

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2021/0424(COD) Awaiting Council's 1st reading position
Gas and hydrogen markets regulation Repealing Regulation 2009/715 2007/0199(COD)	
Subject 3.60.03 Gas, electricity, natural gas, biogas 3.60.05 Alternative and renewable energies 3.60.06 Trans-European energy networks 3.60.08 Energy efficiency	
Legislative priorities Joint Declaration 2022 Joint Declaration 2023-24	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Industry, Research and Energy	 BUZEK Jerzy	16/02/2022
		Shadow rapporteur	
		 TOIA Patrizia	
		 GROŠELJ Klemen	
		 TOUSSAINT Marie	
		 BORCHIA Paolo	
		 KRASNODEBSKI Zdzisław	
		 PEREIRA Sandra	
	Committee for opinion	Rapporteur for opinion	Appointed
 Budgets	The committee decided not to give an opinion.		
 Economic and Monetary Affairs	The committee decided not to give an opinion.		
 Environment, Public Health and Food Safety	The committee decided not to give an opinion.		
 Internal Market and Consumer Protection	The committee decided not to give an opinion.		
 Agriculture and Rural Development		02/02/2022	

Committee for opinion on the recast technique

Rapporteur for opinion

Appointed


[Legal Affairs](#)

01/07/2021


[AUBRY Manon](#)

 Council of the European Union
 European Commission

Commission DG

Commissioner

[Energy](#)

SIMSON Kadri

 European Economic and
 Social Committee
 European Committee of the
 Regions

Key events

15/12/2021	Legislative proposal published	COM(2021)0804	Summary
17/02/2022	Committee referral announced in Parliament, 1st reading		
09/02/2023	Vote in committee, 1st reading		
09/02/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
16/02/2023	Committee report tabled for plenary, 1st reading	A9-0032/2023	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)		
23/01/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE757.969 GEDA/A/(2024)000012	
11/04/2024	Debate in Parliament		
11/04/2024	Decision by Parliament, 1st reading	T9-0282/2024	Summary

Technical information

Procedure reference	2021/0424(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Recast
Legislative instrument	Regulation
	Repealing Regulation 2009/715 2007/0199(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 194-p2; Rules of Procedure EP 110

Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	ITRE/9/08031

Documentation gateway

Legislative proposal		COM(2021)0804	15/12/2021	EC	Summary
Document attached to the procedure		SEC(2021)0431	15/12/2021	EC	
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	PE719.661	03/06/2022	EP	
Committee draft report		PE734.108	22/06/2022	EP	
Amendments tabled in committee		PE735.482	14/07/2022	EP	
Amendments tabled in committee		PE735.483	14/07/2022	EP	
Committee of the Regions: opinion		CDR1522/2022	12/10/2022	CofR	
Opinion on the recast technique		PE740.527	20/12/2022	EP	
Specific opinion	JURI	PE742.388	02/02/2023	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0032/2023	16/02/2023	EP	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2024)000012	20/12/2023	CSL	
Text agreed during interinstitutional negotiations		PE757.969	20/12/2023	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0282/2024	11/04/2024	EP	Summary

Additional information

Research document	Briefing	11/03/2022
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Gas and hydrogen markets regulation

PURPOSE: to present an ambitious transition of the gas sector towards low-carbon and renewable gases by revising the internal markets for renewable and natural gases and for hydrogen.

PROPOSED ACT: Regulation 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 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 directive](#) on common rules for the internal markets in renewable and natural gases and in 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.

CONTENT: this proposed 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 gases. It facilitates the emergence of a well-functioning and transparent wholesale market with a high level of security of supply in gases and provides mechanisms to harmonise the network access rules for cross-border exchanges in gases.

Objectives

The revised proposal includes objectives such as the setting of harmonised principles for tariffs, or the methodologies underlying their calculation, for access to the natural gas network, the establishment of third-party access services and harmonised principles for capacity-allocation and congestion-management, the determination of transparency requirements, balancing rules and imbalance charges, and the facilitation of capacity trading.

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.

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.

Measures were 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.

A new governance structure, called the European Network of Network Operators for Hydrogen (ENNOH) will be created to promote the development of dedicated hydrogen infrastructure, cross-border coordination and the construction of an interconnection network.

Gas and hydrogen markets regulation

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 Unions 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.

ENTSOG

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.

Gas and hydrogen markets regulation

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 Unions 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.

Transparency				
GEIER Jens	Rapporteur	ITRE	18/04/2024	Industriegewerkschaft Metall
TOUSSAINT Marie	Shadow rapporteur	ITRE	21/02/2024	Climate Action Network Europe Friends of the Earth Europe Global Witness Greenpeace European Unit E3G rap online
TOUSSAINT Marie	Shadow rapporteur	ITRE	29/01/2024	solar power europe
TOUSSAINT Marie	Shadow rapporteur	ITRE	10/01/2024	Climate Action Network Europe

MARIANI Thierry	Shadow rapporteur	ITRE	13/12/2023	TotalEnergies SE
TOUSSAINT Marie	Shadow rapporteur	ITRE	05/12/2023	Climate Action Network Europe food and water action europe
TOUSSAINT Marie	Shadow rapporteur	ITRE	07/11/2023	Climate Action Network Europe REScoop.eu vzw food and water action europe E3G agora-energiewende
TOUSSAINT Marie	Shadow rapporteur	ITRE	27/10/2023	ClientEarth AISBL Climate Action Network Europe Global Witness REScoop.eu vzw Climate Action Network Europe , Friends of the Earth Europe , Global Witness , E3G , food and water europe , strategic perspectives E3G food and water europe agora-energiewende
TOIA Patrizia	Shadow rapporteur	ITRE	27/10/2023	European Network of Transmission System Operators for Gas
TOIA Patrizia	Shadow rapporteur	ITRE	24/10/2023	Air Products
BELLAMY François-Xavier	Member	02/02/2024	AIR LIQUIDE	
PENKOVA Tsvetelina	Member	19/01/2023	European Network of Transmission System Operators for Gas	
TOUSSAINT Marie	Member	08/06/2022	Greenpeace European Unit	