

Hydrogen May Start Replacing Natural Gas Before 2050, Snam Says
2020-01-16 14:00:48.25 GMT

By Vanessa Dezem

(Bloomberg) -- Hydrogen will start replacing natural gas as an energy source before the middle of the century, the head of Italy's biggest pipeline company said.

The remarks by Marco Alvera, chief executive officer of Snam SpA, indicate growing momentum behind the fuel that promises to provide temperatures above 1,000 degrees Celsius that industry needs without fossil-fuel pollution that harms the atmosphere.

"The challenge for the gas sector is to become greener," Alvera said in a Bloomberg TV interview Thursday. "We can do that in three ways: biomethane, blue hydrogen and green hydrogen, which we are most optimistic about. The transition will happen without the need of big subsidies."

Hydrogen is useful to generate electricity and provide flexible power, complementing wind and solar farms and effectively taking over the role that natural gas is playing now, according to a report by BloombergNEF this week. The lightest element burns without producing greenhouse gases and could be made using excess renewable power. It can be transported by pipeline the same way gas is and stored underground in a salt or rock cavern, then reconverted back to power at times when renewable electricity generation is low.

Hydrogen for power

"There is already a transition going from coal to gas, which is very beneficial for the environment," Alvera said. "The next step of the transition is getting away from oil and replacing to gas. After we do that phase one, we can ramp up electrolyzers and have green gas."

The executive's view about hydrogen reflects concern within the gas industry that governments are moving to limit fossil-fuel emissions and will hit gas soon. That raises the risk that the investments they've made in pipelines, compressors and storage tanks could become stranded assets.

In Italy, Snam decided to double the amount of hydrogen it blends into the grid to 10%. Alvera believes hydrogen could supply a quarter of Italy's energy demand by 2050 and announced in November a new round of investments to boost transition

toward clean energy.

Read: Energy CEO Wants Italy to Love Hydrogen Power as Much as He Does

Forecast costs of renewable hydrogen production from large projects:

--With assistance from Chiara Albanese.

To contact the reporter on this story:

Vanessa Dezem in Frankfurt at vdezem@bloomberg.net

To contact the editors responsible for this story:

Reed Landberg at landberg@bloomberg.net

Andrew Reiersen