



EU Update

Focus on the Gas Package

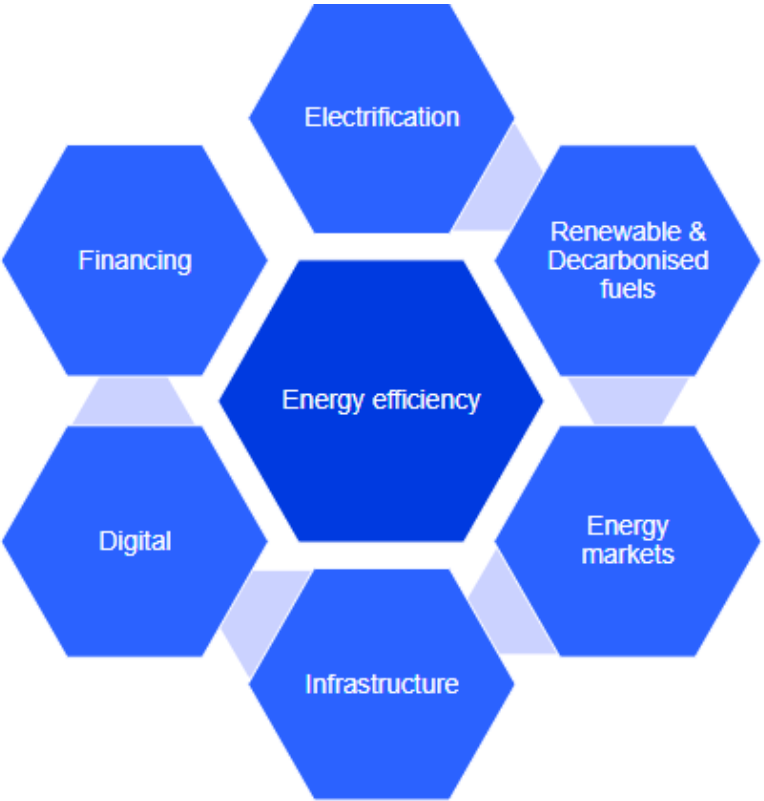
Transmission Workgroup

1 February 2024

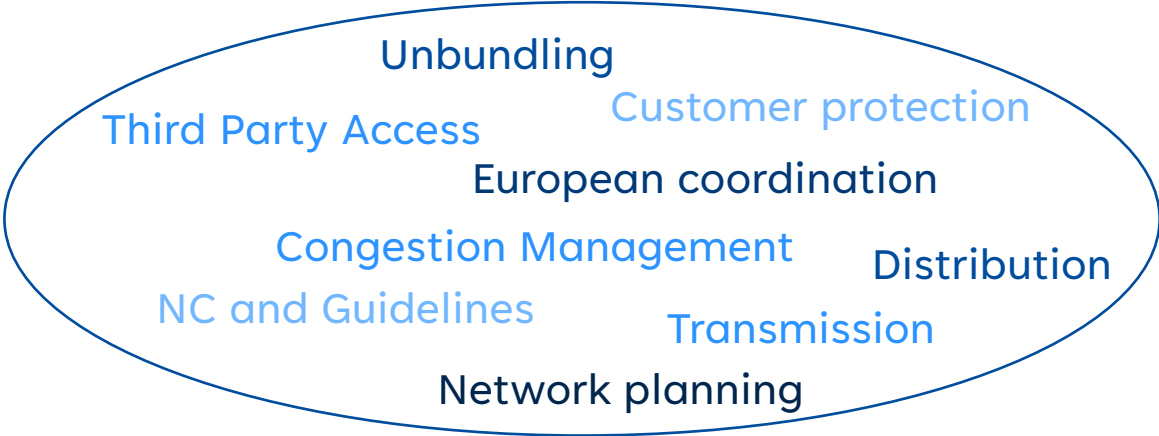


Context

Clean fuels as part of an integrated and decarbonised energy system...




...but urgent need to update the Market Rules





General overview

Publication
December 2021

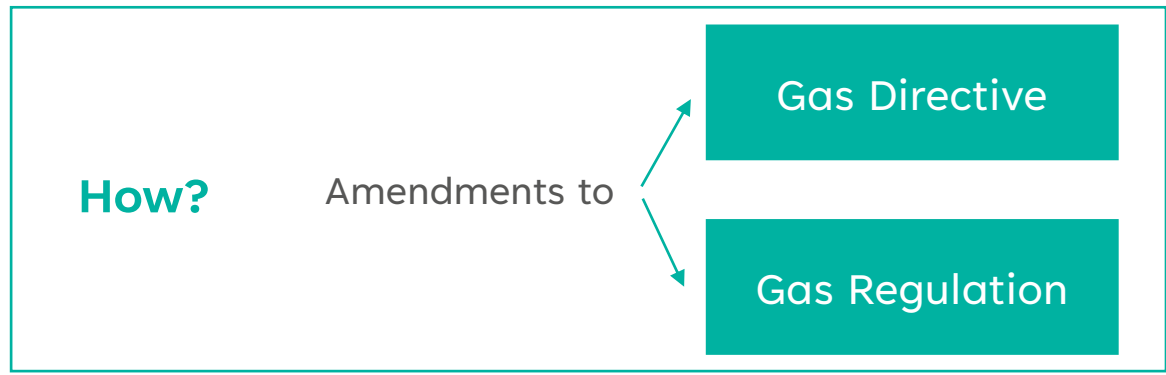
 Facilitate the integration of **renewable and low-carbon gases** into the existing gas network.

3 objectives

 Creates a level playing field based on EU-wide rules for **hydrogen market** and infrastructure and removes barriers that hamper their development

 Ensure a more **integrated network planning** between electricity, gas, and hydrogen networks

Deal
December 2023



TEN-E Regulation

SoS Regulation

Methane emissions regulation

Energy efficiency Directive

RED III

Energy Taxation Directive

EU ETS

...



Facilitate the integration of renewable and low-carbon (R&LC) gases into the **existing** gas network.

- New **definitions** ('renewable gas'; 'low-carbon gas') and **certification** schemes

Art. 8 Directive introduces a certification scheme for domestic & imported low-carbon gases (-70% GHG emissions)

- **Incentivisation measures** for R&LC gases rather than binding targets.

Art. 37 Directive facilitates the connection of production installations of R&LC gases to the transmission system.

Art. 8 Regulation asks a market assessment for R&LC gases by LNG and storage system operators every 2 years

Art. 16 Regulation sets tariff discounts from 75% to 100% for R&LC gases.

- **Phase-out** unabated fossil gas

Art. 1 Directive promotes a transition towards an integrated and highly efficient NG system based on R&LC gases.

Art. 27 Directive bans long term contract for supply of unabated fossil gas to run beyond the end of year 2049.

H₂ Create a level playing field based on EU-wide rules for hydrogen market and infrastructure

- Sets the EU **vision** for the hydrogen economy

Recital 9 Directive prioritise the renewable H₂ in the LT support the transition in hard-to-decarbonise sectors

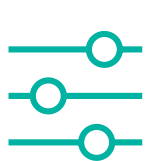
- New **definitions** ('H₂ system'; 'low-carbon H₂', 'H₂ transmission network) and **certification** schemes.
- Basic principles of the natural gas market applicable to the hydrogen network

Article 31 Directive sets a system of regulated third party access to hydrogen network

Chapter VI Directive establishes a hydrogen distribution level

Article 62 Directive introduces ownership unbundling as the default regime for NHO

Article 63 Directive ensures horizontal unbundling between H₂, natural gas and elec. (but derogation possible)



Ensure a more integrated network planning between electricity, gas, and hydrogen networks

- Support **greater cooperation** within the gas system

Article 35 Directive tasks system operators to ensure greater cooperation with DSOs

Article 14 Regulation encourages cooperation among transmission system operators

Article 19 Regulation updates the cooperation on gas quality and allow a 2% hydrogen blend at IPs

- Implement an **integrated approach** for network planning across energy systems

Article 51 Directive requires Member States to develop national network development plan for H2, NG and elec.

Article 42 Regulation establishes a TYNDP for hydrogen, to be developed by the newly created ENNOH (Art. 40)

Article 43a Regulation frames the ENTSOs cooperation to ensure that TYNDPs are integrated

Provisions directly impacting the UK



Certification of renewable fuels and low-carbon fuels (Art. 8 Directive)

Possible recognition of national/international schemes setting standards for the production of low-carbon fuels



Hydrogen interconnectors with third-countries (Art. 49 Directive)

Operating rules framed by an international agreement or intergovernmental agreement if rules on the operation of an existing interconnector already exists.



Certification in relation to third countries (Art. 66 Directive)

Specific process to follow for any certification or control acquisition of a EU gas/hydrogen system operators engaged by a TSO belonging to a third country

Provisions directly impacting the UK



Rules governing interconnectors

Existing or new technical agreement regarding the operation of an interconnector can be signed but should be compatible with EU law (Article 79) but, under specific conditions, a 20 year derogation on the application of specific provisions (unbundling, certification and TPA) can be granted existing interconnectors built before 23/05/19 (Article 81). A specific process should be followed to amend, extend, adapt, renew or conclude an agreement with a third country (article 82)



Impact Assessment of tariffs regime (Article 5 Regulation)

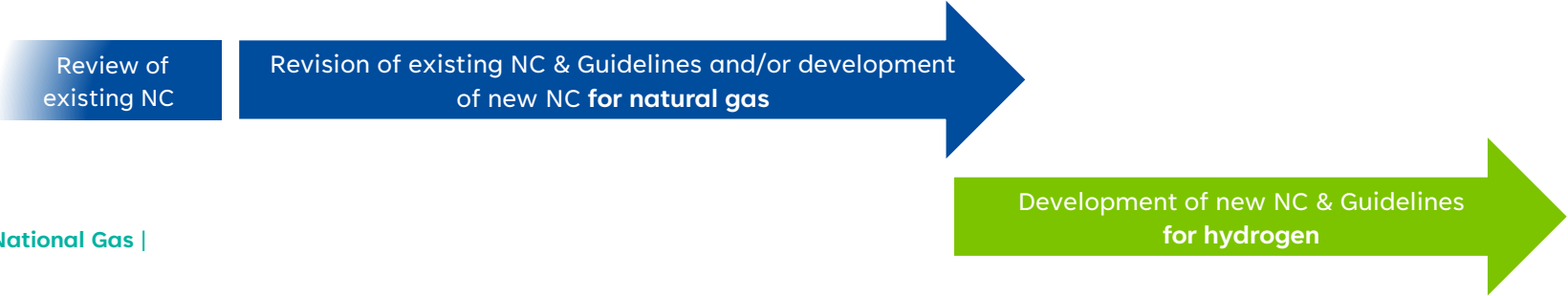
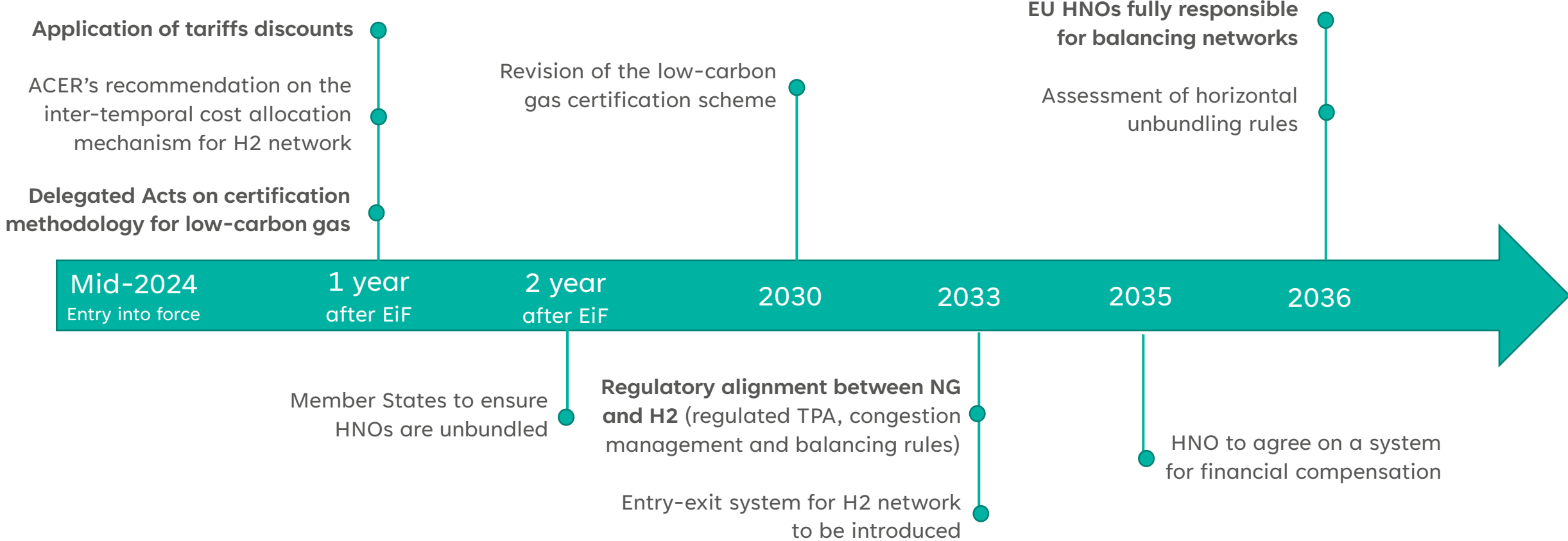
Within 1 year after EiF (i.e., 2025), the European Commission should submit a report assessing the impacts of tariffs discount at IPs, including IPs with third countries whose systems connect two or more Member States.



Russian gas flow restriction (Article 5 Regulation)

Should the UK by a EU Member State decision to restrict gas supplies from Russia or Belarus, the UK Government should be consulted.

Implementation timeline



Upcoming
challenges from
a UK perspective

- **Application of some provisions directly impacting the UK** (certification of R&LC gases, rules governing interconnectors, tariff regime...)
- **Interaction and EU-UK compatibility of the implementing acts**, especially network code and guidelines.

CEN Gas Quality Standard

- CEN's work on **EU gas quality harmonisation** is continuing
- A revision to EN 16726 has been issued for **public consultation**
- The main challenge in this revision has been the inclusion of **Wobbe Index**
- A relatively wide entry range is proposed with an accompanying '**classification system**'
- The UK is still a member of CEN and the British Standards Institute (BSI) now wishes to engage industry stakeholders to develop a **UK position**
 - NGT has written to a cross section of the industry on behalf of BSI inviting participation
- Please contact Philip.hobbins@nationalgas.com if you require further information

EUROPEAN STANDARD
NORME EUROPÉENNE
EUROPÄISCHE NORM

DRAFT
prEN 16726

December 2023

ICS 75.060

Will supersede EN 16726:2015+A1:2018

English Version

Gas infrastructure - Quality of gas - Group H

Infrastructures gazières - Qualité du gaz - Groupe H

Gasinfrastruktur - Beschaffenheit von Gas - Gruppe H

This draft European Standard is submitted to CEN members for enquiry. It has been drawn up by the Technical Committee CEN/TC 234.

Thank you

