Procedure file

Basic information

COD - Ordinary legislative procedure (ex-codecision procedure) 
2021/0425(COD) 
Preparatory phase in Parliament

Common rules for the internal markets in renewable and natural gases and in hydrogen. Recast

Subject
3.50.08 New technologies; biotechnology
3.60.03 Gas, electricity, natural gas, biogas
3.60.05 Alternative and renewable energies

Key players

European Parliament
Committee responsible 
ITRE Industry, Research and Energy
Committee for opinion 
BUDG Budgets
ECON Economic and Monetary Affairs
ENVI Environment, Public Health and Food Safety
IMCO Internal Market and Consumer Protection
AGRI Agriculture and Rural Development
LIBE Civil Liberties, Justice and Home Affairs
JURI Legal Affairs

Committee for opinion on the recast technique 
JURI Legal Affairs
Rapporteur for opinion 
AUBRY Manon
01/07/2021

Technical information

Procedure reference 
2021/0425(COD)
Procedure type 
COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype 
Recast
Legislative instrument 
Directive
Legal basis 
Rules of Procedure EP 110; Treaty on the Functioning of the EU TFEU 194-p2
Mandatory consultation of other institutions 
European Economic and Social Committee European Committee of the Regions
Stage reached in procedure 
Preparatory phase in Parliament

Documentation gateway
Common rules for the internal markets in renewable and natural gases and in hydrogen. Recast

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


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 EU's 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.