

ENTSOG 2050 ROADMAP

ACTION PLAN ►



ENTSOG CONSULTATION RESPONSE ON GAS/HYDROGEN REGULATION

ENTSOG welcomes EC's analysis of hydrogen and gas markets and agrees in principle with the identified problem areas. Key ENTSOG statements:

- 1. Infrastructure will serve as driver for competitive hydrogen markets**
- 2. Building on similar legislative principles, preferably by integrating hydrogen into the gas legislation, is relevant for current stage of hydrogen development**
- 3. Role of gas TSOs to build on similar regulatory principles for grid access and operations**
- 4. Guarantee adequate financing and cost recovery for development of H₂ networks**
- 5. Planning and investment clarity for first hydrogen projects is a must.**

Like today's gas consumers, future hydrogen consumers should enjoy liquid, competitive markets. Connecting hydrogen clusters and valleys across the EU will be key for cross-border trade, security of supply and to unlock decarbonisation potential. This connection can largely be achieved by repurposing gas infrastructure, minimising societal costs and benefitting consumers. Retrofitting of gas networks to transport blends of gas and hydrogen will also play a significant role at least in certain regions and markets.

The internal energy market, and rules for natural gas, has served EU citizens and industry well. The future hydrogen network is expected to share basic attributes of the gas network (i. e. natural monopoly with multiple types of production and consumption). Thus, similar principles to the Gas Directive (e. g. concerning unbundling and non-discriminatory third party access) should also apply to hydrogen networks, with tailored regulatory interventions or exemptions for specific stages of development of the hydrogen market.

Incorporating rules for hydrogen market and infrastructure in gas legislation would be the most efficient way to ensure regulatory alignment and promote system integration between hydrogen and gas. Existing hydrogen networks should follow similar principles of the Gas Directive to ensure a competitive market, promoting transparent and open access to infrastructure. Exemptions for a period may be applicable under certain criteria.

Gas TSOs already have experience in planning, financing and operating efficient networks. As parts of these will form the basis for a hydrogen network, it makes sense to allow TSOs to own and operate hydrogen networks under similar conditions to

those for gas. This will result in a more efficient transition to and operation of future hydrogen networks and enable existing safety and security of supply arrangements to be mirrored to hydrogen.

In addition to existing roles of gas TSOs, new roles linked to grid management (such as gas quality management and conversion services) should be established to support operation of integrated gas and hydrogen networks.

While issues of funding of investments is a matter for each member state, revised Gas regulation should provide a clear framework enabling such financing mechanisms. To ensure cost-effective and timely development of hydrogen networks, design and construction should meet longer-term forecast of hydrogen demand in terms of scale location and timing. Financing hydrogen network development through hydrogen users alone could, at least in the short term, lead to prohibitively high network charges and stifle liquidity.

One solution could be to mutualise hydrogen network costs with gas network costs (without jeopardising cost recovery for existing gas networks). This could contribute to an affordable energy transition by spreading costs across a larger number of consumers. Such mutualisation could be complemented by general funding mechanisms, such as in the EU Recovery Plan and TEN-E regulation.

ENTSOG will include hydrogen infrastructure planning at a cross-border level in TYNDP 2022. The revised regulation should, therefore, establish that governance for transition from gas to hydrogen should be planned transparently and integrated in existing planning framework at national and EU level.