

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	2021/0425(COD) Awaiting Parliament's position in 1st reading
Gas and hydrogen markets directive (common rules)	
Subject 3.50.08 New technologies; biotechnology 3.60.03 Gas, electricity, natural gas, biogas 3.60.05 Alternative and renewable energies	
Legislative priorities Joint Declaration 2022 Joint Declaration 2023-24	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ITRE Industry, Research and Energy	 GEIER Jens	07/02/2022
		Shadow rapporteur  BUZEK Jerzy  GAMON Claudia  CORRAO Ignazio  MARIANI Thierry  TOBISZOWSKI Grzegorz  ERNST Cornelia	
	Committee for opinion AGRI Agriculture and Rural Development	Rapporteur for opinion  LINS Norbert	02/02/2022
	ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	BUDG Budgets	The committee decided not to give an opinion.	
	IMCO Internal Market and Consumer Protection (Associated committee)	 GRAPINI Maria	17/02/2022

Council of the European Union European Commission European Economic and Social Committee European Committee of the Regions	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
	LIBE Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
	Committee for opinion on the recast technique	Rapporteur for opinion	Appointed
	JURI Legal Affairs		01/07/2021
			AUBRY Manon
	Commission DG Energy	Commissioner SIMSON Kadri	

Key events			
15/12/2021	Legislative proposal published	COM(2021)0803	Summary
17/02/2022	Committee referral announced in Parliament, 1st reading		
07/07/2022	Referral to associated committees announced in Parliament		
09/02/2023	Vote in committee, 1st reading		
09/02/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
17/02/2023	Committee report tabled for plenary, 1st reading	A9-0035/2023	Summary
13/03/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
15/03/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		

Technical information	
Procedure reference	2021/0425(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Recast
Legislative instrument	Directive
Legal basis	Treaty on the Functioning of the EU TFEU 194-p2; Rules of Procedure EP 57; Rules of Procedure EP 110
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Awaiting Parliament's position in 1st reading

Documentation gateway					
Legislative proposal		COM(2021)0803	15/12/2021	EC	Summary
Document attached to the procedure		SWD(2021)0455	15/12/2021	EC	
Document attached to the procedure		SWD(2021)0456	15/12/2021	EC	
Document attached to the procedure		SWD(2021)0457	15/12/2021	EC	
Document attached to the procedure		SWD(2021)0458	15/12/2021	EC	
Economic and Social Committee: opinion, report		CES6401/2021	18/05/2022	ESC	
Specific opinion	AGRI	PE719.662	03/06/2022	EP	
Committee draft report		PE732.908	21/06/2022	EP	
Amendments tabled in committee		PE735.428	15/07/2022	EP	
Amendments tabled in committee		PE735.429	15/07/2022	EP	
Amendments tabled in committee		PE735.430	15/07/2022	EP	
Amendments tabled in committee		PE735.492	15/07/2022	EP	
Committee of the Regions: opinion		CDR1522/2022	12/10/2022	CofR	
Committee opinion	IMCO	PE732.596	08/11/2022	EP	
Opinion on the recast technique		PE740.526	13/01/2023	EP	
Specific opinion	JURI	PE742.395	02/02/2023	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0035/2023	17/02/2023	EP	Summary

Additional information		
Research document	Briefing	11/03/2022

Gas and hydrogen markets directive (common rules)

PURPOSE: to lay down common rules for the internal markets in renewable and natural gases and in hydrogen.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the European Green Deal puts the EU on a path to climate neutrality by 2050, which requires significantly higher shares of renewable energy sources in an integrated energy system. Currently, natural gas represents 95% of the gaseous fuels consumed in the EU and accounts for 25% of the EUs total energy consumption. While the share of natural gas will decrease progressively, biomethane, synthetic methane and hydrogen are expected to become more relevant. However, these alternatives to natural gas face a number of regulatory barriers and are not covered by current energy security arrangements.

The present initiative, as well as the [proposed recast regulation](#) on the internal markets for renewable and natural gases and for hydrogen, aim to revise existing EU legislation and create a new framework for an internal hydrogen market to achieve a cost efficient clean hydrogen economy. In particular, it seeks to facilitate the penetration of renewable and low-carbon gases into the energy system, enabling a shift from natural gas and to allow for these new gases to play their needed role towards the goal of EU climate neutrality in 2050.

CONTENT: the proposed directive establishes common rules for the transmission, distribution, supply and storage of gases using the natural gas system. It lays down the rules relating to the organisation and functioning of that sector, access to the market, the criteria and procedures applicable to the granting of authorisations for transmission, distribution, supply and storage of gases using the natural gas system and the operation of systems. Moreover, it establishes rules for the progressive establishment of a Union-wide interconnected hydrogen system.

Customer engagement

For new gases to play a full role in the energy transition, the retail market rules should empower customers to make renewable and low carbon choices. Moreover, to be able to make sustainable energy choices, customers need sufficient information on their energy consumption and origin, as well as efficient tools to participate in the market. With this in mind, the proposal lays down the rights for the consumer such as basic contractual rights, switching rights and fees, and rules on comparison tools, active customers, and citizen energy communities. It also contains provisions on billing, smart and conventional metering, and data management.

It also contains provisions on single points of contact, right to out-of-court dispute settlement, vulnerable customers, and retail markets.

Hydrogen infrastructure and hydrogen markets

The current regulatory framework for gaseous energy carriers does not address the deployment of hydrogen as an independent energy carrier via dedicated hydrogen networks. The creation of a regulatory framework at EU-level for dedicated hydrogen networks and markets would foster the integration and interconnection of national hydrogen markets and networks. Barriers also exist for the development of a cost-effective, cross-border hydrogen infrastructure and competitive hydrogen market, a prerequisite for the uptake of hydrogen production and consumption. The present proposal seeks to address all of these deficiencies.

Renewable and low-carbon gases in the existing gas infrastructure and markets

The new rules intend to facilitate the access of renewable and low-carbon gases to the existing gas grid, by removing tariffs for cross-border interconnections and lowering tariffs at injection points. They also create a certification system for low-carbon gases. This will ensure a level playing field in assessing the full greenhouse gas emissions footprint of different gases and allow Member States to effectively compare and consider them in their energy mix.

Network planning

The proposal foresees that the national network development plans should be based on a joint scenario for electricity, gas and hydrogen. It should be aligned with National Energy and Climate Plans, as well as EU-wide ten-year network development plan. Gas network operators have to include information on infrastructure that can be decommissioned or repurposed, and there will be separate hydrogen network development reporting to ensure that the construction of the hydrogen system is based on a realistic demand projection.

Unbundling of distribution system operators

The proposed directive sets out measures concerning the designation of distribution system operators, their tasks, the decision-making powers regarding the connection of the new production facilities for renewable and low-carbon gases to the distribution system, the unbundling of distribution system operators, the confidentiality obligations of distribution system operators, provisions on closed distribution systems, and combined operator.

Security of supply and storage

To contribute to a timely response to energy crises at EU level, this proposal includes specific measures to improve cooperation and resilience, notably to ensure a more effective and coordinated use storage and operational solidarity arrangements. The measures are targeted to reinforce the resilience of the EU energy system against future shocks in a timely manner.

The measures proposed require Member States to explicitly make storages part of their security of supply risks assessments at regional level. The proposal also enables voluntary joint procurement by Member States to have strategic stocks, in line with the EU competition rules.

Lastly, measures are also introduced to improve the transparency and access to storages, address cybersecurity risks of gas and facilitate bilateral solidarity arrangements between Member States in case of crisis.

Gas and hydrogen markets directive (common rules)

The Committee on Industry, Research and Energy adopted the report by Jens GEIER (S&D, DE) on the proposal for a directive of the European Parliament and of the Council on common rules for the internal markets in renewable and natural gases and in 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 Directive establishes a common framework for the decarbonisation of the gas market. To that end, it promotes the energy efficiency first principle, the integration of renewable gas and further energy system integration, contributes to the prudent and rational use of natural resources and to the achievement of the Unions climate and energy targets, and provides for fair attributions of costs and benefits as well as for a clear identification of responsibilities among market participants.

It also establishes:

- common rules for the transmission, distribution, supply and storage of gas using the natural gas and hydrogen system, and consumer protection provisions, with a view to creating a truly integrated, competitive, consumer-centred, flexible, fair, transparent and non-discriminatory gas market in the Union;
- rules for the transport, supply and storage of natural gas and the transition, including decommissioning and repurposing, of the natural gas system towards an integrated highly efficient system based on renewable gas and low-carbon gas where no more energy or cost-efficient alternatives are available;
- common rules for the transport, supply and storage of hydrogen using the hydrogen system;

- establishes rules for the progressive establishment of a Union-wide interconnected hydrogen system contributing to the long-term flexibility of the electricity system and to the reduction of net greenhouse gas emissions of difficult to decarbonise sectors where no more energy or cost-efficient alternatives are available with the highest greenhouse gas abatement potential per tonne of hydrogen used and thereby supporting to the decarbonisation of the Union energy system.

Decarbonising the gas market

The integration of biomethane in the natural gas system delivers on the EUs 2030 and 2050 climate targets. Therefore, grid connection requests of renewable gas production should be assessed in reasonable time limits and permitting procedures should not be hampered by the lack of administrative capacities. In addition, connection requests for renewable gases may be prioritised over connection requests for natural and low carbon gases.

Prioritising the use of hydrogen for industrial customers

According to the report, hydrogen should be prioritised in sectors that are hard to decarbonise in order to support the European industry's transformation and save greenhouse gas emissions.

Integrated hydrogen networks

Members stressed that hydrogen corridors as identified in the REPowerEU Plan should be supported by the corresponding dedicated hydrogen infrastructure, including hydrogen networks, hydrogen storage and hydrogen import terminals in order to meet the REPowerEU Plan targets for hydrogen production and imports by 2030.

ENTSO-G

Members proposed to reform the European Network of Transmission System Operators for Gas (ENTSO-G) to also cover Hydrogen Network Operators. The new ENTSO-G&H would therefore also be responsible for the EU ten-year network development plan for gas and hydrogen networks.

Fair tariffs and trading

The report noted that unlike in the electricity sector, natural gas consumers should be protected from rising tariffs when natural gas assets have to be depreciated, from cross-subsidisation between gas and hydrogen users and rising gas tariffs with a shrinking customer base. The role of gaseous fuels for heating or cooling in buildings will decline in the future due to renewable alternatives, in particular electrification, district heating or thermal renewable energy.

The committee proposed that Member States should ensure that liquid trading for gas is subject to transparency obligations, in particular with regard to commercial contracts, and adequate price building mechanisms.

Member States should also ensure that household customers and, where Member States consider it to be appropriate, small enterprises, enjoy the right to be supplied with gas of a specified quality at clearly comparable, transparent and competitive prices.

Fuel switching

The report stressed that switching from gas to other renewable technologies is usually not as easy due to the lock-in effect related to the underpinning infrastructure. Mandatory fuel switches should be accompanied by measures that remove adverse effects on final customers, in particular vulnerable customers and people affected by or at risk of energy poverty, as well as measures that mitigate and resolve inequalities resulting from the energy transition.

Phasing out fossil gas

Member States should ensure the phase-out of fossil gas as soon as possible, taking into account the availability of alternatives. Member States may decide on an earlier end-date for the duration of long-term contracts for unabated fossil gas before the end of 2049.

Local heating and cooling plans

Member States should ensure that their regional and local authorities prepare local heating and cooling plans at least in municipalities having a total population of at least 35 000.

Consumer protection and empowerment

The report includes the concept of vulnerable consumers and energy poverty as well as a broader definition of energy security that reflects current challenges and requirements of energy system integration. Furthermore, smart meters systems in the natural gas system should only be deployed after a positive cost-benefit assessment. The provisions of smart meters systems in the hydrogen systems should only apply to industrial customers.

Transparency					
GEIER Jens	Rapporteur	ITRE	11/09/2023	EnBW Energie Baden-Württemberg AG	
GEIER Jens	Rapporteur	ITRE	05/09/2023	BDEW Bundesverband der Energie- und Wasserwirtschaft e. V. EWE Aktiengesellschaft Thüga Aktiengesellschaft Verband Kommunaler Unternehmen e.V. WIENER STADTWERKE GmbH	
GEIER Jens	Rapporteur	ITRE	31/08/2023	AIR LIQUIDE	

CORRAO Ignazio	Shadow rapporteur	ITRE	06/07/2023	Apple Inc.
GEIER Jens	Rapporteur	ITRE	04/07/2023	Industriegaseverband e.V.
GEIER Jens	Rapporteur	ITRE	03/07/2023	Wirtschaftsvereinigung Stahl
GEIER Jens	Rapporteur	ITRE	03/07/2023	Air Products
GEIER Jens	Rapporteur	ITRE	14/06/2023	Air Products
GEIER Jens	Rapporteur	ITRE	14/06/2023	ENGIE
GEIER Jens	Rapporteur	ITRE	13/06/2023	European Network of Transmission System Operators for Gas
WINZIG Angelika	Member	27/02/2023	Wirtschaftskammer Österreich	
SOLÍS PÉREZ Susana	Member	11/11/2022	Enagás S.A.	
WÖLKEN Tiemo	Member	18/07/2022	Open Grid Europe GmbH	
WÖLKEN Tiemo	Member	18/07/2022	Gassco AS German Branch	