

Gas and hydrogen markets regulation

2021/0424(COD) - 11/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 447 votes to 90, with 54 abstentions, a legislative resolution 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).

The position adopted by the European Parliament at first reading under the ordinary legislative procedure is as follows:

Subject matter

The proposed Regulation aims to:

- **facilitate the penetration of renewable gas and low-carbon gas and hydrogen into the energy system**, enabling a shift away from fossil gas, and to allow renewable gas and low-carbon gas and hydrogen to play an important role in achieving the Union's 2030 climate objectives and climate-neutrality by 2050;
- set up a regulatory framework which enables and incentivises all market participants to **shift away from fossil gas** and plan their activities to avoid lock-in effects and aims to ensure a gradual and timely phase-out of fossil gas, in particular, in all relevant industrial sectors and for heating purposes.

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

The Commission should support and 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, with the aim of increasing the share of renewable gas in particular in industrial processes, district heating and energy storage and thereby accelerate the phase out of solid fossil fuels in industrial and district heating sectors. The Commission should also support the conversion of fossil fuels to renewable and low-carbon hydrogen and biomethane, as well as the creation of a hydrogen-ready workforce.

Third party access services for transmission system operators

Member States should exceptionally be able to take proportionate measures to **limit temporarily up-front bidding for capacity by any single network user at entry points and at LNG terminals for deliveries from Russia and Belarus**, where necessary to protect their essential security interests and those of the Union, taking into account also the need to ensure security of supply in the Union.

Taking into account the need to ensure the security of supply of the Union, measures taken by Member States may aim to diversify natural gas supplies with a view to phasing out dependence on Russian natural gas, where it can be demonstrated that such measures are necessary to protect their essential security interests and those of the Union.

Mechanism for demand aggregation and the joint purchasing of natural gas

The Commission should establish a mechanism for voluntary demand aggregation and the joint purchasing of natural gas. It is an important instrument to organise the diversification of natural gas supplies and phasing out of the dependency on Russian natural gas in many Member States.

The mechanism for demand aggregation and the joint purchasing of natural gas established under this Regulation should include a number of steps, starting with natural gas undertakings or undertakings consuming natural gas established in the Union being enabled to **aggregate their natural gas demand through a service provider**, contracted by the Commission.

Participation in the mechanism for demand aggregation and the joint purchasing of natural gas should be open to natural gas undertakings and undertakings consuming natural gas established in the Union on a non-discriminatory basis. Such undertakings should be precluded from participating as suppliers, producers and purchasers, **if they are subject to Union restrictive measures**, consisting of a prohibition to make available or transfer funds or economic resources or to provide financing or financial assistance to them directly or indirectly, or of an asset freeze.

Natural gas undertakings and undertakings consuming natural gas participating in demand aggregation may, on a transparent basis, coordinate elements of the conditions of the purchase contract or use joint purchase contracts in order to achieve better conditions with their suppliers, provided that they comply with Union law, including Union competition law.

In order to protect the essential security interests of the Union or of a Member State, in the interests of safeguarding security of supply, and to allow the effective and swift phase out of natural gas dependence, natural gas supplies originating in, and LNG supplies from LNG facilities located in, the Russian Federation or Belarus should not be offered through the mechanism for demand aggregation and the joint purchasing of natural gas **until 31 December 2025**. From 1 January 2026, the Commission should be able to decide to temporarily exclude natural gas supplies originating in, or LNG supplies from LNG facilities located in, the Russian Federation or Belarus for periods of up to one year, which may be renewed if justified, where that is necessary to **protect the essential security interests** or security of supply of the Union or of a Member State.

Mechanism to support the market development of hydrogen

The Commission may establish a mechanism to support the market development of hydrogen to be implemented under the activities of the European Hydrogen Bank. That voluntary mechanism may be in place until **31 December 2029**.

The Commission may enter into a contract with the service provider concerned, applying by analogy the same procedure as for the demand aggregation and joint purchasing mechanism for natural gas. Participation in the mechanism to support the market development of hydrogen should be open to hydrogen undertakings and undertakings consuming hydrogen established in the Union on a non-discriminatory basis. These undertakings will be excluded from participation as suppliers and buyers if they are subject to EU restrictive measures.

Prior to the expiry of the mechanism to support the market development of hydrogen and not later than 31 December 2029, the Commission should submit a report to the European Parliament and to the Council assessing the performance of that mechanism and, in particular, its contribution to the development of the hydrogen market in the Union. On the basis of such an assessment, the Commission should be able to submit a legislative proposal to develop a mechanism for voluntary demand aggregation and the joint purchasing of hydrogen.

Union-level integrated network planning

To facilitate energy system integration, harness synergies and support overall system efficiency, the ENNOH, the ENTSO for Electricity and the ENTSO for Gas should cooperate closely in Union-level integrated network planning. That cooperation should cover the preparation of the **joint scenarios for electricity, hydrogen and natural gas**. During the transitional period until 1 January 2027, the ENTSO

for Gas should develop the 2026 Union-wide network development plan for hydrogen. To that end the ENTSO for Gas should fully involve hydrogen transmission network operators and the ENNOH as soon as the ENNOH is established. The 2026 Union-wide network development plan for hydrogen should consist of two separate chapters, one for hydrogen and one for natural gas. The ENNOH should develop the 2028 Union-wide network development plan for hydrogen in line with the Union-level integrated network planning.