

Gas and hydrogen markets regulation

2021/0424(COD) - 16/02/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Industry, Research and Energy adopted the report by Jerzy BUZEK (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council on the internal markets for renewable and natural gases and for hydrogen (recast).

As a reminder, in line with the REpowerEU targets, by the end of 2030, Member States should ensure collectively at least 35 billion cubic meters of sustainable biomethane. This would be produced and injected into the natural gas system, annually, with the aim of replacing 20% of Russian natural gas imports with a sustainable, cheaper and locally produced alternative.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter and scope

This Regulation:

- sets non-discriminatory rules for access conditions to natural gas and hydrogen systems taking into account the special characteristics of national and regional markets with a view to ensuring the proper functioning of the internal market in gas as well as to contribute to the long-term flexibility of the electricity system;
- encourages preventive measures reducing fossil gas demand through the implementation of the energy efficiency first principle leading to energy savings, increased direct electrification as part of a fully integrated energy system, and increased use of renewable sources of energy, and contributes to the prudent and rational use of natural resources and the achievement of the Union's climate and energy targets; and
- facilitates the emergence of a well-functioning and transparent wholesale market with a high level of security of supply in gas and provides mechanisms to harmonise the network access rules for cross-border exchanges in gas.

Diversification of gas supplies obligation

To safeguard the security of energy supply and the essential security interests of the Union in line with the objectives of the REPowerEU Plan, the committee suggested that Member States should diversify their gas supplies and ensure that imports of natural gas as well as of renewable gas and low-carbon gas through pipelines and LNG terminals do not originate from the Russian Federation.

Upscaling of renewable gas and low-carbon gas in coal and carbon-intensive regions

The Commission should support and provide incentives to encourage the penetration of renewable gas and low-carbon gas, in particular hydrogen and biomethane, into the Union energy system, in particular in coal and carbon-intensive regions.

Mainstreaming biomethane in the gas system

According to Members, in order to support the sustainable production of biomethane to safeguard the security of gas supply in the Union and decrease dependence on fossil natural gas imports, Member States should, by 31 December 2030, ensure collectively that at least 35 bcm of sustainable biomethane that complies with Directive (EU) 2018/2001 is produced and injected into the natural gas system at the level of the transmission system operators or of the distribution system operators.

Enhanced purchasing scheme

Members proposed strengthening the joint gas purchasing scheme and making all gas contracts in the EU more transparent.

Tariff discounts

The report suggested that regulatory authorities should assess whether to offer support to lower grid connection costs and fees for renewable gas and low-carbon gas production facilities.

Management mechanism

The revised Regulation should ensure that excessive movements in prices within a trading day are prevented. The intra-day volatility management mechanism should be based on the observed market price at regular intervals. Price limits should be set up by trading venues taking into account the specificities of each relevant energy-related commodity derivative, the liquidity profile of the market for such derivative and its volatility profile.

ENTSO

Members proposed to reform the European Network of Transmission System Operators for Gas (ENTSOG) to also cover Hydrogen Network Operators. The new ENTSOG&H would therefore also be responsible for the EU ten-year network development plan for gas and hydrogen networks. The development plan should include the modelling of the integrated network, scenario development, a European supply adequacy outlook, a climate impact assessment and an assessment of the resilience of the system.