switch from natural gas, coal and oil to biomethane, synthetic methane, and renewable and low-carbon hydrogen. Such an approach is more economic than capital intensive investments in CCU/S for power generation due to the decreasing number of running hours.

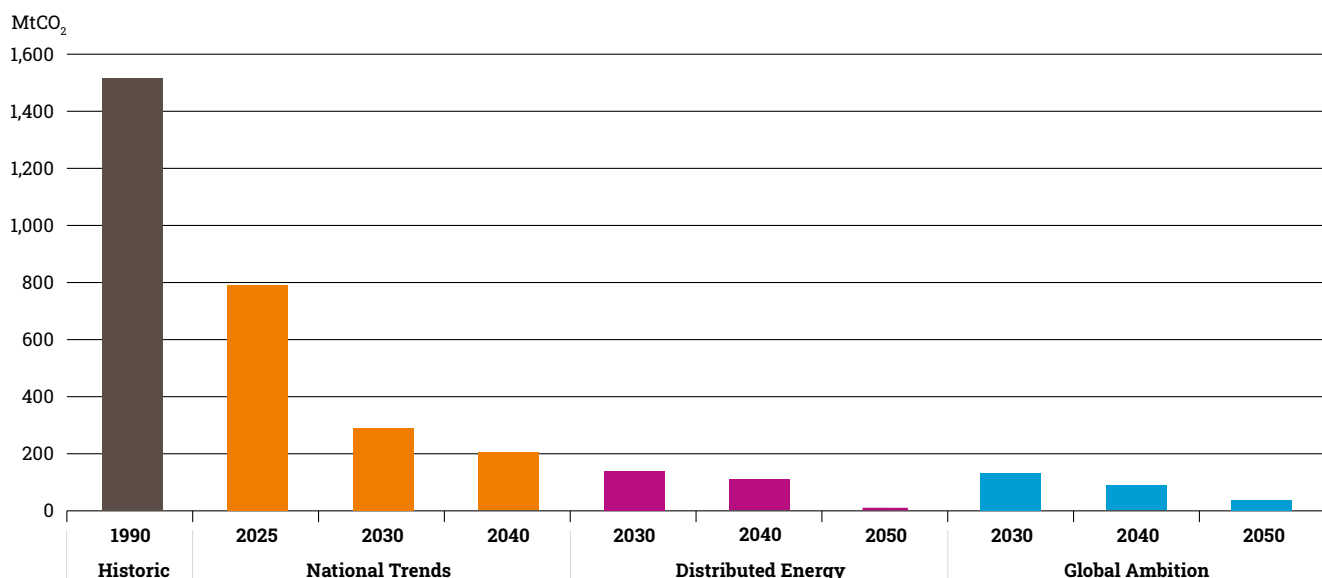


Figure 41: Emission of electricity generation for EU27 (Excluding dedicated RES for Power-to-Methane production (see. Configuration-5 in Scenario Building Guidelines))



It has to be noticed that such decrease occurs in parallel to a fast-growing power generation supporting both direct electrification and electrolysis-based fuels. As an illustration carbon intensity is halved between 2030 and 2040

moving from 37 to 20tCO<sub>2</sub>/MWh) for Distributed Energy, the most electrified scenario. In 2050, carbon intensity of electricity is negligible with only 1 gCO<sub>2</sub>/kWh for Distributed Energy and 6 gCO<sub>2</sub>/kWh for Global Ambition.

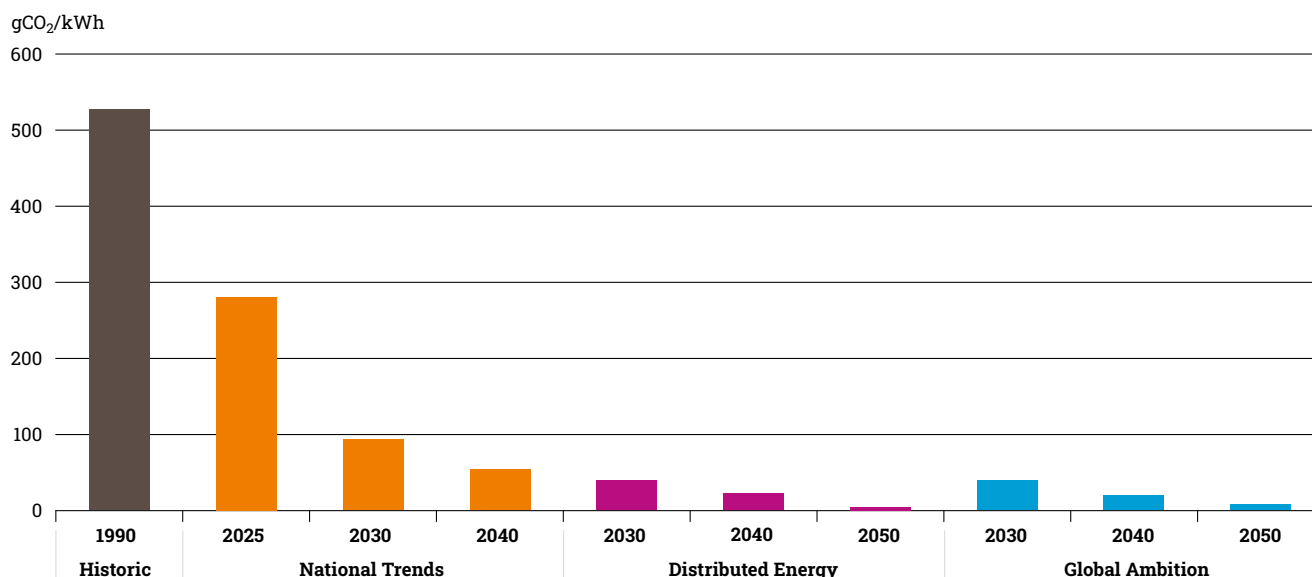


Figure 42: Carbon intensity of power generation for EU27 (idem)

Electrolysers are supplied both by dedicated RES and the electricity market. When the first source ensures a carbon free production of synthetic fuels, electrolysis from the market may still be based on carbon emitting sources. As the electricity and hydrogen system is price-driven, the

model avoids running electrolyser if it triggers fossil power generation. Nevertheless, some must-run constraints up to 2030, minimum operation of CHP, hydrogen supply and demand requirement may result in electrolyser operating on few hours with a low carbon content. Such a situation



may be considered as being favourable to the reach of carbon neutrality if the alternative would be more carbon intensive.

### Hydrogen

Pure hydrogen contains no carbon and produces water when burned with oxygen, making it a fully carbon free energy carrier. It can replace methane in almost all applications where it is used for its energy, not as a feedstock, and is an acknowledged candidate to decarbonise energy intensive sectors. Furthermore, the hydrogen production potential in the EU is rather significant since it can be produced in various ways. However, not all production technologies are equivalent in terms of CO<sub>2</sub> emissions and hydrogen can either be:

- as carbon intensive as methane if directly produced from Steam Methane Reforming (SMR) or Autothermal reforming (ATR),

- low-carbon content if it is produced from SRM/ATR with carbon capture and storage (CCS) with a current CO<sub>2</sub> capture rate of 90%,
- carbon neutral if produced from renewable or nuclear electricity and electrolysis,
- carbon negative if produced from renewable biomethane associated with CCS (BECCS for Bio Energy + CCS)

The model used by the ENTSG and ENTSO-E is built to minimize the overall system cost (including CO<sub>2</sub> emission cost). As a result, some carbon-emitting plants may be in operation at the same time as electrolyzers preventing a zero carbon footprint of hydrogen production. In 2050, electrolysis-based hydrogen will have only a marginal carbon footprint around 1 gCO<sub>2</sub>/kWh for Distributed Energy and around 8 gCO<sub>2</sub>/kWh for Global Ambition. In addition, the following graph illustrates the fact that solar and wind increase far exceed the need to replace fossil fuels. It ensures that the additive principle of parallel RES and electrolysis development can be met.

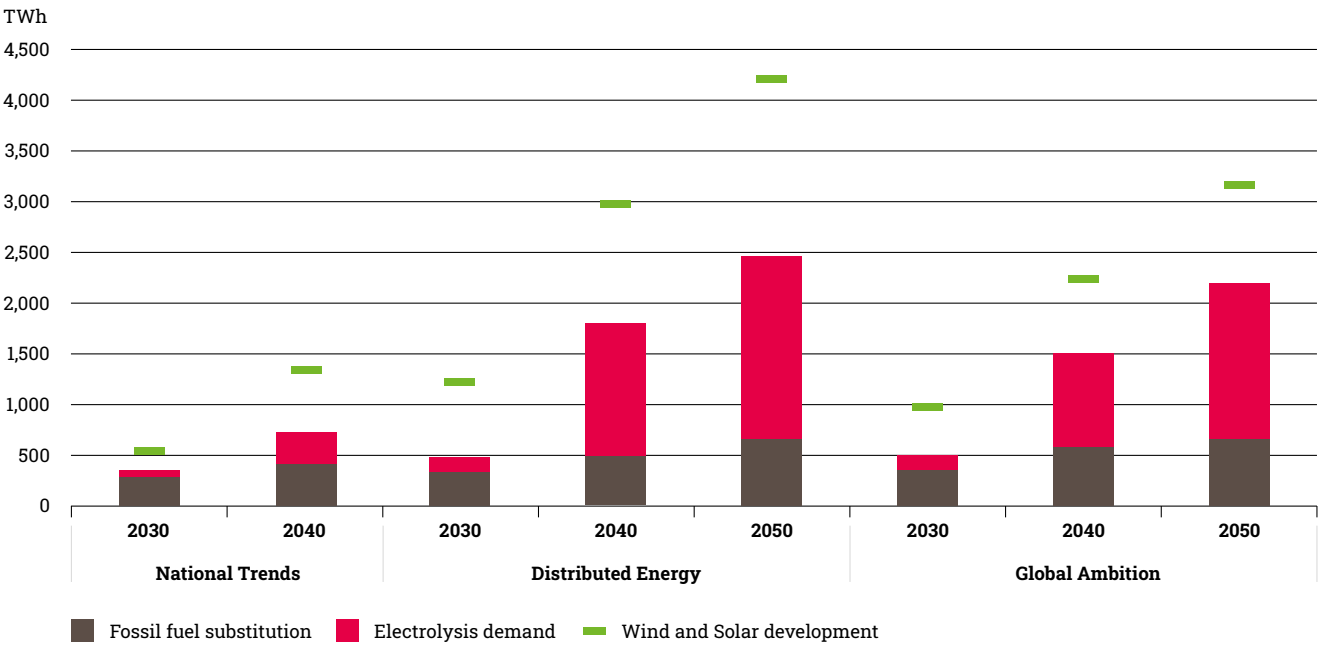


Figure 43: Evolution of electricity demand for electrolysis compared to RES development



# 6

## The cost of electricity

The cost of electricity covers different concepts:

- the short run marginal price at a given time step (usually one hour or less) pictures the balance between demand and production. It represents the price of the last unit to be activated in the merit order at that time in a particular bidding zone;
- the levelised costs of electricity (LCOE) covering the overall system costs (CAPEX and OPEX as well as fuel and CO<sub>2</sub> prices).

The energy transition will impact both due to the building of significant wind and solar capacity forming the bulk of future electricity generation and the strong increase of CO<sub>2</sub> price impacting remaining fossil thermal generation. The definition of TYNDP scenarios is based on a system perspective looking at the minimisation of the overall system cost. The evolution of wind, solar and thermal capacity follows an energy only approach.

It has to be noticed that the following analysis does not intend to forecast the evolution of electricity price for the end consumers along the scenario pathways. It aims at illustrating how some components such as marginal price and LCOE will evolve along the time.

### Marginal prices

Today the marginal price is set by thermal units for most of the hours of the year. Prices range according to a merit order based on the efficiency, fuel cost and carbon price of power generation. Compared to previous edition, a higher CO<sub>2</sub> cost assumption has induced a rise in marginal prices of all scenarios. In some markets, zero or negative marginal prices may appear due to oversupply that cannot be stored or transported to another markets. By offering new and flexible opportunity to use electricity, sector coupling reduces the occurrence of such price situations.

With the expected development of wind and solar, the shape of the marginal price curve across the year is likely to change with more hours at very low prices induced by RES

either directly or through storage discharge. When residual demand (final electricity demand reduced by variable RES production) will remain high, marginal prices are likely to increase compared to nowadays as fuel and CO<sub>2</sub> prices will be higher. As a result, the volatility of marginal electricity price throughout the year may be higher than today.

The development of electrolysis for the production of synthetic fuels (hydrogen, e-gas and e-liquids) will link the price of electricity with those of other sources of molecules. At the same time the increase of marginal prices triggered by electrolysis demand will create an incentive for the development of additional RES capacity.

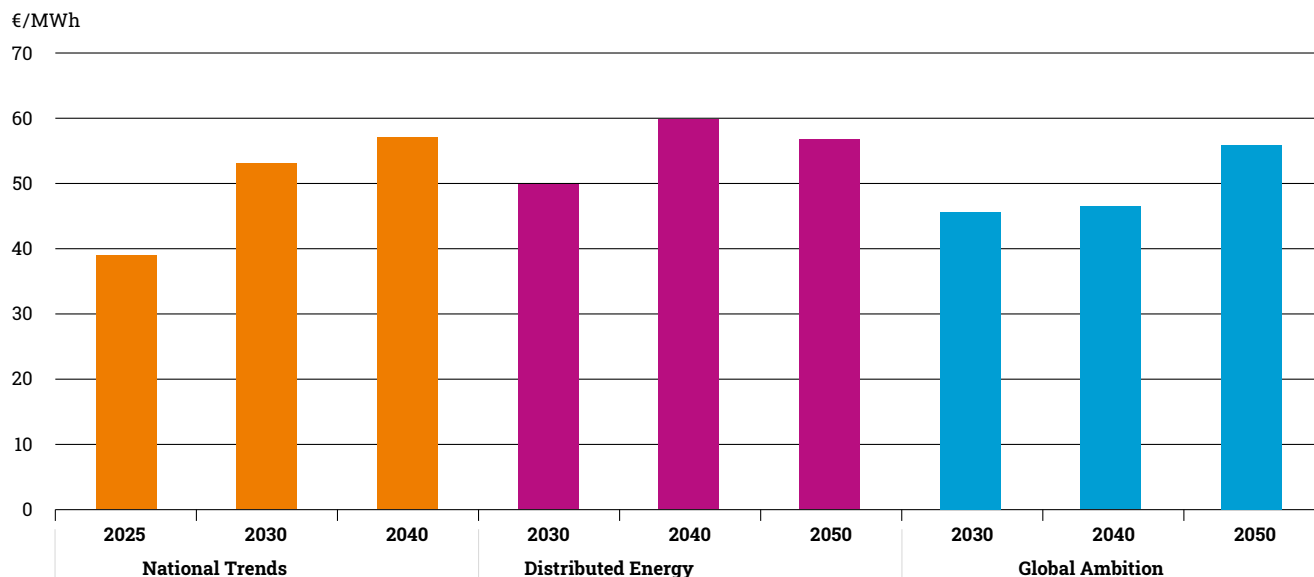


Figure 44: Marginal price in the electricity market (EU27 marginal price is built as the weighted average of hourly marginal price for each hour and bidding zone based using hourly electricity generation as a weight)

### Levelised cost of electricity

The concept of LCOE has been used for many years to compare the cost between electricity sources. It enables an easy comparison of unit costs between technologies by combining CAPEX, OPEX and load factor on the economic lifetime of the asset.

In a system where most of the generation is ensured by flexible thermal units, LCOE is a meaningful criterion as the integration of wind and solar does not trigger massive adaptation of the system to accommodate their variability. In fact, such technologies continue to develop despite decreasing incentive schemes as they are becoming mature. In many cases their LCOE are already significantly lower compared to low carbon equivalent (e.g., CCGTs with CCS) and soon with unabated fossil thermal units due to an increasing CO<sub>2</sub> price.

When building scenarios aiming at climate neutrality in 2050, the very high penetration rate reached by wind and solar beyond 2030 changes the operation of the electricity system. Flexibility and other services offered today by thermal units will have to be provided by other technologies in order to ensure a reliable operation of the system every

hour of the year. As a result, LCOE becomes a less relevant criteria to compare renewable and other investment options of very different nature as generation, flexibility and grid. For this reason, the investment model used to build Distributed Energy and Global Ambition scenarios relies on all CAPEX and OPEX of investment candidates together with fuel and CO<sub>2</sub> prices for a reliable electricity system. It ensures that the CAPEX and fixed costs of a technology are recovered over the economic/technical lifetime of the investment also taking into account the value of lost load. The Scenario Building Guidelines provide an overview of the investment CAPEX and fixed cost assumptions for each of the technologies considered by the scenario building process.

The investment model selects the investment candidates ensuring the minimisation of the overall system cost for the whole geographic perimeter. It also prevents over-investment in a particular technology, such as solar PV, as their similar generation profiles reduce the marginal price on sunny hours, so that further investment is not economically viable. Flexibility options such as batteries and interconnection benefit from higher marginal price by delivering later (through storage) or in another bidding zone (through interconnection).

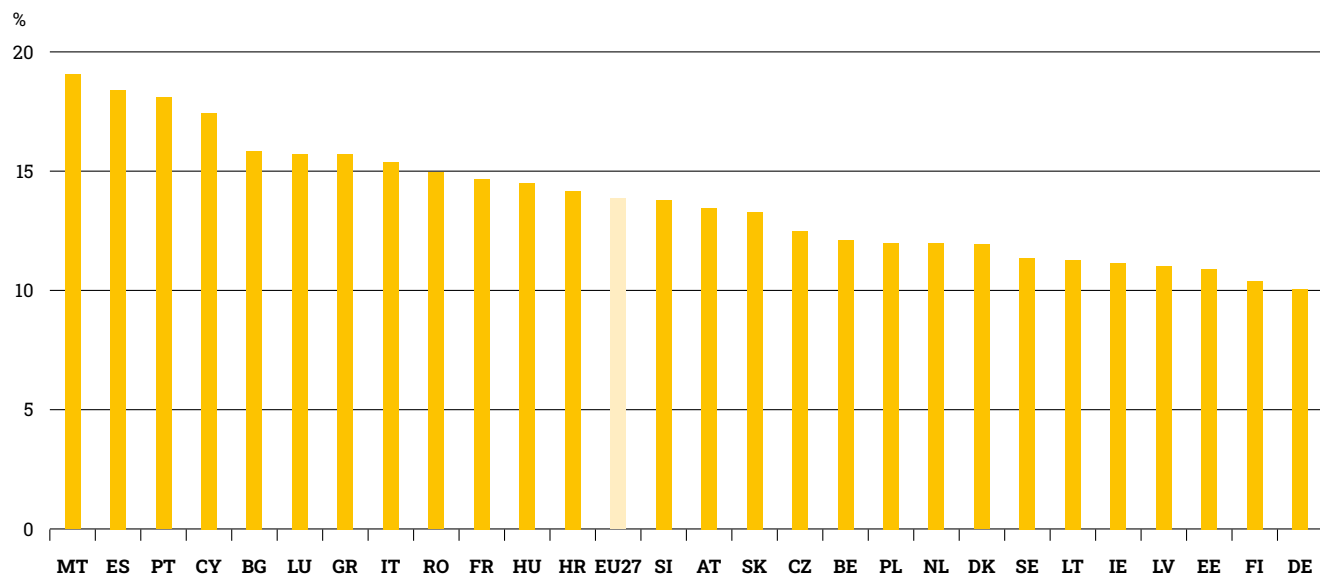


Figure 45: Solar PV load factor for the Climatic year 2009 – Distributed Energy 2040

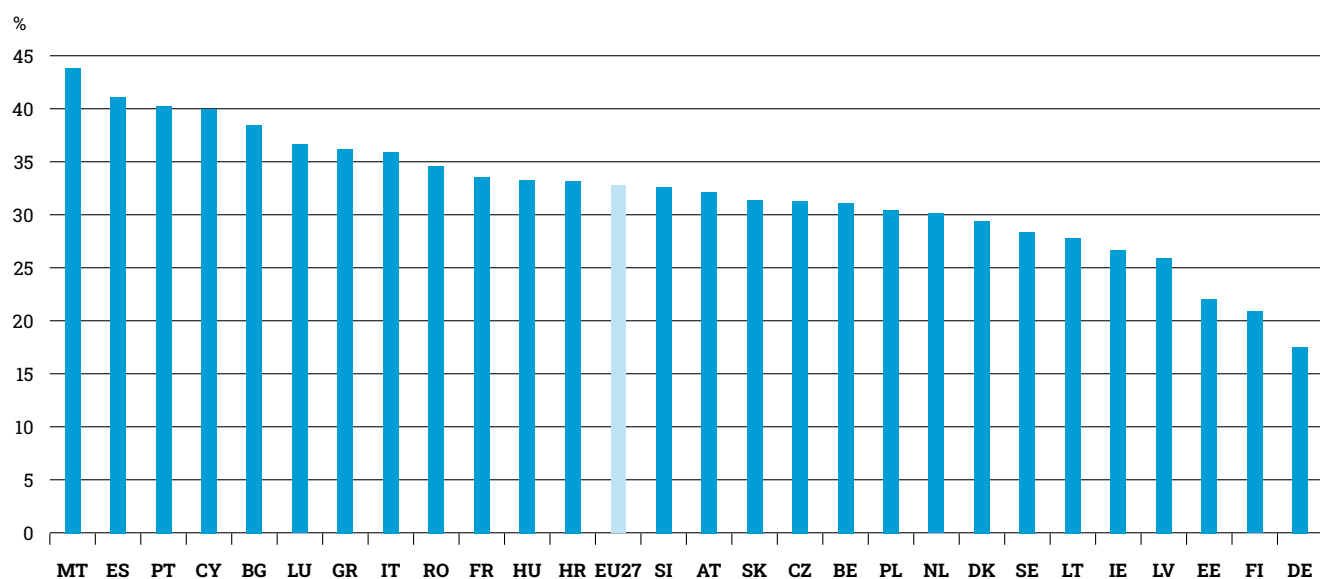


Figure 46: Onshore wind load factor for the Climatic year 2009 – Distributed Energy 2040

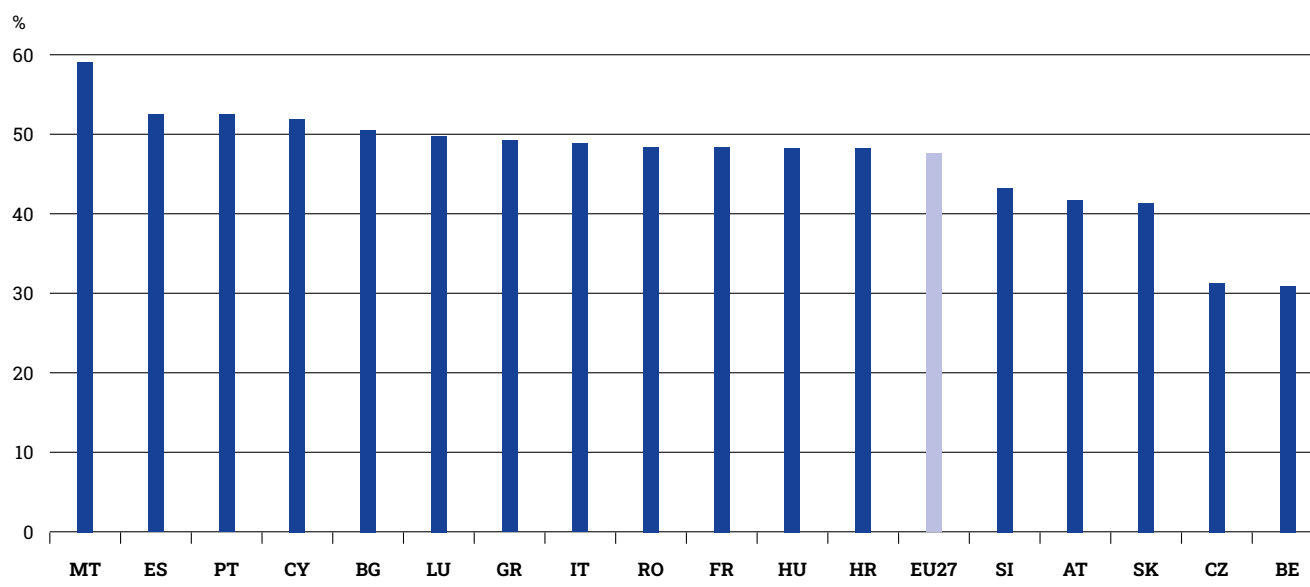


Figure 47: Offshore wind load factor for the Climatic year 2009 – Distributed Energy 2040

While LCOE may no longer fit the purpose of comparing investment candidates within a wide range of technologies, it is still useful to compare the location for a given technology as it takes into account resource availability both in a geographical and climatic sense.

The cost of technology for residential PV is stable across Europe however its load factor is wholly dependent on the geographical location. For example, solar PV average load factor is 18% in Spain and only 10% in Finland. Based on cost assumption for Distributed Energy in 2050, it results in a LCOE of ~14 €/MWh in Spain compared to ~26 €/MWh in Finland.

With competitive RES, the decision on building new conventional thermal plants will be increasingly driven by the flexibility need of the electricity system rather than delivering energy across the year. Their role will be to meet the residual demand and ensure national and regional security of supply through interconnections. The choice between cheaper units (e.g., OCGT) and more sophisticated, expensive and efficient units (e.g. CCGT) will depend on the number of running hours required to balance the system and the price of low carbon equivalents to present fossil

fuels. These technologies will also need to compete against other forms of flexibility, such as interconnectors, demand side response, batteries and hydrogen storage.

Nuclear is a specific technology as the choice to build new units not only depends on the economics of the facility but also on political and industrial decision considering the overall value chain. As a result, the development of new capacity is an input to the scenarios with no new units in Distributed Energy while Global Ambition follows a trend set by high trajectories from the relevant TSOs of countries anticipating new nuclear. Therefore, nuclear generation is only influencing the marginal prices of the scenarios.

As a result, the comparison of economic competitiveness of new power generation units could be clustered in two groups:

- Wind and solar as the main electricity source in terms of energy delivered on annual basis;
- Thermal generation as a source of flexibility on the generation side (in competition with other flexibility options such as batteries, DSM or interconnections).



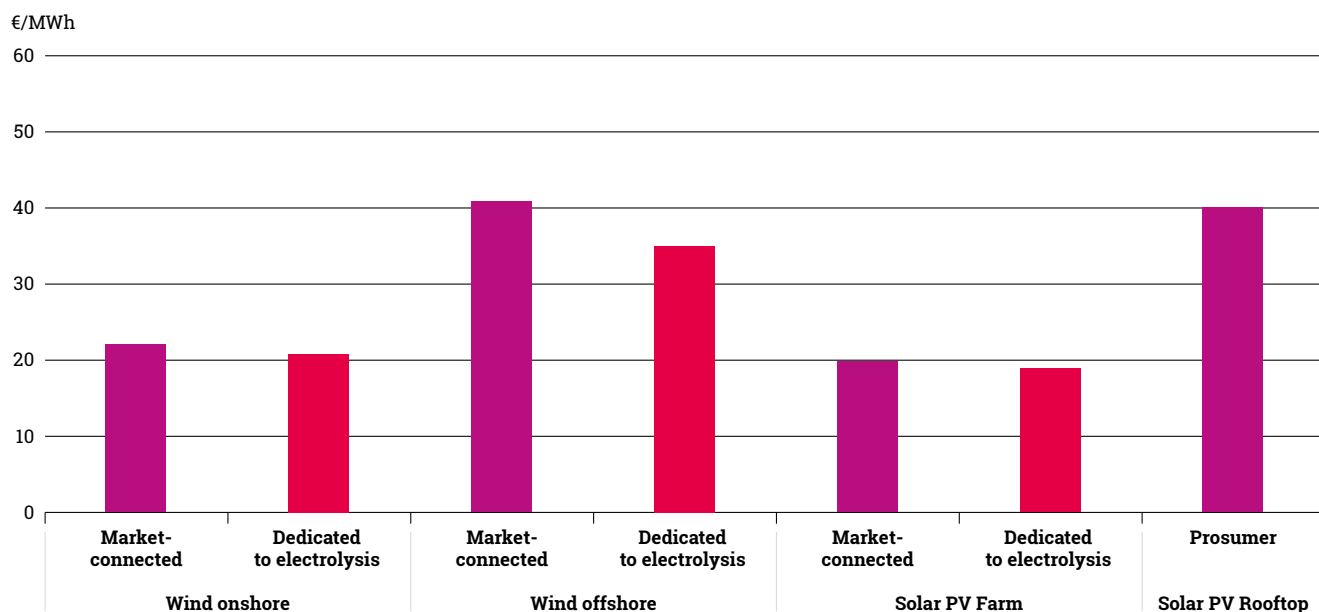


Figure 48: LCOE of wind and solar under different configurations – Distributed Energy 2040

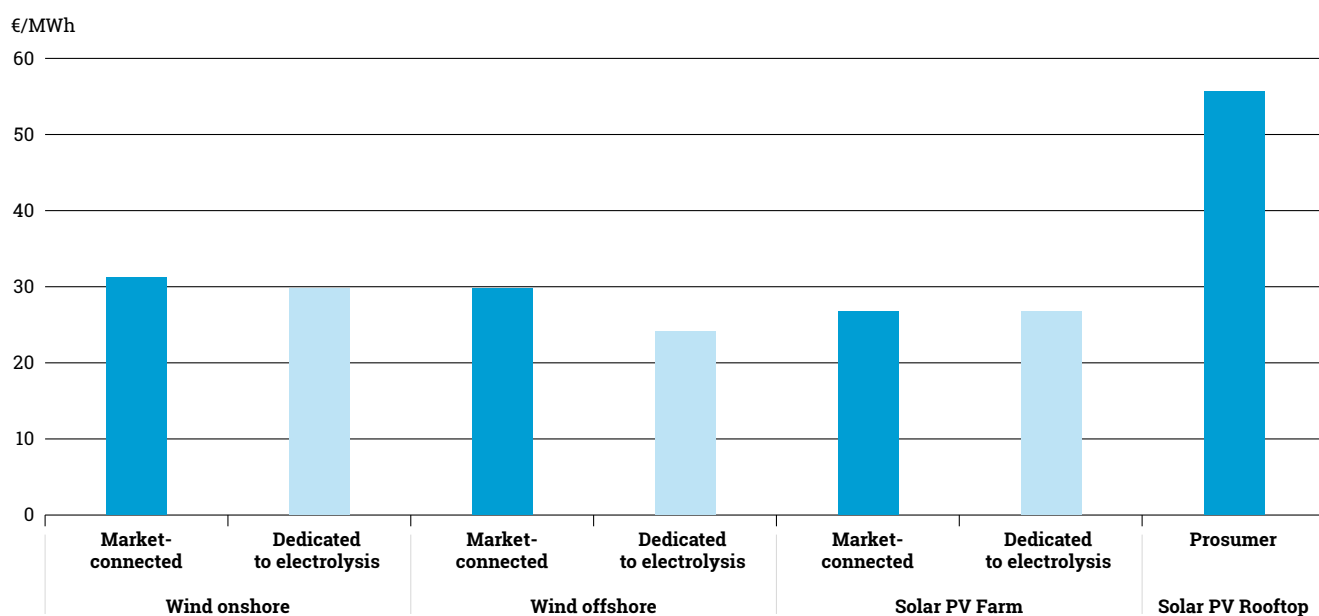


Figure 49: LCOE of wind and solar in different configurations – Global Ambition 2040

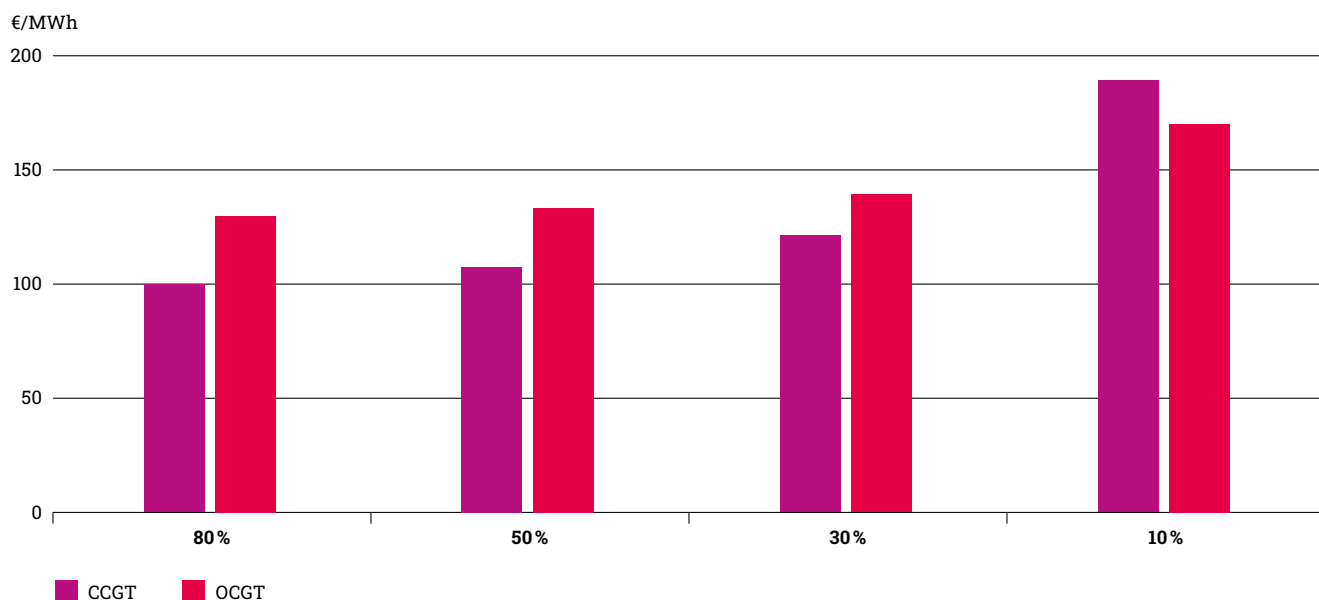


Figure 50: LCOE of flexible methane generation under different load factors – Distributed Energy 2040 (Fuel cost is based on a 57%/30%/13% mix between natural gas, biomethane and synthetic methane with a CO<sub>2</sub> cost of 123 €/t CO<sub>2</sub>. LCOE are very similar for Global Ambition.)

The previous graphs illustrate the cost assumed for wind and solar in each scenario based on their driver and the grid connection saving for RES dedicated to electrolysis<sup>42</sup>. As a comparison with National Trends, the cost decrease focuses on:

- Solar PV and onshore wind in Distributed Energy is linked to the development of prosumer behaviour and decentralised focus;

- Wind offshore in Global Ambition linked to the development of large-scale RES solution.

The graphs also show the impact of running hours on the choice of flexible thermal generation. The increasing cost of fuels and CO<sub>2</sub> result in a premium for most efficient units with OCGT becoming competitive against CCGT for load factors between 10% and 30%.

42 [https://ens.dk/sites/ens.dk/files/Statistik/technology\\_data\\_catalogue\\_for\\_el\\_and\\_dh\\_-\\_0009.pdf](https://ens.dk/sites/ens.dk/files/Statistik/technology_data_catalogue_for_el_and_dh_-_0009.pdf)



# 7

## Benchmarking

While developing the TYNDP 2022 scenarios, ENTSOG and ENTSO-E make use and benchmark against relevant external studies as captured in the technologies ranges of the Final Storyline report published in April 2021. The purpose of the exercise is to understand whether or not the input assumptions and methodologies that ENTSOG and ENTSO-E employ result in credible and plausible outcomes compared to other expert opinions and methods.

As part of their internal quality process for scenario building, ENTSOG and ENTSO-E have compared the TYNDP 2022 Scenarios to the European Commission's Impact Assessment Scenarios "Stepping up Europe's 2030 climate ambition" published in September 2020<sup>43</sup>. Such

comparison is key to ensure that the selection of Project of Common Interest is built upon scenarios consistent with European Commission policy scenarios. Furthermore, the TYNDP 2022 scenarios are compared with the previous TYNDP 2020. This chapter provides comparisons for a variety of topics and parameters. All comparisons consider EU-27 results by sector and energy vector for 2050.

TYNDP 2022 and EC Impact Assessment scenarios refer to EU27 and take into account the shipping sector and ambient heat. Draft COP21 scenarios have been included in the benchmark to provide transparency on the scenario evolution following the public consultation<sup>44</sup>.

<sup>43</sup> Comparisons are made with REG and CPRICE, which are the scenarios with the lowest and highest energy demand respectively.

<sup>44</sup> The comparisons with the TYNDP 2020 edition, which was provided in the draft scenario report, is still available in the Excel found in the download section of the scenario website

## 7.1 Final energy demand

2050 final energy demand (excluding non-energy use) from TYNDP 2022 COP21 scenarios is compared with the TYNDP 2022 draft scenarios and the EC Impact Assessment CPRICE and REG scenarios.

For the benchmark with the EC Impact Assessment scenarios the COP21 TYNDP 2022 scenarios include international transport and ambient heat demand. Whereas

Agriculture and Other demand is included in Residential & Tertiary category.

Global Ambition and Distributed Energy show a strong alignment in Final energy demand with EC Impact Assessment in 2050. Differences between Global Ambition and CPRICE and between Distributed Energy and REG scenarios is around 3%<sup>45</sup>.

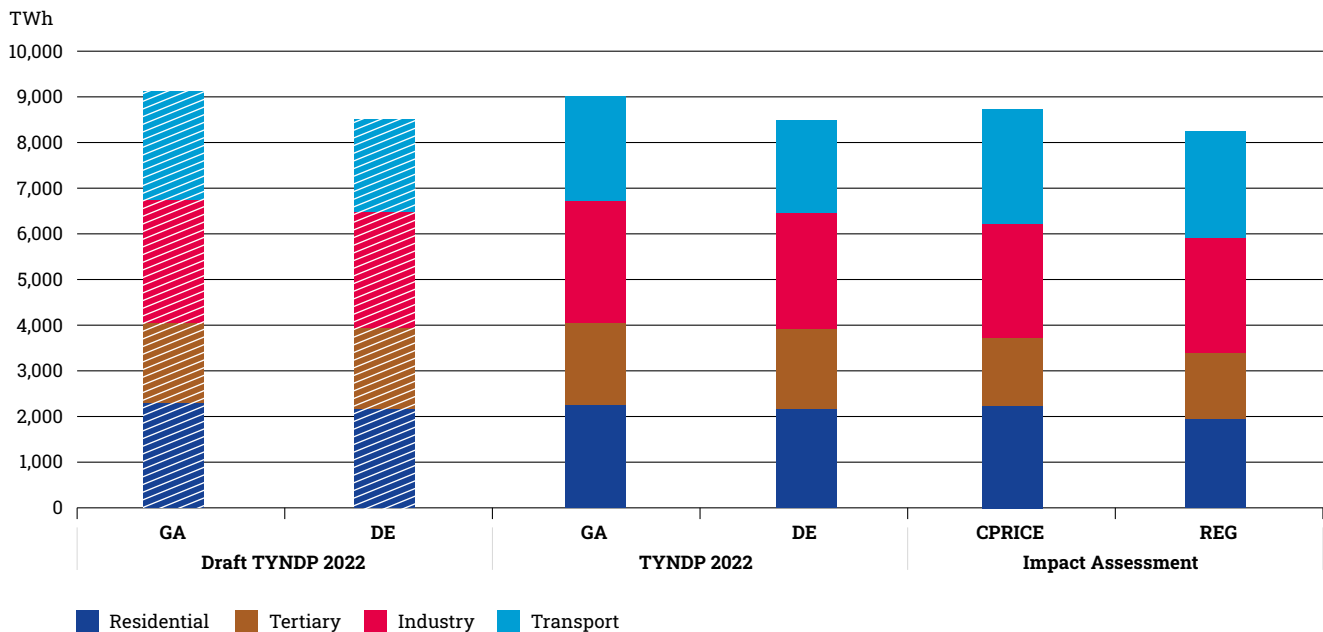


Figure 51: Final energy demand benchmark for EU27

## 7.2 Final electricity demand

Final electricity demand from TYNDP 2022 COP21 scenarios is compared with the TYNDP 2022 draft scenarios and with the EC Impact Assessment CPRICE and REG scenarios.

The Global Ambition scenario is aligned with the Commission's CPRICE scenario, showing both a direct electrification<sup>46</sup> rate around 42%. Distributed Energy scenario is a bit more ambitious than the Commission's REG scenario (52%<sup>47</sup> vs 46% share).

<sup>45</sup> Around 4 % for the Draft COP21 scenarios

<sup>46</sup> As the ratio between final electricity demand and final energy demand for energy use including aviation and shipping but excluding ambient heat from the heat pumps. Ambient heat has been excluded in order to ease comparison with other studies.

<sup>47</sup> Around 49 % in Draft Distributed Energy

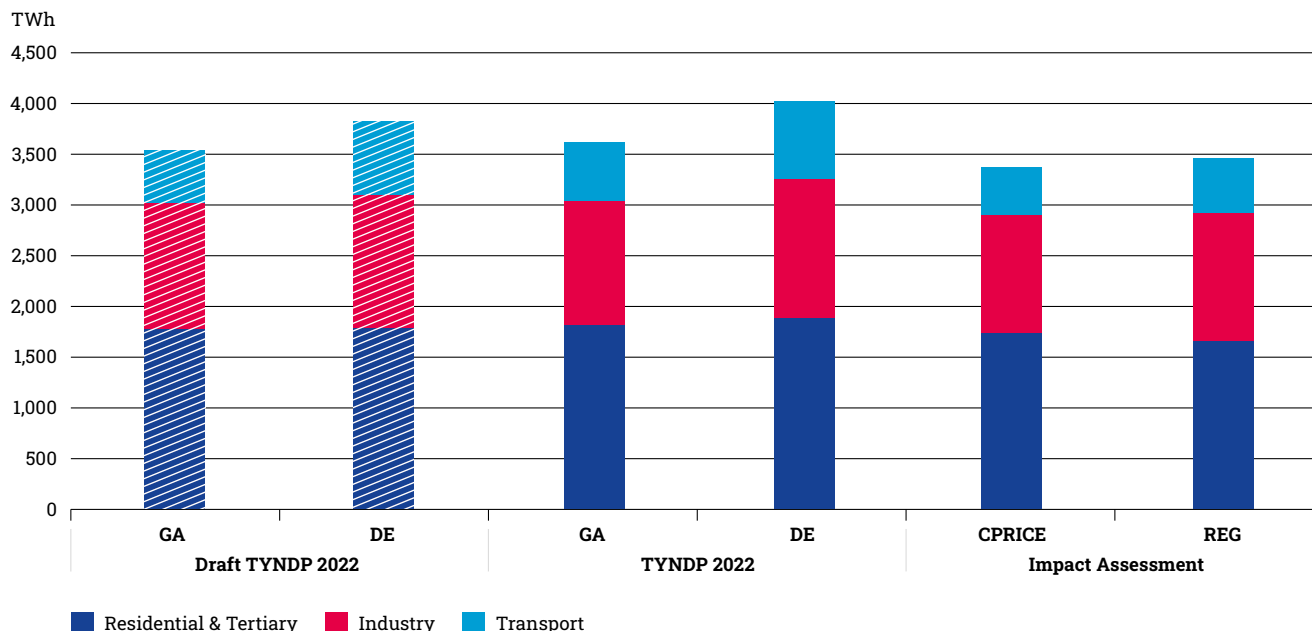


Figure 52: Benchmark electricity demand in 2050 for EU27

Distributed Energy scenario has a higher electricity consumption than the Commission's scenarios (16 % higher than REG) and Global Ambition scenario remains closer

to the Commission's CPRICE scenario (lower than 8 % difference).

## 7.3 Electricity generation

In 2050, the COP21 scenarios consider a strong increase of both final electricity demand and electrolysis. By that time horizon, there will be no more fossil-based power

generation. It means a redesign of the power generation mix with scenario dependent options being among wind and solar technologies or nuclear.

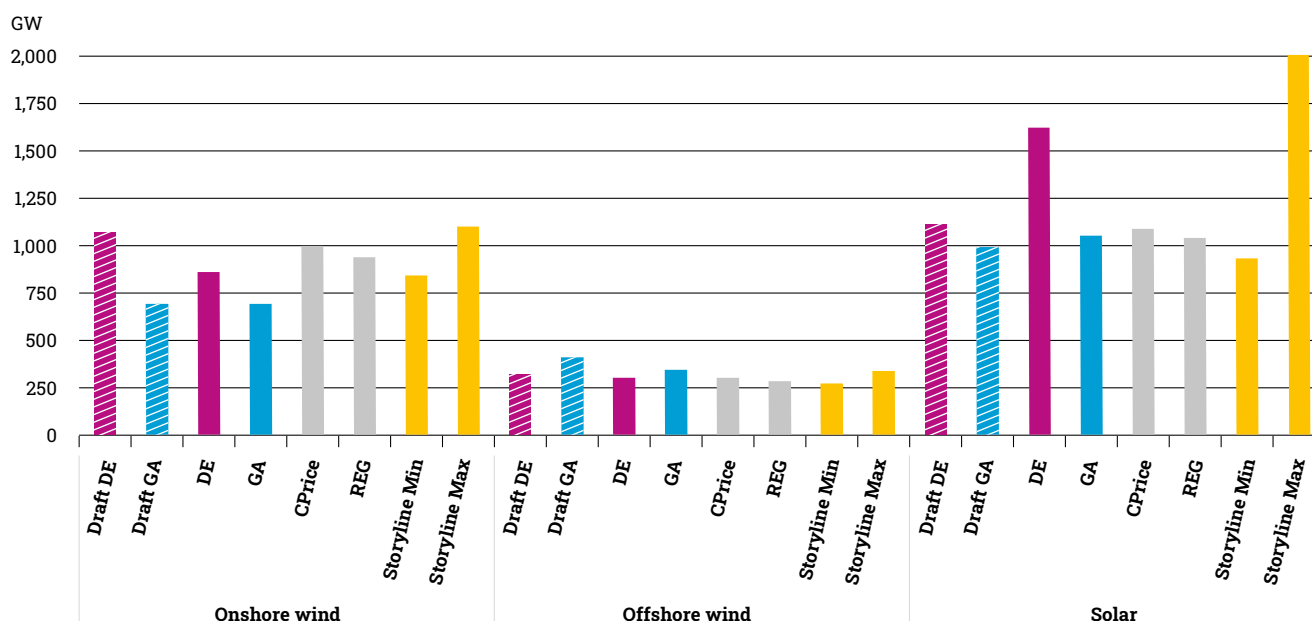


Figure 53: Benchmark of RES technologies in 2050 for EU27



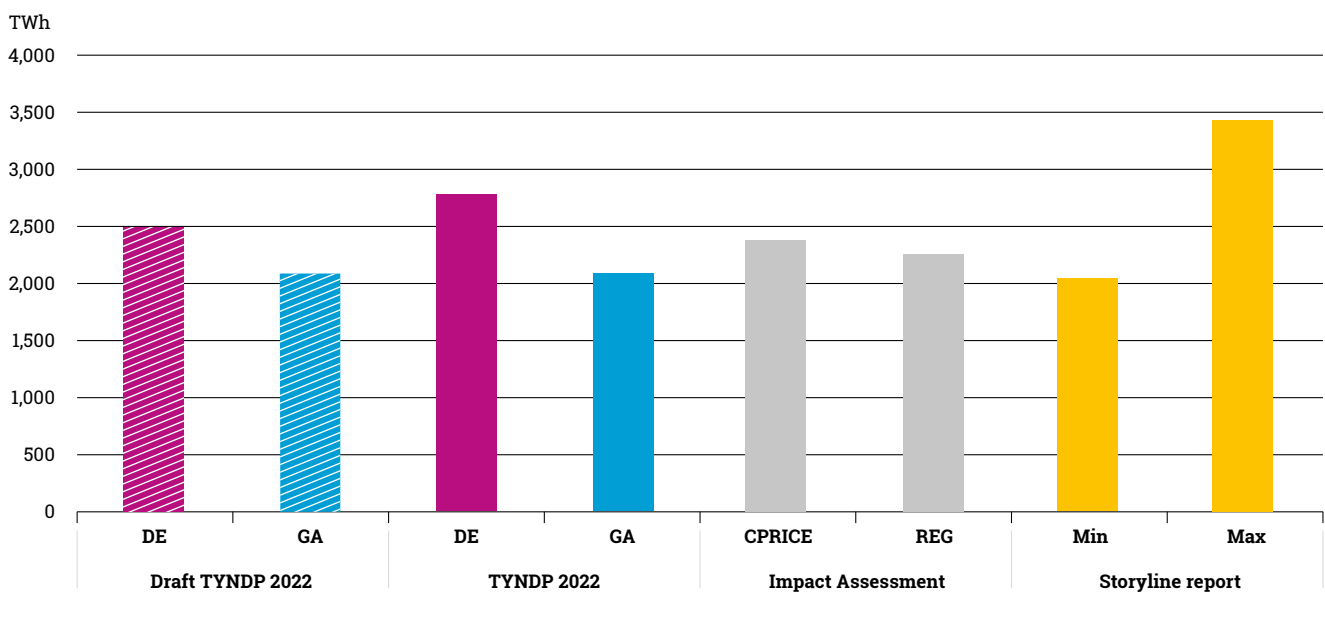


Figure 54: Benchmark of the overall level of wind and Solar PV capacity in 2050 for EU27

In line with its storyline, Distributed Energy strongly focuses on solar which capacity exceeds by 59 % REG scenario level. It is close to the EC scenario for offshore and onshore wind (+6 % and -8 %). The overall wind and solar capacity is 24 % above REG scenario level as the COP21 scenario does not foresee the building of new nuclear reactors which is a distinction from the EC scenario.

In line with its storyline, Global Ambition focuses on offshore wind which capacity exceeds by 14 % CPRICE scenario level. It is close to EC scenario for solar (-3 %) but significantly lower for onshore wind (-30 %). The overall wind and solar capacity is 12 % below CPRICE scenario level as the COP21 scenario requires lower power generation. Such a situation derives from the import of hydrogen and synthetic fuels lowering the need of European based electrolysis compared to CPRICE scenario.





## 7.4 Gas supply

### 7.4.1 Methane supply

#### A more limited and more decarbonised methane supply

In 2050, the COP 21 scenarios consider an increasing hydrogen demand and as methane decarbonisation is not the main source of hydrogen production, both Distributed Energy and Global Ambition show a reduction in the overall methane supply. The TYNDP 2022 scenarios are substantially lower in methane supply than the EC Impact Assessment, in particular due to the lower natural gas imports and synthetic methane.

In Distributed Energy natural gas is almost completely phased out by 2050 and Global Ambition considers about 300 TWh of natural gas supply, which is primarily imported. The quantities of renewable methane in TYNDP 2022 scenarios are a bit higher than the EC Impact Assessment scenarios.

The methane demand in the updated Distributed Energy is a bit higher than in the draft scenarios. This is caused by a slightly higher methane demand, in particular for power generation. In Global Ambition the total production of methane is similar as in the draft, however the share of natural gas is reduced.

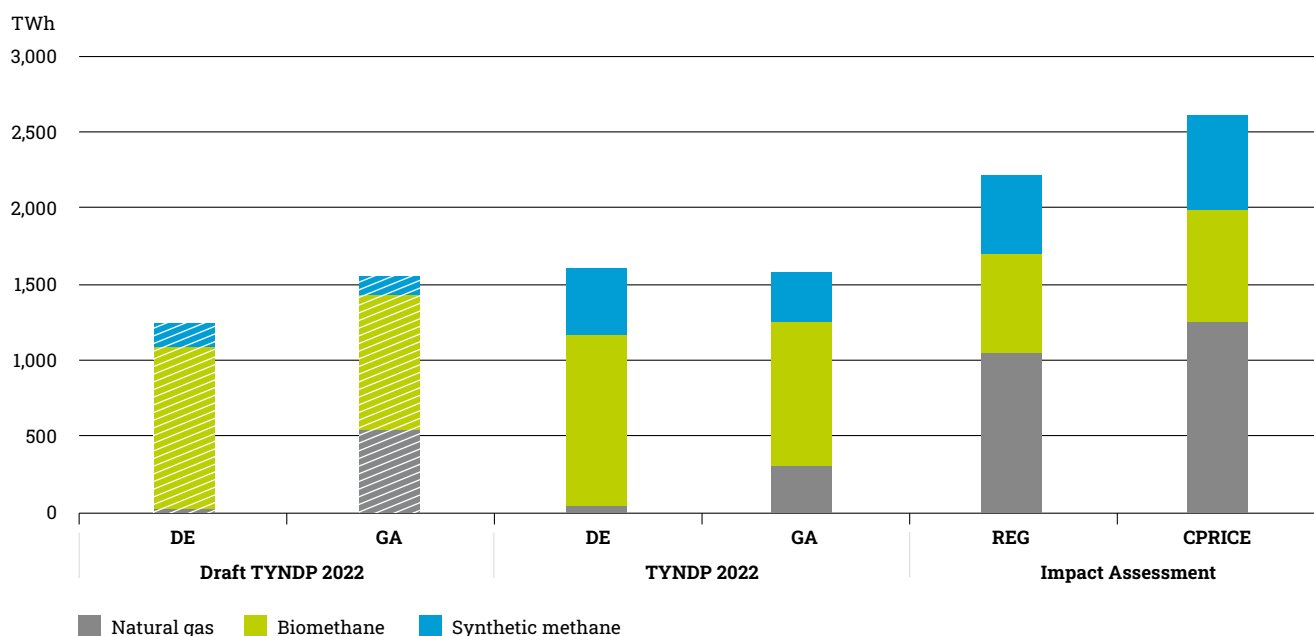


Figure 55: Methane supply benchmark for EU27

## 7.4.2 Hydrogen supply

### Hydrogen supply transformation: from carbon emitting feedstock to fully decarbonised energy carrier

By 2050, both COP 21 scenarios consider exclusively renewable or decarbonised hydrogen supply. Methane conversion into low carbon hydrogen through SMR/ATR combined with CCS has a minor role in Global Ambition and has fully disappeared in Distributed Energy. It leaves the possibility to use decarbonisation technologies with renewable methane to produce carbon negative hydrogen.

Global Ambition considers hydrogen supply levels comparable to the EC Impact Assessment and Distributed Energy rather lower levels as a consequence of higher electrification and reduced final energy demand due to higher energy efficiency assumptions. However, both scenarios consider a need for imports to complement the EU production to satisfy the demand. As a result the hydrogen supply mix differs from the EC scenarios.

Both Distributed Energy and Global Ambition foresee lower electrolysis production than the Impact Assessment. Also, the application of the produced green hydrogen is different. The TYNDP 2022 scenarios foresee a lower amount of electrolysis production for e-gas and e-liquids than in the Impact Assessment. Instead, the TYNDP 2022 scenarios focus more on electrolysis for meeting direct hydrogen demand, which is more efficient as it avoids additional conversion losses.

Compared to the draft scenarios for TYNDP 2022, the updated version includes more electrolysis for synthetic methane and liquids production, as requested by stakeholders in the public consultation.

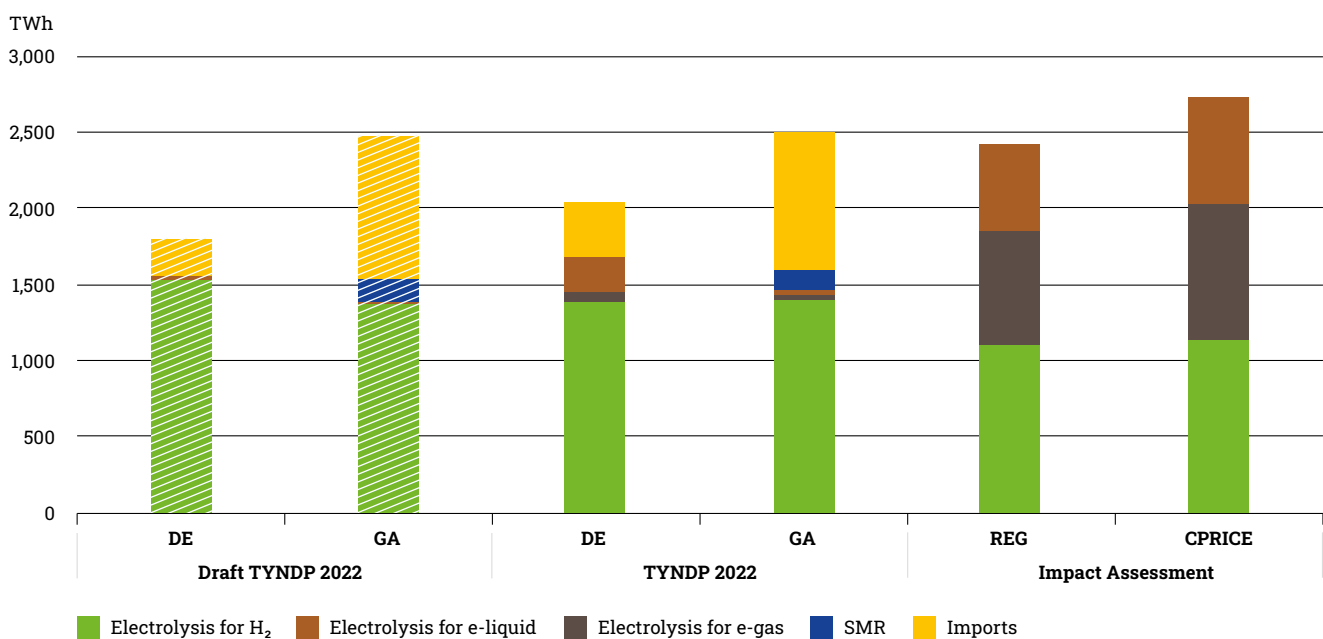


Figure 56: Hydrogen supply benchmark for EU27

## 7.5 Biomass supply

As discussed in chapter 5.2.2, the TYNDP 2022 scenarios foresee the use of biomass for several applications, e.g. in power generation or in biomethane production. In order to ensure that the scenarios do not overestimate the biomass potential available to these applications, ENTSOG and ENTSO-E benchmark the biomass supply against other studies.

Figure 57 provides a comparison of the TYNDP 2022 biomass supply assumptions against the draft TYNDP scenarios and the EC Impact Assessment. Compared to the draft scenarios for TYNDP 2022, the biomass supply was reduced following stakeholder feedback, in particular in Distributed Energy. Both TYNDP 2022 scenarios are now below the level observed in the EC Impact Assessment scenarios.

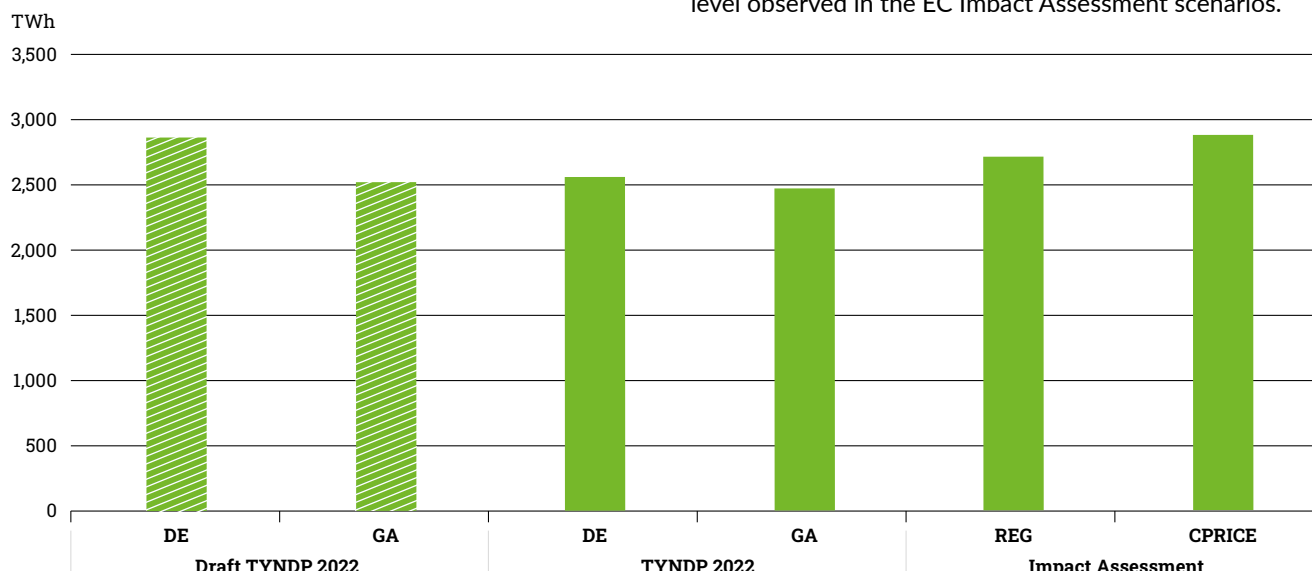


Figure 57: Biomass supply benchmark for EU27

## 7.6 Energy imports

Figure 58 compares the TYNDP 2022 assumptions on energy imports in 2050 with draft scenarios and the EC Impact Assessment.

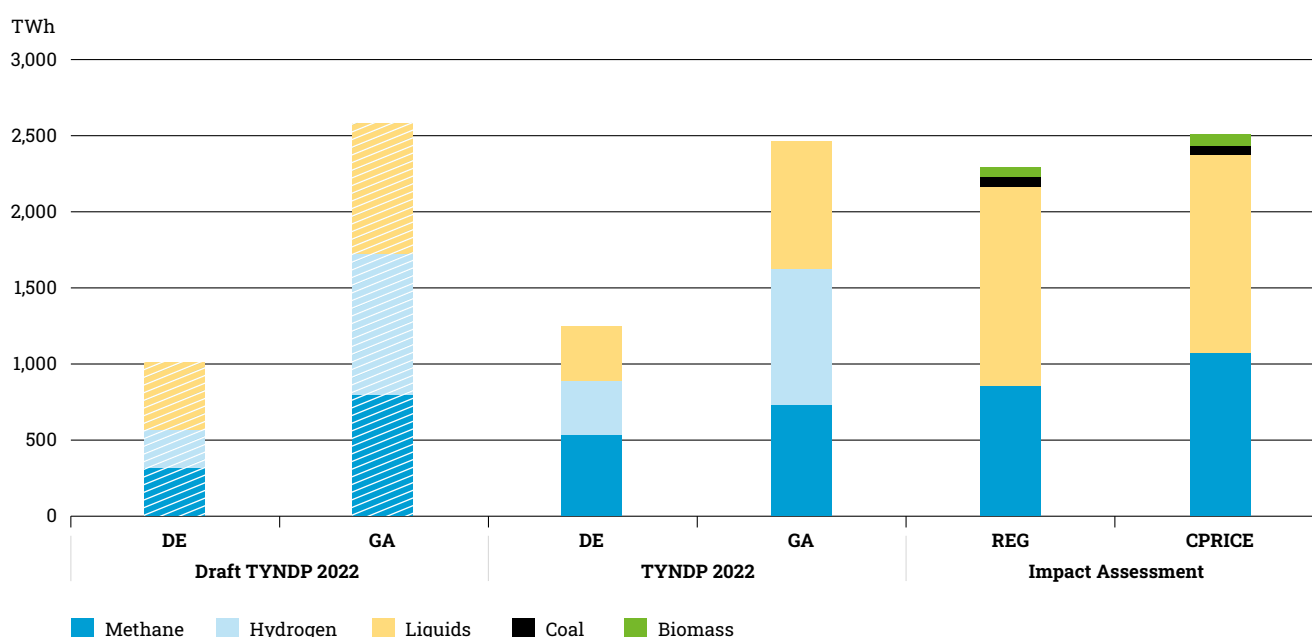


Figure 58: Energy imports benchmark (excluding nuclear fuels) for EU27

As Distributed Energy focuses on higher European energy autonomy, this scenario foresees the lowest levels of energy import. By 2050 the total energy imports are reduced to slightly more than 1,200 TWh. This is well below the energy imports in the EC Impact Assessment scenarios. Total energy import in Global Ambition is with about 2,500 TWh quite comparable with the EC Impact Assessment. However, the type of imported energy carrier differs. Compared to

the EC scenarios, Global Ambition foresees less import of oil and more import of (renewable) gas including hydrogen. The higher gas import however stems explicitly from the scenario storyline of this scenario.

Compared to the draft report, the updated scenarios show small changes in energy imports. This is caused by slight adjustments in demand and EU supply assumptions.

## 7.7 Carbon capture and storage

The EC Impact Assessment does not provide any figures for CCS. That is why the TYNDP 2022 scenario assumptions were benchmarked against some other studies. Figure 59 provides an overview. The following studies were used:

- European Commission (2018), [Long Term Strategy](#)
- IEA (2020), [Net Zero by 2050](#)
- [Hydrogen for EU \(2020\)](#), Charting pathways to enable net zero

Distributed Energy assumes up to 64 Mt of CCS in 2050. This level is comparable to the lower scenarios in the Long term strategy of the European Commission. Global Ambition assumes up to 662 Mt of carbon capture and storage, in line with IEA study. This is more in the Long-Term Strategy from a few years ago. It is however still well below the CCS levels reached in the Hydrogen for EU study that was released more recently.

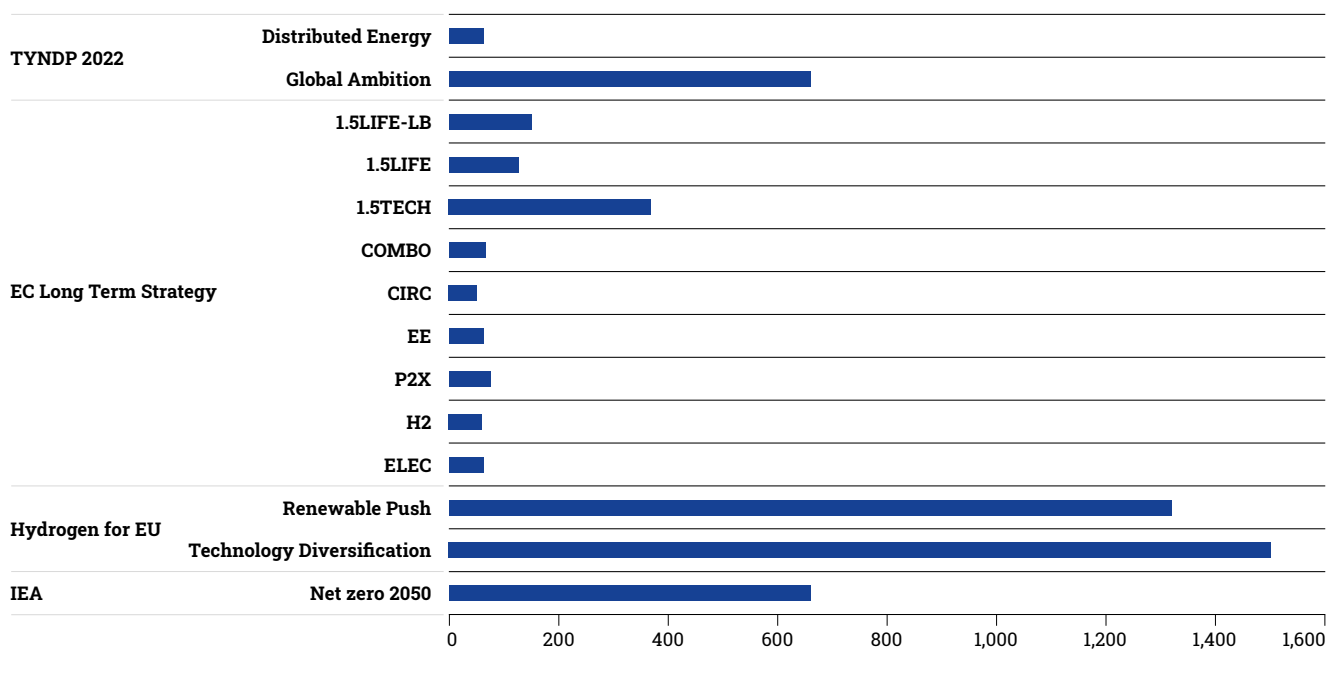


Figure 59: CCUS in 2050



# 8

## Improvements in the TYNDP 2022 scenarios

Both ENTSOG and ENTSO-E consistently work to improve their data, tools and methodologies between each TYNDP scenario release. As such, the TYNDP 2022 scenarios have built upon the lessons learned from each of the previous editions. Improvements for TYNDP 2022 scenarios were prioritised based on the stakeholder feedback received in previous TYNDP scenario consultations. Some of the key improvements for the TYNDP 2022 scenarios are described in this chapter. The methodologies used by both ENTSOs to produce the scenarios are presented in detail in the [Updated TYNDP 2022 Scenario Building Guidelines report](#), which is published separately.

### 8.1 Proactive and early stakeholder engagement

To ensure transparency, inclusiveness and efficiency, ENTSOG and ENTSO-E have included stakeholders from the very beginning of the TYNDP 2022 scenario building process, through most notably organising three workshops

and one public consultation on the scenario storylines. In addition, ENTSOG and ENTSO-E also bilaterally engaged with key stakeholders to factor in further expert knowledge.



## 8.2 Even more contrasting scenarios

During the public consultation of the TYNDP 2020 scenario report several stakeholders perceived a lack of differentiation between the scenarios. Although this concern was addressed in the updated TYNDP 2020 scenario report published in June 2020, ENTSOG and ENTSO-E aim to further improve this for the TYNDP 2022 edition.

To this end, ENTSOG and ENTSO-E extensively analysed the main scenario drivers to be explored in the storylines in order to ensure appropriate differentiation between the TYNDP 2022 scenarios.

A list of main drivers for the scenario building was proposed in the draft TYNDP 2022 storyline report which was released on 3 November 2020. These main drivers were publicly consulted with stakeholders as part of the draft storylines consultation. Based on stakeholder feedback the main drivers were adapted, in particular for example with regard to the energy intensity assumptions, which were considered to show too much variation. The final list of main drivers used in the TYNDP 2022 scenario building was released together with the final storyline report on 26 April 2021<sup>48</sup>.

## 8.3 Enhancements to the sector coupling methodology

Today the energy system is very much built along a linear value chain from primary energy to final use. Interaction between energy carriers is restricted to power generation and consuming sectors are barely involved in the design and operation of the energy system.

Such a system is easy to understand but it prevents taking advantage of new synergies between energy carriers and sectors. With the energy transition, it is necessary to build new bridges enabling a more efficient use of primary energy and providing flexibility to an energy system dominated by solar and wind energy. While electricity and gas transmission systems are likely to stay a major component of the European energy system, it is necessary to capture the possible new dynamics at their interface with other energy consuming sectors (e.g., mobility), at various geographical scales (e.g., district heating) and with other carriers (e.g.

P2G and P2L). In order to better picture these new interfaces and their role in the energy transition, ENTSOG and ENTSO-E have established a wider and closer cooperation with the representatives of other sectors with in particular:

- District heating with EuroHeat & Power;
- E-mobility and prosumers with DSO associations (CEDEC, E.DSO, Eurelectric, Eurogas, GEODE);
- Hydrogen and Power-to-Gas with Hydrogen Europe.

It has paved the way for new and innovative joint analysis and the sector coupling modelling improvements implemented in this edition that would not have been possible without the constructive mind-set and inputs of such partners.

## 8.4 Considerations of hydrogen system in the mid-/long term and of a wider range of electrolysis configurations

The TYNDP 2020 Scenario report brought valuable information about the amount of RES capacity to be developed to supply a growing hydrogen demand through electrolysis.

It was expected that following editions will further investigate the interactions between energy carriers.

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48 <https://2022.entsos-tyndp-scenarios.eu/download/>



Taking into account the development of hydrogen, from a strategy and industrial perspective, and the growing need for flexibility, the improvement of hydrogen and electrolysis modelling has been considered as a priority by ENTSOG and ENTSO-E. Such improvements have materialized by the definition of a wide range of electrolysis configurations and the development of a hydrogen system on the medium and long term.

The different configurations intend to capture the different uses of hydrogen (e.g., end-use and further transformation into synthetic fuels) and the evolution of the European hydrogen system. Electrolysers will operate differently depending on their combination with other hydrogen sources and/or flexibility tools. As a result, the scenarios bring original information on the interaction, mostly synergies, between electricity and hydrogen systems.

From a wider perspective, scenarios also provide new insights on the other sources of hydrogen such as prices, type (renewable or low carbon) and geographical perspective. It brings transparency on the level of integration of Europe in its surroundings in line both with national strategies of non-EU countries (e.g., Morocco and Norway) and the EU Hydrogen Strategy (e.g. 40GW of electrolysis to be installed in surrounding regions).

## 8.5 Vehicle-to-Grid and prosumer modelling

The development of e-mobility, residential batteries and solar panels provides new opportunity for citizens to interact with the overall electricity system.

In the previous edition of the scenario report (TYNDP 2020), such interactions were defined as static inputs to the electricity system modelling. This approach was meaningful to capture smart charging but was not fully taking into account some more integrated strategies such as Vehicle-to-Grid. In addition, PV and battery capacities did not distinguish infrastructures directly connected to the electricity market and those installed by prosumers, mean-

ing that their development and operation were optimized at European system level. This did not reflect more specific and local drivers such as the willingness of prosumers to reduce their dependence from the grid.

For this edition, passenger cars and prosumers have been explicitly modelled as specific components of the electricity system. As a result, it is possible to capture their evolution according to hybrid signals: the wholesale electricity market price on one hand and specific drivers such as the reduction of connection cost or mobility needs.

## 8.6 Optimisation of district heating operation

In previous editions, the air and water heating market was split between a wide range of technologies being installed at end-user facility or as part of a district heating network. However, each technology was modelled as if individually installed. This hindered the ability to take into account the Optimisation potential offered by district heating in combining different heat sources together with flexibility options (network inertia or dedicated thermal storage).

For this edition, a specific modelling step has been introduced prior to the electricity system modelling. The aim is to define the capacity and electricity load profiles of heat pumps installed on district heating networks. With

the combination of heat technologies partly taken into account, the design and load factor of heat pumps have been optimized compared to their equivalent installed at end-user level.

At this stage the Optimisation is run independently from the dispatch of the electricity system and focuses on climatic parameters. Future editions will provide the opportunity to investigate the reactivity of district heating to electricity price in a wider context.



# 9

## Next steps

The next steps are the following:

- The updated scenario report feed into the TYNDP 2022 development process. The electricity and gas draft TYNDPs are expected to be published in Q3 2022 for public consultation.
- Both TYNDPs will support the 6th PCI selection process.

In the meantime, ENTSOG and ENTSO-E are currently working together on the further development of their Interlinked Model for the identification of projects worth a dual assessment on both gas and electricity systems. In parallel, ENTSOG and ENTSO-E will work together to develop TYNDP 2024 Scenarios.



# 10

## Glossary

**Biomethane:** Gaseous renewable energy source derived from agricultural biomass (dedicated crops, by-products and agricultural waste and animal waste), agro-industrial (waste from the food processing chain) and the Organic Fraction Municipal Solid Waste (OFMSW).

**BEV:** Battery electric vehicle

**Carbon budget:** This is the amount of carbon dioxide the world can emit while still having a likely chance of limiting average global temperature rise to 1.5°C above pre-industrial levels, an internationally agreed-upon target.

**CBA:** Cost Benefit Analysis carried out to define to what extent a project is worthwhile from a social perspective.

**CCS:** Carbon Capture and Storage. Process of sequestering CO<sub>2</sub> and storing it in such a way that it won't enter the atmosphere.

**CHP:** Combined heat and power

**COP21:** Legally binding international treaty on climate change, adopted by 196 Parties at COP 21 in Paris on 12 December 2015. In this report it also refers to the COP21 scenario building approach which enables full energy scenario development and carbon emission assessment.

**Direct electrification:** Electricity demand for direct use in the final demand sectors (residential, tertiary, industry etc). Electricity which is converted to other energy carriers through power to gas or power to liquids is referred to as indirect electrification.

**DSR:** Demand Side Response. Consumers have an active role in the balancing of energy supply and demand by changing their energy consumption according to the energy price and availability. For example, by softening demand peaks in case of congestions, or by increasing energy use during surplus supply.

**EC:** European Commission

**EV:** Electric vehicle

**FCEV:** Fuel cell electric vehicle



**GHG:** Greenhouse gas

**Hybrid Heat Pump:** Heating system that combines an electric heat pump with a gas condensing boiler to optimise energy efficiency.

**IA:** Impact Assessment released by the European Commission on 17 September 2020: Communication COM/2020/562: Stepping up Europe's 2030 climate ambition Investing in a climate-neutral future for the benefit of our people.

**ICE:** Internal combustion engine

**IEA:** World Energy Outlook

**LNG:** Liquefied natural gas

**IPCC:** Intergovernmental Panel on Climate Change

**LTS:** Long Term Strategy released by the European Commission on 28 November 2018: A Clean Planet for all. A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy.

**LULUCF:** Land Use, Land Use Change and Forestry. Sink of CO<sub>2</sub> made possible by the fact that atmospheric CO<sub>2</sub> can accumulate as carbon in vegetation and soils in terrestrial ecosystems.

**NECPs:** National Energy and Climate Plans are the new framework within which EU Member States have to plan, in an integrated manner, their climate and energy objectives, targets, policies and measures to the European Commission. Countries will have to develop NECPs on a ten-year rolling basis, with an update halfway through the implementation period. The NECPs covering the first period from 2021 to 2030 will have to ensure that the Union's 2030 targets for greenhouse gas emission reductions, renewable energy, energy efficiency and electricity interconnection are met.

**NGO:** Non-governmental Organisation

**OR:** Other RES. It includes bio-fuels, marine, geothermal, waste, and any other small renewable technologies. The CO<sub>2</sub> content of these technologies are zero; they are carbon neutral.

**ONR:** Other non-RES. It includes mainly CHP that is used in district heating & industry. Fuel use can be gas, coal, lignite, and oil. The CO<sub>2</sub> content of ONR technologies depending on the technology and have been considered into the CO<sub>2</sub> budget.

**P2G:** Power to gas. Technology that uses electricity to produce hydrogen (Power to Hydrogen – P2H<sub>2</sub>) by splitting water into oxygen and hydrogen (electrolysis). The hydrogen produced can then either be used directly or indirectly to produce other fuels, where it is combined with CO<sub>2</sub> to obtain synthetic methane (Power to Methane – P2CH<sub>4</sub>) or can be converted to other energy carriers like for example synthetic ammonia (P2NH<sub>3</sub>).

**P2L:** Power to liquids. Combination of hydrogen from electrolysis and Fischer-Tropsch process to obtain synthetic liquid fuels.

**PCI:** Project of Common Interest

**Power-to-Hydrogen/P2Hydrogen:** Hydrogen obtained from P2H<sub>2</sub>

**Power-to-Methane/P2Methane:** Renewable methane, could be biomethane or synthetic methane produced by renewable energy sources only.

**RES:** Renewable energy source

**SMR/ATR:** Steam methane reforming (SMR) and Autothermal reforming (ATR) represent each an industrial process to produce hydrogen with natural gas. Can be outfitted with carbon capture technologies.

**Synthetic fuel:** Fuel (gas or liquid) that is produced from renewable or low carbon electrical energy.

**TEN-E:** Trans-European Networks for Energy, EU policy focused on linking the energy infrastructure of EU countries.

**TSO:** Transmission System Operator

**TYNDP:** Ten Year Network Development Plan

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