



2021/0425(COD)

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*****I**

DRAFT REPORT

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)
(COM(2021)0803 – C9-0468/2021 – 2021/0425(COD))

Committee on Industry, Research and Energy

Rapporteur: Jens Geier

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▬ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

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)

(COM(2021)0803 – C9-0468/2021 – 2021/0425(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2021)0803),
 - having regard to Article 294(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0468/2021),
 - having regard to the opinion of the Committee on Legal Affairs on the proposed legal basis,
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to Rules 59 and 40 of its Rules of Procedure,
 - having regard to the opinions of the Committee on the Internal Market and Consumer Protection and the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Industry, Research and Energy (A9-0000/2022),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

**Proposal for a directive
Recital 6 a (new)**

Text proposed by the Commission

Amendment

(6 a) *The integration of biomethane in*

the natural gas system supports the Union's climate objectives and helps to diversify the energy supply in line with the Commission's communication of 18 May 2022 setting out the REPowerEU. Requests for the grid connection of renewable gas production should be assessed within reasonable time limits and permitting procedures should not be hampered by a lack of administrative capacities. It should be possible to prioritise connection requests for renewable gas production over connection request for the production of natural and low carbon gases.

Or. en

Amendment 2

Proposal for a directive Recital 8

Text proposed by the Commission

(8) In line with the EU Hydrogen Strategy, renewable hydrogen is expected to be deployed on a large-scale from 2030 onwards for the purpose of decarbonising certain sectors, ranging from aviation and shipping to hard-to-decarbonise industrial sectors. All final customers connected to hydrogen systems will benefit from basic consumer rights applicable to final customers connected to the natural gas system such as the right to switch supplier and accurate billing information. In those instances where customers are connected to the hydrogen network, e.g. industrial customers, they will benefit from the same consumer protection rights applicable to natural gas customers. However, consumer provisions designed to encourage household participation on the market such as price comparison tools, active customers and citizen energy communities do not

Amendment

(8) In line with the EU Hydrogen Strategy, renewable hydrogen is expected to be deployed on a large-scale from 2030 onwards for the purpose of ***increasing the flexibility of the electricity system and*** decarbonising certain sectors, ranging from aviation and shipping to hard-to-decarbonise industrial sectors. ***In the early stages of market development, hydrogen use should be prioritised in hard-to-decarbonise in sectors in which more energy and cost efficient options are not available.*** All final customers connected to hydrogen systems will benefit from basic consumer rights applicable to final customers connected to the natural gas system such as the right to switch supplier and accurate billing information. In those instances where customers are connected to the hydrogen network, e.g. industrial customers, they will benefit from the same consumer protection rights applicable to

apply to the hydrogen system.

natural gas customers. However, consumer provisions designed to encourage household participation on the market such as price comparison tools, active customers and citizen energy communities do not apply to the hydrogen system.

Or. en

Amendment 3

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) In line with the EU Hydrogen Strategy, the priority for the EU is to develop renewable hydrogen produced using mainly wind and solar energy. Renewable hydrogen is the **most compatible** option with the EU's climate neutrality and zero pollution goal in the long term and the most coherent with an integrated energy system. However, low-carbon fuels (LCFs) such as low-carbon hydrogen (LCH) may play a role in the energy transition, particularly in the short and medium term to rapidly reduce emissions of existing fuels, and support the **uptake of renewable fuels such as renewable hydrogen**. In order to support the transition, it is necessary to establish a threshold for greenhouse gas emission reductions for low-carbon hydrogen and synthetic gaseous fuels. Such threshold should become more stringent for hydrogen produced in installations starting operations from 1 January 2031 to take into account technological developments and better stimulate the dynamic progress towards the reduction of greenhouse gas emissions from hydrogen production. The EU Energy System Integration strategy highlighted the need to deploy an EU-wide certification system to also cover low-carbon fuels with the aim to enable

Amendment

(9) In line with the EU Hydrogen Strategy, the priority for the EU is to develop renewable hydrogen produced using mainly wind and solar energy. Renewable hydrogen **produced using biomass energy falls under the definition of biogas, as referred to in Article 2, point (28), of Directive (EU) 2018/2001 of the European Parliament and of the Council⁸**. **Renewable hydrogen** is the **only** option with the EU's climate neutrality and zero pollution goal in the long term and the most coherent with an integrated energy system. However, **renewable hydrogen production is not likely to scale fast enough to meet the expected growth in demand for hydrogen in the Union**. **Therefore**, low-carbon fuels (LCFs) such as low-carbon hydrogen (LCH) may play a role in the energy transition, particularly in the short and medium term to rapidly reduce emissions of existing fuels, and support the **transition of the Union's industry in hard-to-decarbonise sectors in which more energy or cost-efficient options are not available, including in heavy-duty transport**. In order to support the transition, it is necessary to establish a threshold for greenhouse gas emission reductions for low-carbon hydrogen and synthetic gaseous fuels. Such threshold

Member States to compare them with other decarbonisation options and consider them in their energy mix as a viable solution. In order to ensure that LCF have the same decarbonisation impact as compared to other renewable alternatives it is important that they are certified by applying a similar methodological approach based on a life cycle assessment of their total greenhouse gas ('GHG') emissions. This would allow deploying a comprehensive EU-wide certification system, covering the whole Union energy mix. Taking into consideration that LCF and LCH are not renewable fuels, their terminology and certification could not be included in the proposal for the revision of Directive (EU) 2018/2001 *of the European Parliament and of the Council*⁸. Therefore, their inclusion in this Directive fills in this gap.

should become more stringent for hydrogen produced in installations starting operations from 1 January 2031 to take into account technological developments and better stimulate the dynamic progress towards the reduction of greenhouse gas emissions from hydrogen production. The EU Energy System Integration strategy highlighted the need to deploy an EU-wide certification system to also cover low-carbon fuels with the aim to enable Member States to compare them with other decarbonisation options and consider them in their energy mix as a viable solution. In order to ensure that LCF have the same decarbonisation impact as compared to other renewable alternatives it is important that they are certified by applying a similar methodological approach based on a life cycle assessment of their total greenhouse gas ('GHG') emissions, *including emissions related to the extraction of the fossil fuel needed for the production, transport and end-use of LCF*. This would allow deploying a comprehensive EU-wide certification system, covering the whole Union energy mix. Taking into consideration that LCF and LCH are not renewable fuels, their terminology and certification could not be included in the proposal for the revision of Directive (EU) 2018/2001. Therefore, their inclusion in this Directive fills in this gap.

⁸ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

⁸ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

Or. en

Amendment 4

Proposal for a directive Recital 9 a (new)

(9a) The Union is not able to produce enough renewable and low-carbon hydrogen to meet its decarbonisation goals. Imports of renewable and low-carbon hydrogen are needed for the rapid availability of large quantities of hydrogen catering for the Union's demand, especially from neighbouring regions such as North Africa and the Middle East. The certification and life cycle assessment methodology of LCF should also apply to imports. This will ensure that partner countries can easily identify the requirements of the Union for LCF to be certified as such, ensure market confidence, and foster transparent imports of LCF. By developing such a methodology, the Union can also take a leading role in developing global standards for LCF certification and strengthen its role as a global climate leader, using its climate diplomacy to develop mutually beneficial cooperation with exporting partners.

Or. en

Amendment 5

Proposal for a directive Recital 12

Text proposed by the Commission

(12) The European Pillar of Social Rights places energy among the essential services everyone shall have access to and calls for support measures for those in need (principle 20). UN Sustainable Development Goal number 7 (SDG7) also calls for ensuring access to affordable, reliable, sustainable and modern energy for all.

Amendment

(12) The European Pillar of Social Rights places energy among the essential services everyone shall have access to and calls for support measures for those in need (principle 20). UN Sustainable Development Goal number 7 (SDG7) also calls for ensuring access to affordable, reliable, sustainable and modern energy for all. ***This Directive builds on comprehensive and common concepts of***

energy poverty and vulnerable customers.

Or. en

Amendment 6

Proposal for a directive

Recital 24

Text proposed by the Commission

(24) The switch from fossil gas to renewable alternatives will concretise if energy from renewable sources becomes an attractive, non-discriminatory choice for consumers based on truly transparent information where the transition costs are fairly distributed among different groups of consumers and market players.

Amendment

(24) The switch from fossil gas to renewable alternatives will concretise if energy from renewable sources becomes an attractive, non-discriminatory choice for consumers based on truly transparent information where the transition costs are fairly distributed among different groups of consumers and market players. ***Mandatory fuel switches should be accompanied by measures that remove adverse effects on final customers, especially 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.***

Or. en

Amendment 7

Proposal for a directive

Recital 27

Text proposed by the Commission

(27) To be coherent and effective, this mirroring approach should be encompass all consumer protection and empowerment provisions, whenever feasible and adaptable to the gas market. This should go from basic contractual rights to rules for billing information, switching energy provider, having at disposal reliable

Amendment

(27) To be coherent and effective, this mirroring approach should be encompass all consumer protection and empowerment provisions, whenever feasible and adaptable to the gas market. This should go from basic contractual rights to rules for billing information, switching energy provider, having at disposal reliable

comparison tools, protecting vulnerable and energy poor consumers, ensuring adequate data protection for smart meters and data management, and efficient alternative dispute resolution rules.

comparison tools, protecting vulnerable and energy poor consumers, ensuring adequate data protection for smart meters and data management, and efficient alternative dispute resolution rules. ***Smart meters should be deployed only after a positive cost-benefit assessment.***

Or. en

Amendment 8

Proposal for a directive Recital 35

Text proposed by the Commission

(35) Recognising the role they can play in decarbonizing the energy system, certain categories of citizen energy initiatives should be recognised in the natural gas market at the Union level as ‘citizen energy communities’. These communities should facilitate the use of renewable gas in the natural gas system. In order to provide them with an enabling framework, fair treatment, a level playing field and a well-defined catalogue of rights and obligations should be laid down which generally reflects the membership structure, governance requirements and purpose of citizen energy communities in Directive (EU) 2019/944.

Amendment

(35) Recognising the role they can play in decarbonizing the energy system, certain categories of citizen energy initiatives should be recognised in the natural gas market at the Union level as ‘citizen energy communities’. These communities should facilitate the use of renewable gas in ***and should contribute to the decarbonisation of*** the natural gas system. In order to provide them with an enabling framework, fair treatment, a level playing field and a well-defined catalogue of rights and obligations should be laid down which generally reflects the membership structure, governance requirements and purpose of citizen energy communities in Directive (EU) 2019/944.

Or. en

Amendment 9

Proposal for a directive Recital 36

Text proposed by the Commission

(36) The provisions on citizen energy

Amendment

(36) The provisions on citizen energy

communities do not preclude the existence of other citizen initiatives such as Renewable Energy Communities in Directive (EU) 2018/2001 or those stemming from private law agreements. Membership of citizen energy communities should be open to all categories of entities. However, the decision-making powers within a citizen energy community should be limited to those members or shareholders that are not engaged in large-scale commercial activity and for which the energy sector does not constitute a primary area of economic activity. This means that citizen energy communities and individual members or shareholders need to be financially and economically independent from entities engaged in such activities, notwithstanding the possibility for citizen energy communities to delegate the management of the installations required for their activities, including installation, operation, data handling and maintenance.

communities do not preclude the existence of other citizen initiatives such as Renewable Energy Communities in Directive (EU) 2018/2001 or those stemming from private law agreements. Membership of citizen energy communities should be open to all categories of entities. However, the decision-making powers within a citizen energy community should be limited to those members or shareholders that are not engaged in large-scale commercial activity and for which the energy sector does not constitute a primary area of economic activity. This means that citizen energy communities and individual members or shareholders need to be financially and economically independent from entities engaged in such activities, notwithstanding the possibility for citizen energy communities to delegate the management of the installations required for their activities, including installation, operation, data handling and maintenance. ***To avoid abuse and ensure broad participation, citizen energy communities should remain independent from individual members and other traditional market actors that participate in the community as members or shareholders.***

Or. en

Amendment 10

Proposal for a directive

Recital 38

Text proposed by the Commission

(38) The regular provision of accurate billing information based on actual gas consumption, ***facilitated by smart metering***, is important to help customers to control their gas consumption and costs. Nevertheless, customers, in particular household customers, should have access

Amendment

(38) The regular provision of accurate billing information based on actual gas consumption is important to help customers to control their gas consumption and costs. Nevertheless, customers, in particular household customers, should have access to flexible arrangements for

to flexible arrangements for the actual payment of their bills.

the actual payment of their bills.

Or. en

Justification

The deployment of smart meters in the natural gas system should be subject to a cost-benefit assessment.

Amendment 11

**Proposal for a directive
Recital 41**

Text proposed by the Commission

(41) In order to assist final customers' active participation in the market, the smart metering systems to be deployed should have due regard to the use of relevant available standards, including those enabling interoperability on the level of the data model and the application layer, to best practices and the importance of the development of data exchange, to future and innovative energy services. Moreover, the smart metering systems that are deployed should not represent a barrier to switching supplier in the case of natural gas consumers, and should be equipped with fit-for-purpose functionalities that allow final customers to have timely access to their consumption data, to modulate their energy behaviour, be rewarded for it, and obtain savings in their bills.

Amendment

(41) In order to assist final customers' active participation in the market, the smart metering systems to be deployed should, ***after a positive cost-benefit assessment***, have due regard to the use of relevant available standards, including those enabling interoperability on the level of the data model and the application layer, to best practices and the importance of the development of data exchange, to future and innovative energy services. Moreover, the smart metering systems that are deployed should not represent a barrier to switching supplier in the case of natural gas consumers, and should be equipped with fit-for-purpose functionalities that allow final customers to have timely access to their consumption data, to modulate their energy behaviour, be rewarded for it, and obtain savings in their bills. ***Consumer groups should be advised on how to improve their energy efficiency by using smart meters.***

Or. en

Amendment 12

Proposal for a directive Recital 55

Text proposed by the Commission

Amendment

(55) In contrast, with regard to the hydrogen sector, the emergence of vertically integrated undertakings could be avoided in the first place by setting clear up-front rules. This is preferable over costly ex-post unbundling requirements that would take time to implement.

deleted

Or. en

Justification

The existing regulatory framework on unbundling in the natural gas system has proven to be effective and successful. There is no apparent need for changing those requirements in the hydrogen market.

Amendment 13

Proposal for a directive Recital 67

Text proposed by the Commission

Amendment

(67) The operation of hydrogen networks should be separated from activities of energy production and supply in order to avoid the risk of conflicts of interest on behalf of the network operators. The structural separation of ownership of hydrogen networks and participations in energy production and supply guarantees the absence of such conflicts of interest. Member States should be able to rely on the alternative unbundling model of “integrated hydrogen network operator” **until 2030 to provide a transitional period** for existing vertically integrated hydrogen networks. Member States should also be able to allow the use of the “independent

(67) The operation of hydrogen networks should be separated from activities of energy production and supply in order to avoid the risk of conflicts of interest on behalf of the network operators. The structural separation of ownership of hydrogen networks and participations in energy production and supply guarantees the absence of such conflicts of interest. Member States should be able to rely on the alternative unbundling model of “integrated hydrogen network operator” for existing vertically integrated hydrogen networks. Member States should also be able to allow the use of the “independent hydrogen network operator” model to

hydrogen network operator” model to allow vertically integrated owners of hydrogen networks to retain ownership of their networks while ensuring the non-discriminatory operation of such networks *after 2030*.

allow vertically integrated owners of hydrogen networks to retain ownership of their networks while ensuring the non-discriminatory operation of such networks.

Or. en

Amendment 14

Proposal for a directive Recital 67 a (new)

Text proposed by the Commission

Amendment

(67a) In the long term, rights and obligations for the transport of hydrogen is intended to be the same as for the transport of natural gas. The regulatory framework for electricity and gas should therefore also apply to hydrogen, including the requirements to distinguish between the transmission and distribution of hydrogen and to apply the unbundling of distribution system operators to hydrogen distribution network operators.

Or. en

Amendment 15

Proposal for a directive Recital 68

Text proposed by the Commission

Amendment

(68) ***Whereas*** the joint operation of hydrogen networks and gas or electricity grids can create synergies and should thus be allowed, ***activities of hydrogen network operation should be organised in a separate legal entity in order to ensure*** transparency regarding financing and the use of access tariffs.

(68) The joint operation of hydrogen networks and gas or electricity grids can create synergies and should thus be allowed, ***ensuring*** transparency regarding financing and the use of access tariffs.

Amendment 16

Proposal for a directive Recital 69

Text proposed by the Commission

Amendment

(69) The operation of hydrogen networks should be separated from the activities of energy production and supply in order to avoid the risk of conflicts of interest on behalf of the network operators. The structural separation of ownership of hydrogen networks and participation in energy production and supplies should guarantee the absence of such conflicts of interest. Member States should be able to rely on the alternative unbundling model of integrated hydrogen network operator until 2030 to provide a transitional period for existing vertically integrated hydrogen networks. Member States should also be able to offer the use of an independent hydrogen network operator to allow vertically integrated owners of hydrogen networks to retain ownership of their networks while ensuring the non-discriminatory operation of such networks after 2030.

deleted

Justification

Repetition of Recital 67

Amendment 17

Proposal for a directive Recital 70

Text proposed by the Commission

Amendment

(70) In order to ensure transparency with

(70) In order to ensure transparency with

regard to the costs and financing of regulated activities, activities of hydrogen network operation should be separated from other network operation activities for other energy carriers at least in relation to the **legal form and** accounts of network operators.

regard to the costs and financing of regulated activities, activities of hydrogen network operation should be separated from other network operation activities for other energy carriers at least in relation to the accounts of network operators.

Or. en

Amendment 18

Proposal for a directive Recital 72

Text proposed by the Commission

(72) The availability of large-scale underground hydrogen storage facilities is limited and distributed unevenly across Member States. In view of the potentially beneficial role for the functioning of hydrogen transport and markets, the access to such large-scale underground storages should be subject to regulated third party access in order to ensure a level playing field for market participants.

Amendment

(72) The availability of large-scale underground hydrogen storage facilities is limited and distributed unevenly across Member States. In view of the potentially beneficial role for the functioning of hydrogen transport and markets, the access to such large-scale underground storages should be subject to regulated third party access in order to ensure a level playing field for market participants. ***The access to smaller hydrogen storage facilities should be subject to regulated or negotiated third-party access, taking into account the competition in the hydrogen storage market.***

Or. en

Amendment 19

Proposal for a directive Recital 79

Text proposed by the Commission

(79) In some cases, depending among others on the topography of hydrogen networks and the population of end-users

Amendment

(79) In some cases, depending among others on the topography of hydrogen networks and the population of end-users

connected to the hydrogen networks, hydrogen quality management by hydrogen network operators could become necessary (e.g. purification). Therefore, regulatory authorities **can** task hydrogen network operators with ensuring efficient hydrogen quality management in their networks **where necessary for system management**. When undertaking such activities, hydrogen network operators should comply with applicable hydrogen quality standards.

connected to the hydrogen networks, hydrogen quality management by hydrogen network operators could become necessary (e.g. purification). Therefore, regulatory authorities **should** task hydrogen network operators with ensuring efficient hydrogen quality management in their networks **to meet the quality requirements of different end-use applications**. When undertaking such activities, hydrogen network operators should comply with applicable hydrogen quality standards **and ensure a stable hydrogen quality at the exit point**.

Or. en

Amendment 20

Proposal for a directive Recital 109

Text proposed by the Commission

(109) Transmission system operators play an important role in ensuring cost effective investments in gas networks. For an optimised planning across energy carriers and to bridge the gap between the diverse national and EU-wide network planning approaches, additional requirements for consistent planning are introduced. The network planning should also take account of the increased interlinkages between natural gas and electricity, as well as hydrogen.

Amendment

(109) Transmission system operators play an important role in ensuring cost effective investments in gas networks. For an optimised planning across energy carriers and to bridge the gap between the diverse national and EU-wide network planning approaches, additional requirements for consistent planning are introduced. The network planning should also take account of the increased interlinkages between natural gas and electricity, as well as hydrogen **and district heating**.

Or. en

Amendment 21

Proposal for a directive Recital 110

Text proposed by the Commission

(110) When developing the network development plan, it is important that infrastructure operators take the energy efficiency first principle¹⁶ into account, in particular, the expected consumption used for the joint scenario development.

¹⁶ Commission Recommendation of 28.9/2021 on Energy Efficiency First: from principles to practice. Guidelines and examples for its implementation in decision-making in the energy sector and beyond, COM (2021) 7014 final

Amendment

(110) When developing the network development plan, it is important that infrastructure operators take the energy efficiency first principle¹⁶ into account, in particular, the expected consumption used for the joint scenario development ***and demand-side solutions that do not require new infrastructure investments.***

¹⁶ Commission Recommendation of 28.9/2021 on Energy Efficiency First: from principles to practice. Guidelines and examples for its implementation in decision-making in the energy sector and beyond, COM (2021) 7014 final

Or. en

Amendment 22

Proposal for a directive Recital 112

Text proposed by the Commission

(112) Network development plans are an important element to identify infrastructure gaps and provide information on infrastructure that ***either*** needs to be built ***or*** that can be decommissioned ***and*** could be used for other purposes, such as hydrogen transport. This is true irrespective of the unbundling model chosen for the network operators.

Amendment

(112) Network development plans are an important element to identify infrastructure gaps and provide information on infrastructure that needs to be built, that can be decommissioned ***or that*** could be used for other purposes, such as hydrogen transport. This is true irrespective of the unbundling model chosen for the network operators.

Or. en

Amendment 23

Proposal for a directive Recital 113

Text proposed by the Commission

(113) Providing information on infrastructure that can be decommissioned within the network development plan may mean either leaving the infrastructure unused, dismantling it or using it for other purposes, such as hydrogen transport. The objective of this increased transparency on infrastructure takes into account that repurposed infrastructure is comparatively cheaper than newly built infrastructure and hence should enable a cost effective transition.

Amendment

(113) Providing information on infrastructure that can be decommissioned ***or repurposed*** within the network development plan may mean either leaving the infrastructure unused, dismantling it or using it for other purposes, such as hydrogen transport. The objective of this increased transparency on infrastructure takes into account that repurposed infrastructure is comparatively cheaper than newly built infrastructure and hence should enable a cost effective transition.

Or. en

Amendment 24

**Proposal for a directive
Recital 114**

Text proposed by the Commission

(114) In Member States where a hydrogen network will be developed, reporting on the development of hydrogen infrastructure should ensure that the construction of a hydrogen system is based on a realistic and forward-looking demand projections including potential needs from the perspective of the electricity system. If Member States decide to allow for dedicated charges as a means of co-funding new hydrogen infrastructure, the report should support the regulatory authority in its assessment of these charges. The report should be submitted to the regulatory authority ***on a regular basis*** to be decided by the regulatory authority. ***In light of the ramp-up character of the hydrogen market, a disproportionate and continuous sequencing of the reporting obligation should however be avoided.***

Amendment

(114) In Member States where a hydrogen network will be developed, reporting on the development of hydrogen infrastructure should ensure that the construction of a hydrogen system is based on a realistic and forward-looking demand projections including potential needs from the perspective of the electricity system. If Member States decide to allow for dedicated charges as a means of co-funding new hydrogen infrastructure, the report should support the regulatory authority in its assessment of these charges. The report should be submitted to the regulatory authority ***at least every two years***, to be decided by the regulatory authority.

Or. en

Amendment 25

Proposal for a directive Recital 114 a (new)

Text proposed by the Commission

Amendment

(114a) Member States should ensure that regional and local authorities prepare local heating and cooling plans that aim to support the use of local renewable sources in the most efficient way and sector integration on local level. They should include a strategy that provides for the necessary requirements for the infrastructure at the distribution level in order to meet the current and future demand for heating and cooling of a specific area. The strategy should provide transparency for the public and final customers as well as a reliable timeframe for investors and distribution system operators to meet an area's heating and cooling needs. The plans should be complementary to the local heating and cooling planning provided for in ... [the Energy Efficiency Directive - recast of the directive on energy efficiency 2021/0203 (COD)], taking into account the potential of energy efficiency as well as the energy performance of buildings, the joint scenario framework, the hydrogen network development report and the network development plan.

Or. en

Amendment 26

Proposal for a directive Recital 115

Text proposed by the Commission

Amendment

(115) Information contained in the

(115) Information contained in the

network development plan should enable a forecast on the impacts on tariffs based on planning **and** decommissioning affecting the regulated asset base as mentioned in Article 51 of this Directive.

network development plan should enable a forecast on the impacts on tariffs based on planning, decommissioning **or repurposing** affecting the regulated asset base as mentioned in Article 51 of this Directive.

Or. en

Amendment 27

Proposal for a directive Article 1 – paragraph 4

Text proposed by the Commission

4. This Directive establishes rules for the progressive establishment of a Union-wide interconnected hydrogen system contributing to the reduction of net greenhouse gas emissions of difficult to decarbonise sectors and thereby supporting to the decarbonisation of the EU energy system.

Amendment

4. This Directive 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 and thereby supporting to the decarbonisation of the EU energy system.

Or. en

Justification

This amendment aims to support the energy system integration. Large-scale storage and re-electrification of hydrogen is one available climate-neutral solution providing long-term flexibility for the electricity system.

Amendment 28

Proposal for a directive Article 2 – paragraph 1 – point 1

Text proposed by the Commission

(1) ‘natural gas’ means all gases that primarily consist of methane, including biogas **and gas from biomass, in particular** biomethane, or other types of **gas**, that can technically and safely be

Amendment

(1) ‘natural gas’ means all gases that primarily consist of methane, including biogas, **as defined in Article 2, point (28) of Directive (EU) 2018/2001, that has been upgraded to** biomethane, or other

injected into, and transported through, the natural gas system;

types of **gases**, that can technically and safely be injected into, and transported through, the natural gas system;

Or. en

Amendment 29

Proposal for a directive

Article 2 – paragraph 1 – point 2

Text proposed by the Commission

(2) ‘renewable gas’ means biogas as defined in Article 2, point (28) of Directive 2018/2001, including biomethane, and renewable gaseous fuels part of fuels of non-biological origins (‘RFNBOs’) as defined in Article 2, point (36) of that Directive’;

Amendment

(2) ‘renewable gas’ means biogas as defined in Article 2, point (28) of Directive 2018/2001, including **biogas that has been upgraded to** biomethane, and renewable gaseous fuels part of fuels of non-biological origins (‘RFNBOs’) as defined in Article 2, point (36) of that Directive’;

Or. en

Amendment 30

Proposal for a directive

Article 2 – paragraph 1 – point 21

Text proposed by the Commission

(21) ‘hydrogen transport’ means the **transport** of hydrogen through a hydrogen network with a view to its delivery to customers, but not including supply, irrespective of the pressure, the geographic coverage or the connected customer group of the network;

Amendment

(21) ‘hydrogen transport’ means the **transmission or distribution** of hydrogen through a hydrogen network, with a view to its delivery to customers, but not including supply, irrespective of the pressure, the geographic coverage or the connected customer group of the network;

Or. en

Justification

In the long term, rights and obligations for the transport of hydrogen will be the same as for the transport of gas. For this reason, the regulatory framework for electricity and gas should also apply to hydrogen. This includes to distinguish between distribution and transmission of

hydrogen.

Amendment 31

Proposal for a directive

Article 2 – paragraph 1 – point 21 a (new)

Text proposed by the Commission

Amendment

(21a) ‘hydrogen transmission’ means the transport of hydrogen through a network which mainly contains high-pressure pipelines, other than an upstream pipeline network and other than the part of high-pressure pipelines primarily used in the context of local distribution of natural gas, with a view to its delivery to customers, but not including supply;

Or. en

Justification

In the long term, rights and obligations for the transport of hydrogen will be the same as for the transport of gas. For this reason, the regulatory framework for electricity and gas should also apply to hydrogen. This includes to distinguish between distribution and transmission of hydrogen.

Amendment 32

Proposal for a directive

Article 2 – paragraph 1 – point 21 b (new)

Text proposed by the Commission

Amendment

(21b) ‘hydrogen distribution’ means the transport of hydrogen through local or regional pipeline networks with a view to its delivery to customers, but not including supply;

Or. en

Justification

In the long term, rights and obligations for the transport of hydrogen will be the same as for the transport of gas. For this reason, the regulatory framework for electricity and gas should also apply to hydrogen. This includes to distinguish between distribution and transmission of hydrogen.

Amendment 33

Proposal for a directive

Article 2 – paragraph 1 – point 22 a (new)

Text proposed by the Commission

Amendment

(22a) ‘hydrogen transmission network operator’ means a hydrogen network operator that carries the function of the transport of hydrogen through a network, which contains mainly high-pressure pipelines, other than an upstream pipeline network and other than the part of high-pressure pipelines primarily used in the context of local distribution of hydrogen, with a view to its delivery to customers, but not including supply;

Or. en

Justification

In the long term, rights and obligations for the transport of hydrogen will be the same as for the transport of gas. For this reason, the regulatory framework for electricity and gas should also apply to hydrogen. This includes to distinguish between distribution and transmission of hydrogen.

Amendment 34

Proposal for a directive

Article 2 – paragraph 1 – point 22 b (new)

Text proposed by the Commission

Amendment

(22b) ‘hydrogen distribution network operator’ means a hydrogen network operator that carries the function of the transport of hydrogen through local or

regional pipeline networks with a view to its delivery to customers, but not including supply;

Or. en

Justification

In the long term, rights and obligations for the transport of hydrogen will be the same as for the transport of gas. For this reason, the regulatory framework for electricity and gas should also apply to hydrogen. This includes to distinguish between distribution and transmission of hydrogen.

Amendment 35

Proposal for a directive

Article 2 – paragraph 1 – point 48

Text proposed by the Commission

(48) ‘security’ means ***both security of supply of natural gas*** and technical safety;

Amendment

(48) ‘security’ means ***the continuous and uninterrupted availability of energy and technical safety achievable by increasing efficiency and interoperability of transmission and distribution networks, promoting system flexibility, avoiding congestions, ensuring resilient supply chains, cybersecurity and the protection and climate adaptation of all, and in particular, critical infrastructure while reducing strategic energy dependencies;***

Or. en

Justification

A broader definition of security is needed to cope with today’s challenges and in line with the energy system integration.

Amendment 36

Proposal for a directive

Article 2 – paragraph 1 – point 69

Text proposed by the Commission

(69) ‘energy poverty’ means **energy poverty as defined in point (49) of Article 2 of Directive (EU) 2021/0203 COD of the European Parliament and of the Council.**

Amendment

(69) ‘energy poverty’ means **a household’s inability linked to the non-affordability to meet its basic energy supply needs and lack of access to essential energy services as to guarantee basic levels of comfort and health, a decent standard of living, including adequate heating and cooling, lighting, and energy to power appliances, in the relevant national context, existing social policy and other relevant policies, as a result of an insufficient disposable income** ;

Or. en

Amendment 37

Proposal for a directive Article 3 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. Member States shall ensure a consumer-centred and energy efficient approach in hydrogen market. The use of renewable and low-carbon fuels in the hydrogen network shall, in the early stages of market development, be prioritised for industrial customers in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential, where more energy and cost efficient options are not available, including in heavy-duty transport.

Or. en

Justification

The hydrogen demand of these specific sectors will drive production capacity expansion, infrastructure development and overall market liquidity. Therefore, meeting future demand of industrial users shall be a priority when Member States design and implement the hydrogen market.

Amendment 38

Proposal for a directive Article 8 – paragraph 5

Text proposed by the Commission

5. **By 31 December 2024**, the Commission shall adopt delegated acts in accordance with Article 83 to supplement this Directive by specifying the methodology for assessing greenhouse gas emissions savings from low carbon fuels. The **methodology shall ensure that credit for avoided emissions is not given for carbon dioxide the capture of which has already received an emission credit under other provisions of law.**

Amendment

5. **By ... [6 months of the date of entry into force of this Directive]**, the Commission shall adopt delegated acts in accordance with Article 83 to supplement this Directive by specifying the methodology for assessing greenhouse gas emissions savings from low carbon fuels. The **greenhouse gas emission savings from the use of low carbon fuels shall be at least 70% relative to a fossil fuel comparator with a threshold of 94 gCO₂eq/MJ and based on their life-cycle emissions, taking into account at least upstream and downstream emissions, including methane leakage, as well as emissions related to the production, the transport and distribution and the end-use of low carbon fuels and low carbon hydrogen. Low carbon fuels shall comply with the maximum methane leakage rates and minimum carbon capture rates.**

Or. en

Justification

This amendments aims to clarify the definition of low carbon fuels by setting a fossil fuel comparator in accordance with the methodology used for RFNBOs and recycled carbon fuels in the Renewable Energy Directive (EU) 2018/2001 and by specifying the life cycle assessment of emissions.

Amendment 39

Proposal for a directive Article 8 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. The Commission may adopt delegated acts in accordance with Article 83 to amend this Directive by adapting the threshold referred to in paragraph 5 for low carbon fuels produced in installations starting operations from 1 January 2031. The methodology established pursuant to paragraph 5 shall be in line with the methodology used to determine the greenhouse gas emissions reductions in accordance with Article 27 of Directive (EU) 2018/2001, in order to ensure equal treatment of all renewable and low carbon gases and fuels and to avoid the double counting of recycled carbon fuels. The methodology shall ensure that credit for avoided emissions is not given for carbon dioxide the capture of which has already received an emission credit under other provisions of law.

Or. en

Justification

In line with Recital 9, the Commission may adapt the threshold to take into account technological developments.

Amendment 40

Proposal for a directive Article 8 – paragraph 10

Text proposed by the Commission

Amendment

10. Member States shall also require the relevant economic operators to enter into the Union database information on the transactions made and the sustainability characteristics of low carbon fuels in line with the requirements established in Article 28 of Directive (EU) 2018/2001.

10. Member States shall also require the relevant economic operators to enter into the Union database information on the transactions made and the sustainability characteristics of low carbon fuels in line with the requirements established in Article 28 of Directive (EU) 2018/2001. **The interconnected natural gas and hydrogen system shall be considered to be a single**

mass balance system. The Union database shall be implemented as soon as possible and in any event by ... [the date of entry into force of this Directive].

Or. en

Justification

A Union wide mass balance system is important to support an integrated and liquid market for renewable gases.

Amendment 41

**Proposal for a directive
Article 11 a (new)**

Text proposed by the Commission

Amendment

Article 11a

Mandatory fuel switch

- 1. Member States shall ensure that final customers are fully informed by their distribution system operator and supplier of any mandatory fuel switches for households from gas heating to other forms of heating, and shall ensure that distribution system operators and suppliers provide that information sufficiently in advance of any planned mandatory switch.***
- 2. Distribution system operators and suppliers shall provide final customers with a roadmap for the transfer from gas to alternative heat sources, including the procedure and the relevant timeline.***
- 3. Member States shall ensure that final customers receive information on options to prepare or adapt their homes and on any support available to manage the costs associated with the planned mandatory fuel switch.***
- 4. Discrimination and cross-subsidisation between different categories of customers and between energy carriers***

shall be avoided when carrying out a mandatory fuel switch.

5. Member States shall ensure that measures are put in place to mitigate and resolve any inequities resulting from policies to decarbonise the energy system.

6. Member States shall take all measures necessary to ensure that fuel switches implemented pursuant to this Article have no adverse effect on final customers, vulnerable customers, people affected by or at risk of energy poverty and people living in social housing. Where applicable, Member States shall make the best possible use of funding, including public funding and funding facilities established at Union level, with the aim of removing adverse effects and ensuring a just and inclusive energy transition.

Or. en

Justification

Structured fuel switches due to the electrification of residential heating and the deployment of district heating at local or regional level will directly affect household consumers. On the one hand, a mass fuel switch would oblige certain customers to change their fuel and related equipment in their homes. On the other hand, the possible transfer of assets and decommissioning of the affected gas network could have financial implications for a broad set of consumers still remaining on the gas network. Consumer protection provisions should be foreseen for such situations.

Amendment 42

Proposal for a directive Article 16 – paragraph 2

Text proposed by the Commission

2. Member States shall *ensure* the deployment in their territories of smart metering systems. *Such deployment may be subject to a* cost-benefit assessment which shall be undertaken in accordance with the principles laid down in Annex II.

Amendment

2. Member States shall *proceed with* the deployment in their territories of smart metering systems *only after a positive* cost-benefit assessment *which clearly assesses and specifies the benefits to consumers that arise from the use of*

smart meters and signing up for smart meter-enabled offers, which shall be undertaken in accordance with the principles laid down in Annex II.

Or. en

Justification

Smart metering in gas has less benefits than in electricity as there is limited opportunity for demand response. The deployment of smart meters should thus be based mandatorily on a cost-benefit assessment to avoid stranded investments for consumers.

Amendment 43

**Proposal for a directive
Article 16 – paragraph 3 a (new)**

Text proposed by the Commission

Amendment

3a. Member States that proceed with the deployment of smart metering systems shall develop guidelines for the provision of clear and understandable information and advice to consumers about the benefits of smart meters in consultation with consumer bodies and other relevant organisations. Those guidelines shall at least:

(a) include advice on how customer groups can use their smart metering system to improve their energy efficiency;

(b) establish industry wide standards to address the specific needs of vulnerable customers such as visually impaired, hearing impaired, and those with low levels of literacy;

(c) include local engagement strategies to enlist support of authorities and support services to explain how smart appliances can benefit vulnerable customers and customers affected by or at risk of energy poverty.

Or. en

Justification

If gas smart meters are rolled out, engagement strategies explaining consumers how they can benefit from them shall be implemented in order to enable consumers to actually improve their energy efficiency.

Amendment 44

Proposal for a directive Article 16 – paragraph 4

Text proposed by the Commission

4. Member States that proceed with the deployment of smart metering systems shall ensure that final customers contribute to the associated costs of the deployment in a transparent and non-discriminatory manner, while taking into account the long-term benefits to the whole value chain. Member States or, where a Member State has so provided, the designated competent authorities, shall regularly monitor such deployment in their territories to track the delivery of benefits to consumers.

Amendment

4. Member States that proceed with the deployment of smart metering systems shall ensure that final customers contribute to the associated costs of the deployment in a transparent and non-discriminatory manner, while taking into account the long-term benefits to the whole value chain. Member States or, where a Member State has so provided, the designated competent authorities, shall regularly monitor such deployment in their territories to track the delivery of benefits to consumers. ***Benefits to network operations in terms of savings, in particular due to better network management, more efficient fault clearing, more precise planning and the identification of network losses, shall be subtracted when calculating customers' contribution.***

Or. en

Justification

As smart meters lead to a reduction of costs for system operators for the management of their networks, consumers shall not be burdened with the full cost of a smart meter installation, if such deployment takes place.

Amendment 45

Proposal for a directive Article 17

Article 17

deleted

Smart metering systems in the hydrogen system

- 1. Member States shall ensure the deployment of smart metering systems that can accurately measure consumption, provide information on actual time of use, and are capable to transmit and receive data for information, monitoring and control purposes, using a form of electronic communication.***
- 2. Member States shall ensure the security of the metering systems and respective data communication, and the privacy of final customers, in compliance with relevant Union data protection and privacy legislation, as well as their interoperability and having regard to the use of appropriate standards.***
- 3. The Commission shall adopt, by means of implementing acts, interoperability requirements for smart metering and procedures to ensure, for those eligible, access to data coming from those metering systems. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 4 of Regulation (EU) No 182/2011.***

Or. en

Justification

In the expectation that the development of the hydrogen sector will initially concentrate on industrial and/or heavy transport use, rather than domestic use by households, Article 17 should be understood to apply to the installation of smart meters by industrial hydrogen customers. The inclusion of Article 17 within Chapter III on Consumer empowerment and protection, may create unintentional expectations regarding the intended deployment and users of these meters. Therefore, the Article has been moved to Chapter VII on Rules applicable to the dedicated hydrogen networks.

Amendment 46

Proposal for a directive Article 20 – paragraph 1

Text proposed by the Commission

1. Where final natural gas customers do not have smart meters, Member States shall ensure that final customers are provided with individual conventional meters that accurately measure their actual consumption.

Amendment

1. Where final natural gas customers do not have smart meters, Member States shall ensure that, ***in so far as it is technically possible, financially reasonable and proportionate to the potential energy savings***, final customers are provided with individual conventional meters that accurately measure their actual consumption.

Or. en

Justification

The unconditional requirement 'for the deployment of conventional meters is problematic in some Eastern Central European Member States, like Hungary, which have a significant number of socialist era apartment blocks for which it is neither technically nor economically feasible to equip them with individual conventional meters, also considering decarbonisation objectives. These mostly district heated households use only small amounts of gas mainly for cooking.

Amendment 47

Proposal for a directive Article 25 – title

Text proposed by the Commission

Vulnerable customers

Amendment

Vulnerable customers ***and energy poverty***

Or. en

Amendment 48

Proposal for a directive Article 25 – paragraph 1

Text proposed by the Commission

Member States shall take appropriate measures to protect final customers, and shall, in particular, ensure that there are adequate safeguards to protect vulnerable customers. In this context, ***each Member State shall define the concept of vulnerable customers which may refer to energy poverty.*** Measures to protect vulnerable consumers may include, inter alia, to the prohibition of disconnection to such customers in critical times.

Amendment

Member States shall take appropriate measures to protect final customers, and shall, in particular, ensure that there are adequate safeguards to protect vulnerable customers ***and people affected by or at risk of energy poverty.*** In this context, vulnerable customers ***shall be defined as those living below the 60% of the national median equivalised disposable income.***

For the purpose of adopting a uniform definition of customers affected by or at risk of energy poverty, Member States shall take into account at least the following criteria:

(a) the share of energy costs in proportion to disposable income, after deduction of housing costs, is more than double the national median share;

(b) the share of disposable income spent on energy services is above the national median and the disposable income after energy and housing costs is equal to or below the “risk of poverty” threshold;

(c) the absolute energy expenditure is lower than half the national median energy expenditure.

Measures to protect vulnerable consumers ***and people affected by or at risk of energy poverty*** may include, inter alia, to the prohibition of disconnection to such customers in critical times.

Or. en

Justification

The current monitoring framework of energy poverty is based on qualitative indicators. A quantitative approach would be more objective and precise, thus more usable by public authorities, e.g. for fiscal policies and tax authorities. The indicators are based on a study published by Triconomics for the European Commission: “Selecting indicators to measure Energy Poverty”.

Amendment 49

Proposal for a directive Article 25 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

For final customers who are not connected to the natural gas or hydrogen systems due to the lack of infrastructure capacity or due to the fact that they are vulnerable or are affected or at risk of energy poverty, Member States shall, without delay, adopt measures to ensure their energy security, including by providing connection to the grid or alternative and comparable heating and cooling options.

Or. en

Amendment 50

Proposal for a directive Article 25 a (new)

Text proposed by the Commission

Amendment

Article 25a

Energy poverty and energy security monitoring

By ... [two years after the date of entry into force of this Directive] and every two years thereafter, the Commission shall adopt and make publicly available a report mapping the level of energy poverty and risk of energy poverty in each Member State and per NUTS3 level.

The report shall provide at least the following elements:

(a) an assessment of the situation and developments of energy prices in Member States and in the Union market and the impact on households affected by or at

risk of energy poverty and on how energy prices impact their energy security, including an assessment of whether changes in retail energy prices are due to an ineffective implementation of this Directive and of the lack of adequate market conditions, including insufficient competition between suppliers or anti-competitive conducts;

(b) an assessment of the underlying conditions for the emergence of energy poverty, including an assessment of whether energy poverty is due to lack of infrastructure capacity, income situations or housing conditions;

(c) a detailed mapping of social instruments and measures implemented in Member States to address energy poverty.

The Commission shall use, inter alia, the criteria set out in Article 25 to identify and report on the number of households that are affected by or at risk of energy poverty.

Or. en

Amendment 51

Proposal for a directive Article 31 – paragraph 1

Text proposed by the Commission

1. Member States shall ensure the implementation of a system of regulated third party access to hydrogen networks based on published tariffs and applied objectively and without discrimination between any hydrogen network users.

Amendment

1. Member States shall ensure the implementation of a system of regulated third party access to hydrogen networks based on published tariffs and applied objectively and without discrimination between any hydrogen network users. ***If there is less capacity than potential users, in the event of a conflict, priority should be given to potential users who can demonstrate the highest potential of greenhouse gas abatement. This shall not apply to access to the hydrogen network that has already been granted by the date***

of the conflict.

Or. en

Justification

In the early stages of the market development, hydrogen use should be prioritised for hard to decarbonise sectors where no other options where no other more energy and cost efficient options are available.

Amendment 52

Proposal for a directive Article 33 – paragraph 1

Text proposed by the Commission

Member States ***shall ensure the implementation of a system of*** regulated third party access to hydrogen storage, and line pack when technically and/or economically necessary for providing efficient access to the system for the supply of customers, as well as for the organisation of access to ancillary services, based on published tariffs and applied objectively and without discrimination between any hydrogen system users. Member States shall ensure that those tariffs, or the methodologies underlying their calculation, are approved prior to their entry into force in accordance with Article 72 by the regulatory authority.

Amendment

Member States ***may choose between a negotiated or*** regulated third party access ***regime, or both,*** to hydrogen storage, and line pack when technically and/or economically necessary for providing efficient access to the system for the supply of customers, as well as for the organisation of access to ancillary services, based on published tariffs and applied objectively and without discrimination between any hydrogen system users. Member States shall ***base their decision on the applicable access regime on an assessment of the level of competition in the hydrogen storage market, taking into account the technical characteristics of hydrogen storage. In the case of a regulated access regime, Member States shall*** ensure that those tariffs, or the methodologies underlying their calculation, are approved prior to their entry into force in accordance with Article 72 by the regulatory authority.

Or. en

Justification

It is premature to conclude on the default type of access to all hydrogen storage facilities irrespective of their technical characteristics (e.g. availability, capacity, withdrawal regime,

cycles of the storage, limitations related to the availability of electricity generation). Also, it is not yet clear to what extent existing natural gas storage facilities can be repurposed to store hydrogen.

Amendment 53

Proposal for a directive Article 34 – paragraph 2

Text proposed by the Commission

2. Taking into account national and Union decarbonisation objectives, Member States shall take appropriate measures to ensure that the natural gas or hydrogen undertaking refusing access or connection to the natural gas system or hydrogen system on the basis of lack of capacity or a lack of connection makes the necessary enhancements as far as it is economic to do so or when a potential customer is willing to pay for them.

Amendment

2. Taking into account national and Union decarbonisation objectives, Member States shall, ***without delay***, take appropriate measures to ensure that the natural gas or hydrogen undertaking refusing access or connection to the natural gas system or hydrogen system on the basis of lack of capacity or a lack of connection makes the necessary enhancements as far as it is economic to do so or when a potential customer is willing to pay for them.

Or. en

Amendment 54

Proposal for a directive Article 35 – paragraph 1 – point a

Text proposed by the Commission

(a) operate, maintain ***and*** develop under economic conditions secure, reliable and efficient transmission, storage or LNG facilities to secure an open market, with due regard to the environment, the obligations laid down in [Regulation (EU) 2022/ ... (Methane Regulation)] ensure adequate means to meet service obligations;

Amendment

(a) operate, maintain, develop ***and decommission*** under economic conditions secure, reliable and efficient transmission, storage or LNG facilities to secure an open market, with due regard to the environment, the obligations laid down in [Regulation (EU) 2022/ ... (Methane Regulation)] ensure adequate means to meet service obligations;

Or. en

Justification

Since the ten-year network development plan includes the decommissioning of infrastructure, consequentially, this should also be a task of transmission network operators.

Amendment 55

Proposal for a directive Article 35 – paragraph 4

Text proposed by the Commission

4. Transmission system operators shall ensure efficient gas quality management in their facilities in line with applicable gas quality standards.

Amendment

4. Transmission system operators shall ensure efficient gas quality management in their facilities in line with applicable gas quality standards ***in order to meet the quality requirements of different end-user applications.***

Or. en

Justification

Network operators have to play a key role in ensuring natural gas purity levels at the exit point of their networks. For industrial sectors using natural gas as a feedstock, in particular, high-purity levels are essential to avoid damage to the underlying assets (requires >98% purity by volume).

Amendment 56

Proposal for a directive Article 36 – paragraph 1

Text proposed by the Commission

1. Without prejudice to Article 68 or any other legal duty to disclose information, each transmission, storage or LNG system operator, and each transmission system owner, shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a

Amendment

1. Without prejudice to Article 68 or any other legal duty to disclose information, each transmission, storage or LNG system operator, and each transmission system owner, shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a

discriminatory manner. ***In particular***, it shall not disclose any commercially sensitive information to the remaining parts of the undertaking, unless this is necessary for carrying out a business transaction. In order to ensure the full respect of the rules on information unbundling, Member States shall ensure that the transmission system owner including, in the case of a combined operator, the distribution system operator, and the remaining part of the undertaking do not use joint services, such as joint legal services, apart from purely administrative or IT functions.

discriminatory manner. ***If the transmission, storage or LNG system operator, or the transmission system owner is part of a vertically integrated undertaking***, it shall not disclose, ***in particular***, any commercially sensitive information to the remaining parts of the ***vertically integrated*** undertaking ***other than transmission system operators, distribution system operators or hydrogen network operators***, unless this is necessary for carrying out a business transaction. In order to ensure the full respect of the rules on information unbundling, Member States shall ensure that, ***where the transmission system operator is unbundled in accordance with the rules on the independent system operator for natural gas set out in Section 2 of Chapter IX***, the transmission system owner including, in the case of a combined operator, the distribution system operator, and the remaining part of the ***vertically integrated*** undertaking ***other than transmission system operators, distribution system operators or hydrogen network operators*** do not use joint services, such as joint legal services, apart from purely administrative or IT functions.

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text. This amendment aims to clarify that the limitations to the exchange of commercially sensitive information and the use of joint services within a vertically integrated undertaking only apply to the vertically integrated parts of the undertaking, meaning those parts that are involved in activities of production and/or supply of energy.

Amendment 57

Proposal for a directive
Article 37 – paragraph 2 a (new)

2 a. For the purpose of the swift implementation of grid connection of renewable gas production, Member States shall ensure:

(a) that the transmission system operator complies with reasonable time limits to assess the requests for injection of renewable gases, make an offer and implement the connection, with monitoring of the national regulatory authority in accordance with Article 72(1), point (t);

(b) that permitting procedures for the implementation of the connection are not hampered by a lack of administrative capacity and do not create a hurdle to the achievement of the national renewable energy target.

Or. en

Justification

This amendment aims to improve the “right of injection” included in the proposal by setting time limit for the transmission system operators to deliver on the connection request. The time taken can negatively impact the project development and increasing injection of biomethane.

Amendment 58

**Proposal for a directive
Article 40 – paragraph 1**

Text proposed by the Commission

1. Each distribution system operator shall be responsible for ensuring the long-term ability of the system to meet reasonable demands for the distribution of gas, and for operating, maintaining **and** developing under economic conditions a secure, reliable and efficient system in its area, with due regard for the environment , the obligations laid down in [Regulation

Amendment

1. Each distribution system operator shall be responsible for ensuring the long-term ability of the system to meet reasonable demands for the distribution of gas, and for operating, maintaining, developing **and decommissioning** under economic conditions a secure, reliable and efficient system in its area, with due regard for the environment , the obligations laid

(EU) 2022/ ... (Methane Regulation)] and energy efficiency.

down in [Regulation (EU) 2022/ ... (Methane Regulation)] and energy efficiency.

Or. en

Justification

As the use of natural gas for district heating and cooling is expected to decline, consequentially, decommissioning should be included as task of distribution system operators.

Amendment 59

**Proposal for a directive
Article 41 – paragraph 1 a (new)**

Text proposed by the Commission

Amendment

1a. For the purpose of the swift implementation of grid connection of renewable gas production, Member States shall ensure:

(a) that the distribution system operator complies with reasonable time limits to assess the requests for injection of renewable gases, make an offer and implement the connection, with monitoring of the national regulatory authority in line with Article 72(1), point (t);

(b) that permitting procedures for the implementation of the connection are not hampered by lack of administrative capacity and that do not create a hurdle to the achievement of the national renewable energy target.

Or. en

Justification

This amendment aims to improve the “right of injection” included in the proposal by setting time limit for the distribution system operators to deliver on the connection request. The time taken can negatively impact the project development and increasing injection of biomethane.

Amendment 60

Proposal for a directive Article 42 – title

Text proposed by the Commission

Unbundling of distribution system operators

Amendment

Unbundling of distribution system operators **and hydrogen distribution network operators**

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text. The regulatory framework for gas should also apply to hydrogen. Instead of applying the provisions for the unbundling of hydrogen transmission network operators in accordance with Article 62, which mirror the rules for transmission system operators in the natural gas system, the provisions for the unbundling of distribution system operators in the natural gas system should also apply to hydrogen distribution network operators.

Amendment 61

Proposal for a directive Article 42 – paragraph 1

Text proposed by the Commission

1. Where the distribution system operator is part of a vertically integrated undertaking, it shall be independent at least in terms of its legal form, organisation and decision making from other activities not relating to distribution. Those rules shall not create an obligation to separate the ownership of assets of the distribution system from the vertically integrated undertaking.

Amendment

1. Where the distribution system **operator or the hydrogen distribution network** operator is part of a vertically integrated undertaking, it shall be independent at least in terms of its legal form, organisation and decision making from other activities not relating to distribution. Those rules shall not create an obligation to separate the ownership of assets of the distribution system from the vertically integrated undertaking.

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 62

Proposal for a directive

Article 42 – paragraph 2 – introductory part

Text proposed by the Commission

2. In addition to the requirements under paragraph 1, where the distribution system operator is part of a vertically integrated undertaking, it shall be independent in terms of its organisation and decision-making from the other activities not related to distribution. In order to achieve this, the following minimum criteria shall apply:

Amendment

2. In addition to the requirements under paragraph 1, where the distribution system ***operator or the hydrogen distribution network*** operator is part of a vertically integrated undertaking, it shall be independent in terms of its organisation and decision-making from the other activities not related to distribution. In order to achieve this, the following minimum criteria shall apply:

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 63

Proposal for a directive

Article 42 – paragraph 2 – point a

Text proposed by the Commission

(a) the persons responsible for the management of the distribution system operator shall not participate in company structures of the integrated natural gas undertaking responsible, directly or indirectly, for the day-to-day operation of the production, transmission, transportation and supply of gases ;

Amendment

(a) the persons responsible for the management of the distribution system ***operator or the hydrogen distribution network*** operator shall not participate in company structures of the integrated natural gas ***undertaking or the vertically integrated*** undertaking responsible, directly or indirectly, for the day-to-day operation of the production, transmission, transportation and supply of gases;

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 64

Proposal for a directive Article 42 – paragraph 2 – point b

Text proposed by the Commission

(b) appropriate measures shall be taken to ensure that the professional interests of persons responsible for the management of the distribution system operator are taken into account in a manner that ensures that they are capable of acting independently;

Amendment

(b) appropriate measures shall be taken to ensure that the professional interests of persons responsible for the management of the distribution system operator **or the hydrogen distribution network operator** are taken into account in a manner that ensures that they are capable of acting independently;

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 65

Proposal for a directive Article 42 – paragraph 2 – point c

Text proposed by the Commission

(c) the distribution system operator shall have effective decision-making rights, independent from the integrated natural gas undertaking, with respect to assets necessary to operate, maintain or develop the network; in order to fulfil those tasks, the distribution system operator shall have at its disposal the necessary resources including human, technical, financial and physical resources; this shall not prevent the existence of appropriate coordination mechanisms to ensure that the economic and management supervision rights of the parent company in respect of return on assets, regulated indirectly in accordance with Article 72(7) in a subsidiary are protected; in particular, this shall enable

Amendment

(c) the distribution system **operator or the hydrogen distribution network** operator shall have effective decision-making rights, independent from the integrated natural gas **undertaking or the vertically integrated** undertaking, with respect to assets necessary to operate, maintain or develop the network; in order to fulfil those tasks, the distribution system **operator or the hydrogen distribution network** operator shall have at its disposal the necessary resources including human, technical, financial and physical resources; this shall not prevent the existence of appropriate coordination mechanisms to ensure that the economic and management supervision rights of the parent company in

the parent company to approve the annual financial plan, or any equivalent instrument, of the distribution system operator and to set global limits on the levels of indebtedness of its subsidiary; it shall not permit the parent company to give instructions regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of distribution lines, that do not exceed the terms of the approved financial plan, or any equivalent instrument;

respect of return on assets, regulated indirectly in accordance with Article 72(7) in a subsidiary are protected; in particular, this shall enable the parent company to approve the annual financial plan, or any equivalent instrument, of the distribution system operator **or the hydrogen distribution network operator** and to set global limits on the levels of indebtedness of its subsidiary; it shall not permit the parent company to give instructions regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of distribution lines, that do not exceed the terms of the approved financial plan, or any equivalent instrument;

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 66

Proposal for a directive Article 42 – paragraph 2 – point d

Text proposed by the Commission

(d) the distribution system operator shall establish a compliance programme, which sets out measures taken to ensure that discriminatory conduct is excluded, and ensure that observance of it is adequately monitored; the compliance programme shall set out the specific obligations of employees to meet that objective; an annual report, setting out the measures taken, shall be submitted by the person or body responsible for monitoring the compliance programme, the compliance officer of the distribution system operator, to the regulatory authority referred to in Article 70(1) and shall be published; the compliance officer of the

Amendment

(d) the distribution system **operator or the hydrogen distribution network** operator shall establish a compliance programme, which sets out measures taken to ensure that discriminatory conduct is excluded, and ensure that observance of it is adequately monitored; the compliance programme shall set out the specific obligations of employees to meet that objective; an annual report, setting out the measures taken, shall be submitted by the person or body responsible for monitoring the compliance programme, the compliance officer of the distribution system operator, to the regulatory authority referred to in Article 70(1) and shall be

distribution system operator shall be fully independent and shall have access to all the necessary information of the distribution system operator and any affiliated undertaking to fulfil his task.

published; the compliance officer of the distribution system operator **or the hydrogen distribution network operator** shall be fully independent and shall have access to all the necessary information of the distribution system operator **or the hydrogen distribution network operator** and any affiliated undertaking to fulfil his task.

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 67

Proposal for a directive Article 42 – paragraph 3

Text proposed by the Commission

3. Where the distribution system operator is part of a vertically integrated undertaking, the Member States shall ensure that the activities of the distribution system operator are monitored by regulatory authorities or other competent bodies so that it cannot take advantage of its vertical integration to distort competition. In particular, vertically integrated distribution system operators shall not, in their communication and branding, create confusion in respect of the separate identity of the supply branch of the vertically integrated undertaking.

Amendment

3. Where the distribution system **operator or the hydrogen distribution network** operator is part of a vertically integrated undertaking, the Member States shall ensure that the activities of the distribution system **operator or the hydrogen distribution network** operator are monitored by regulatory authorities or other competent bodies so that it cannot take advantage of its vertical integration to distort competition. In particular, vertically integrated distribution system operators **or the hydrogen distribution network operators** shall not, in their communication and branding, create confusion in respect of the separate identity of the supply branch of the vertically integrated undertaking.

Or. en

Justification

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 68

Proposal for a directive Article 46 – paragraph 2

Text proposed by the Commission

2. Each hydrogen network operator shall build sufficient cross-border capacity to integrate European hydrogen infrastructure accommodating all economically reasonable and technically feasible demands for capacity and taking into account security of hydrogen supply.

Amendment

2. Each hydrogen network operator shall build sufficient cross-border capacity to integrate European hydrogen infrastructure accommodating all economically reasonable and technically feasible demands for capacity and taking into account security of hydrogen supply.
This paragraph shall not apply to hydrogen distribution network operators.

Or. en

Justification

Hydrogen distribution network operator transport hydrogen through local and regional pipeline networks.

Amendment 69

Proposal for a directive Article 46 – paragraph 3

Text proposed by the Commission

3. Hydrogen network operators *may* be responsible for ensuring efficient hydrogen quality management in their networks in line with applicable hydrogen quality standards, ***where necessary for system management*** and subject to the approval of the regulatory authority.

Amendment

3. Hydrogen network operators ***shall*** be responsible for ensuring efficient hydrogen quality management in their networks in line with applicable hydrogen quality standards, ***to meet the quality requirements of different end-use applications*** and subject to the approval of the regulatory authority.

Or. en

Justification

Especially, energy intensive industries in hard to decarbonise sectors need hydrogen in a high level of purity. Therefore, hydrogen network operators have to play a key role in ensuring

hydrogen purity levels and a stable hydrogen quality at the exit point.

Amendment 70

Proposal for a directive Article 47 – paragraph 1

Text proposed by the Commission

1. Member States may decide to grant a derogation from the requirements of Articles 31, 62, **63** and 64 of this Directive, and Articles 6 and 47 of [recast Gas Regulation as proposed in COM(2021) xxx] to hydrogen networks that belonged to a vertically integrated undertaking on [date of entry into force]. The derogation shall be limited in scope to the network capacity in operation on [date of entry into force].

Amendment

1. Member States may decide to grant a derogation from the requirements of Articles 31, **42**, 62 and 64 of this Directive, and Articles 6 and 47 of [recast Gas Regulation as proposed in COM(2021) xxx] to hydrogen networks that belonged to a vertically integrated undertaking on [date of entry into force]. The derogation shall be limited in scope to the network capacity in operation on [date of entry into force].

Or. en

Amendment 71

Proposal for a directive Article 48 – paragraph 1

Text proposed by the Commission

1. Member States may provide for regulatory authorities to grant a derogation from Article 62 for hydrogen networks which transport hydrogen from one entry point to a limited number of exit points within a geographically confined, industrial or commercial area..

Amendment

1. Member States may provide for regulatory authorities to grant a derogation from Article **42 or** 62 for hydrogen networks which transport hydrogen from one entry point to a limited number of exit points within a geographically confined, industrial or commercial area..

Or. en

Amendment 72

Proposal for a directive Article 49 a (new)

Article 49a

Smart metering systems in the hydrogen system for industrial customers

- 1. Member States shall ensure the deployment of smart metering systems for industrial customers that can accurately measure consumption, provide information on actual time of use, and are capable to transmit and receive data for information, monitoring and control purposes, using a form of electronic communication.***
- 2. Member States shall ensure the security of the metering systems and respective data communication, and the privacy of final customers, in compliance with relevant Union data protection and privacy legislation, as well as their interoperability and having regard to the use of appropriate standards.***
- 3. The Commission shall adopt, by means of implementing acts, interoperability requirements for smart metering and procedures to ensure, for those eligible, access to data coming from those metering systems. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 4 of Regulation (EU) No 182/2011.***

Or. en

Justification

In the expectation that the development of the hydrogen sector will initially concentrate on industrial and/or heavy transport use, rather than domestic use by households, Article 17 should be understood to apply to the installation of smart meters by industrial hydrogen customers. The inclusion of Article 17 within Chapter III on Consumer empowerment and protection, may create unintentional expectations regarding the intended deployment and users of these meters. Therefore, the Article has been moved to Chapter VII on Rules applicable to the dedicated hydrogen networks.

Amendment 73

Proposal for a directive Article 50 – paragraph 1

Text proposed by the Commission

1. Without prejudice to legal duties to disclose information, each operator of a hydrogen network, hydrogen storage facility or hydrogen terminal, and each owner of a hydrogen network, shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory manner. ***In particular***, if the operator of a hydrogen network, hydrogen storage facility or hydrogen terminal, or the owner of a hydrogen network is part of a vertically integrated undertaking, it shall not disclose any commercially sensitive information to the remaining parts of the undertaking, unless this is necessary for carrying out a business transaction.

Amendment

1. Without prejudice to legal duties to disclose information, each operator of a hydrogen network, hydrogen storage facility or hydrogen terminal, and each owner of a hydrogen network, shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory manner. If the operator of a hydrogen network, hydrogen storage facility or hydrogen terminal, or the owner of a hydrogen network is part of a vertically integrated undertaking, it shall not disclose, ***in particular***, any commercially sensitive information to the remaining parts of the ***vertically integrated undertaking other than transmission system operators, distribution system operators or hydrogen network operators***, unless this is necessary for carrying out a business transaction.

Or. en

Justification

This amendment aims to clarify that the limitations to the exchange of commercially sensitive information and the use of joint services within a vertically integrated undertaking only apply to the vertically integrated parts of the undertaking, meaning those parts that are involved in activities of production and/or supply of energy. Hydrogen and gas network operators of one undertaking should be allowed to exchange information and to make use of joint services.

Amendment 74

Proposal for a directive Article 51 – paragraph 2 – point a

Text proposed by the Commission

(a) contain the main infrastructure that needs to be built or upgraded over the next ten years;

Amendment

(a) contain the main infrastructure that needs to be built or upgraded over the next ten years, ***taking into account infrastructure developed by distribution system operators to enable reverse flows to the transmission network;***

Or. en

Amendment 75

Proposal for a directive

Article 51 – paragraph 2 – point b

Text proposed by the Commission

(b) contain all the investments already decided and identify new investments which have to be executed in the next three years;

Amendment

(b) contain all the investments already decided and identify new investments which have to be executed in the next three years, ***including investments with regard to the decommissioning of infrastructure;***

Or. en *Justification*

This amendment is necessary for pressing reasons relating to the internal logic of the text.

Amendment 76

Proposal for a directive

Article 51 – paragraph 2 – point c

Text proposed by the Commission

(c) include information on infrastructure that can or will be decommissioned; and

Amendment

(c) include information on infrastructure that can or will be decommissioned ***or repurposed for the transport of hydrogen;*** and

Or. en

Justification

Where possible, existing natural gas pipelines should be repurposed for the use of hydrogen in order to ensure a cost effective transition.

Amendment 77

**Proposal for a directive
Article 51 – paragraph 2 – point e**

Text proposed by the Commission

(e) be based on a joint scenario framework developed between the relevant infrastructure operators, including relevant distribution system operators, of at least gas **and** electricity;

Amendment

(e) be based on a joint scenario framework developed between the relevant infrastructure operators, including relevant distribution system operators, of at least gas, **including hydrogen**, electricity **and district heating**;

Or. en

Justification

The joint scenario framework should also include hydrogen and district heating in order to support the energy system integration.

Amendment 78

**Proposal for a directive
Article 51 – paragraph 2 – point g**

Text proposed by the Commission

(g) be in line with the integrated national energy and climate plan and its updates, and with the integrated national energy climate reports submitted in accordance with Regulation (EU) 2018/1999 and support the climate-neutrality objective set out in Article 2(1), of Regulation (EU) 2021/1119.

Amendment

(g) be in line with the integrated national energy and climate plan and its updates, and with the integrated national energy climate reports submitted in accordance with Regulation (EU) 2018/1999 and support the climate-neutrality objective set out in Article 2(1), of Regulation (EU) 2021/1119;

Or. en

Amendment 79

Proposal for a directive

Article 51 – paragraph 2 – point g a (new)

Text proposed by the Commission

Amendment

(ga) be consistent with the Union-wide ten-year network development plan as set out in Article 29 of Regulation ... [recast Gas Regulation as proposed in COM(2021) xxx].

Or. en

Amendment 80

Proposal for a directive

Article 51 – paragraph 3

Text proposed by the Commission

Amendment

3. When elaborating the ten-year network development plan, the transmission system operator shall fully take into account the potential for alternatives to system expansion, **for instance the use of demand response**, as well as expected consumption following the application of the energy efficiency first principle, trade with other countries and the Union-wide network development plan. The transmission system operator shall assess how to address, where possible, a need across electricity and gases systems including information on the optimal location and size of energy storage and power to gas assets .

3. When elaborating the ten-year network development plan, the transmission system operator shall fully take into account the potential for alternatives to system expansion, **in particular decommissioning or repurposing of infrastructure as well as demand-side solutions not requiring new infrastructure investments, and** expected consumption following the application of the energy efficiency first principle, trade with other countries and the Union-wide network development plan. The transmission system operator shall assess how to address, where possible, a need across electricity and gases systems including information on the optimal location and size of energy storage and power to gas assets **and hydrogen-ready plants. The transmission system operator shall make reasonable assumptions about the evolution of production, supply and consumption.**

Or. en

Justification

Reasonable assumptions on scenarios are important to avoid over-estimations, which risk creating inefficiencies.

Amendment 81

Proposal for a directive

Article 51 – paragraph 5 – first subparagraph

Text proposed by the Commission

5. The regulatory authority shall examine whether the ten-year network development plan covers all investment needs identified during the consultation process, and whether it is consistent with the most recent Union wide simulation of disruption scenarios carried out by the ENTSO for Gas under Article 7 of Regulation (EU) 2017/1938, with the regional and national risk assessments and the non-binding Union -wide ten-year network development plan (Union -wide network development plan) referred to in Article 30(1), point (b), of Regulation (EU) 2019/943 . If any doubt arises as to the consistency with the Union -wide network development plan, the regulatory authority shall consult ACER . The regulatory authority may require the transmission system operator to amend its ten-year network development plan.

Amendment

5. The regulatory authority shall examine whether the ten-year network development plan covers all investment needs identified during the consultation process, and whether it is consistent with the most recent Union wide simulation of disruption scenarios carried out by the ENTSO for Gas under Article 7 of Regulation (EU) 2017/1938, with the regional and national risk assessments, ***the Union-wide ten-year network development plans referred to in Article 29 and Article 43 of Regulation ... [recast Gas Regulation as proposed in COM(2021) xxx]*** and the non-binding Union -wide ten-year network development plan (Union -wide network development plan) referred to in Article 30(1), point (b), of Regulation (EU) 2019/943 . If any doubt arises as to the consistency with the Union -wide network development plan, the regulatory authority shall consult ACER . The regulatory authority may require the transmission system operator to amend its ten-year network development plan.

Or. en

Justification

If the network development plan should be consistent with the Union-wide network development plan for electricity (Regulation 2019/943), it should also be consistent with the Union-wide development plan for gas adopted by ENTSOG (Article 29) and the Union-wide development plan for hydrogen (Article 43).

Amendment 82

Proposal for a directive Article 52 – paragraph 1 – point a a (new)

Text proposed by the Commission

Amendment

(aa) include information on the location of industrial customers in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential as well as the optimal location and size of energy storage, power to gas assets and hydrogen-ready plants and take into account the existence of more energy and cost efficient options to assess and address the needs for infrastructure development;

Or. en

Justification

Since hydrogen will remain a scarce commodity for the foreseeable future, in the early stages of the market development, hydrogen use should be prioritised for hard to decarbonise sectors where no other more energy and cost efficient options are available. Additionally, the integration of the hydrogen and the electricity system should be enforced.

Amendment 83

Proposal for a directive Article 52 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) include information on the extent to which repurposed natural gas pipelines will be used for the transport of hydrogen;

(b) include information on the extent to which repurposed natural gas pipelines will be used for the transport of hydrogen, ***especially to rapidly deliver hydrogen to industrial customers in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential and where no other more energy and cost efficient options are available;***

Or. en

Justification

Since hydrogen will remain a scarce commodity for the foreseeable future, in the early stages of the market development, hydrogen use should be prioritised for hard to decarbonise sectors where no other more energy and cost efficient options are available.

Amendment 84

Proposal for a directive

Article 52 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) identify investment gaps, in particular with respect to cross-border capacities; and

Or. en

Amendment 85

Proposal for a directive

Article 52 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) be in line with the integrated national energy and climate plan and its updates, and with the integrated national energy and climate reports submitted in accordance with Regulation (EU) 2018/1999 **and** support the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119.

(c) be in line with the integrated national energy and climate plan and its updates, and with the integrated national energy and climate reports submitted in accordance with Regulation (EU) 2018/1999, support the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 **and be consistent with the Union-wide ten-year network development plan for hydrogen as set out in Article 43 of Regulation ... [recast Gas Regulation as proposed in COM(2021) xxx].**

Or. en

Amendment 86

Proposal for a directive Article 52 – paragraph 5

Text proposed by the Commission

5. Hydrogen network operators shall publish ***on a regular basis*** a joint report on the development of the hydrogen system based on the overview submitted to the regulatory authority. They shall take the examination of the regulatory authority under paragraph 4 into account.

Amendment

5. Hydrogen network operators shall, ***at least every two years***, publish a joint report on the development of the hydrogen system based on the overview submitted to the regulatory authority. They shall take the examination of the regulatory authority under paragraph 4 into account. ***The regulatory authority may issue an opinion on the report, assess its consistency with the Union-wide ten-year-development plan, and recommend amendments.***

Or. en

Justification

This amendment aims for regulatory consistency between the hydrogen network development report and the network development plan for gas. While this amendment does not intend to burden hydrogen network operators in the ramp-up phase of the market, it should ensure a consumer-centred and energy efficient network development that is accompanied by the regulatory authority.

Amendment 87

Proposal for a directive Article 52 – paragraph 6

Text proposed by the Commission

6. Member States may decide to apply the requirements pursuant to Article 51 to hydrogen network operators.

Amendment

6. Member States may decide to apply the requirements pursuant to Article 51 to hydrogen network operators. ***From 1 January 2031, a network development plan pursuant to Article 51 shall be mandatory for hydrogen network operators. If a Member States opts for a system of regulated third party access to hydrogen networks in accordance with Article 31, the requirements pursuant to Article 51 shall apply immediately.***

Amendment 88

Proposal for a directive Article 52 a (new)

Text proposed by the Commission

Amendment

Article 52a

Local heating and cooling planning

- 1. Member States shall ensure that regional and local authorities prepare local heating and cooling plans that support the comprehensive heating and cooling assessment in accordance with Article 23(1) of Directive ... [recast of the directive on energy efficiency 2021/0203 (COD)].**
- 2. Those plans shall at least:**
 - (a) represent the result of a thorough assessment of a specific area's current and future demand for heating and cooling and analyse the potential of decarbonisation;**
 - (b) take into account the local or regional renewable energy sources, including the potential of biomethane, the potential of system efficiency through sector integration and the capacity for seasonal storage at local or regional level;**
 - (c) be in line with the local heating and cooling plans referred to in Article 23(6) of Directive ... [recast of the directive on energy efficiency 2021/0203(COD)], the national building renovation plan referred to in Article 3 of Directive ... [recast of the directive on the energy performance of buildings 2021/0462 (COD)], as well as the joint scenario framework and the hydrogen network development report referred to in Article 52(2), point (e) and Article 52(5) of this Directive;**

(d) include a strategy that establishes requirements for the infrastructure necessary on distribution level, including decommissioning, to meet the current and future demand for heating and cooling of a specific area in the most energy and cost-efficient way and in consistency with the ten-year network development plan developed under Article 51;

(e) create a reliable timeframe and investment-friendly environment for private and public actors to meet a specific area's heating and cooling needs based on that strategy;

(f) be prepared with the involvement of all relevant infrastructure operators on distribution level, of at least gas, including hydrogen, electricity and district heating, as well as all relevant regional or local stakeholders and ensure the participation of the public.

3. Municipalities with a population of no more than 20 000 shall be exempt from paragraphs 1 and 2.

Member States shall ensure that the public is given the opportunity to participate in the preparation of local network plans, the comprehensive assessment and the policies and measures. Member States shall ensure that final customers are fully informed about mandatory fuel switches and alternatives in accordance with Article 11a.

For that purpose, Member States shall develop recommendations supporting the regional and local authorities to implement policies and measures in renewable energy based heating and cooling at regional and local level utilising the potential identified. Member States shall support regional and local authorities to the utmost extent possible by any means including financial support and technical support schemes.

Or. en

Justification

Member States should ensure that regional and local authorities prepare local heating and cooling plans that aim to support the use of local renewable sources and energy system integration on local level. They should include a strategy that defines the requirements of the infrastructure necessary on distribution level in order to meet the current and future demand of heating and cooling of a specific area. The strategy should provide transparency for the public and final customers as well as a reliable timeframe for investors and distribution system operators.

Amendment 89

Proposal for a directive Article 53 – paragraph 9 a (new)

Text proposed by the Commission

Amendment

9a. Paragraphs 1 to 9 shall not apply to hydrogen distribution network operators.

Or. en

Justification

Hydrogen distribution network operator transport hydrogen through local and regional pipeline networks.

Amendment 90

Proposal for a directive Article 62 – title

Text proposed by the Commission

Amendment

Unbundling of hydrogen network operators

Unbundling of hydrogen **transmission** network operators

Or. en

Amendment 91

Proposal for a directive Article 62 – paragraph 3

Text proposed by the Commission

Amendment

3. ***Where on [entry into force] the hydrogen network belonged to a vertically integrated undertaking, a Member State may decide not to apply paragraph 1. In such case, the Member State concerned shall designate an independent hydrogen network operator unbundled in accordance with the rules on independent system operators for natural gas set out Article 55. Hydrogen network operators and transmission system operators for gas unbundled in accordance with Article 54(1) can act as independent hydrogen network operator, subject to the requirements pursuant to Article 63.***

3. A Member State may decide not to apply paragraph 1, ***but to*** designate an independent hydrogen network operator unbundled in accordance with the rules on independent system operators for natural gas set out Article 55. Hydrogen network operators and transmission system operators for gas unbundled in accordance with Article 54(1) can act as independent hydrogen network operator.

Or. en

Justification

There is no apparent justification why independent hydrogen network operator should only be allowed to operate a network if the hydrogen network, by entry into force of the Directive, belonged to a vertically integrated undertaking.

Amendment 92

Proposal for a directive Article 62 – paragraph 4

Text proposed by the Commission

Amendment

4. ***Until 31 December 2030, Member State may designate an integrated hydrogen network operator unbundled in accordance with the rules on independent transmission operators for natural gas set out in Section 3 of Chapter IX. Such designation shall expire by 31 December 2030 at the latest.***

4. Member State may designate an integrated hydrogen network operator unbundled in accordance with the rules on independent transmission operators for natural gas set out in Section 3 of Chapter IX.

Or. en

Justification

All three unbundling models, set forth in the Third Energy Package, namely Ownership

Unbundling (OU), Independent Transmission Operator (ITO) and Independent System Operator (ISO), have proven to be equally successful to ensure transparent and non-discriminatory network access while delivering the investments needed in the energy networks. Moreover, setting an end to the ITO model puts at risk the ramp-up of the hydrogen market at least in member states where the ITO model is the common unbundling model.

Amendment 93

Proposal for a directive

Article 63

Text proposed by the Commission

Amendment

Article 63

deleted

Horizontal unbundling of hydrogen network operators

Where a hydrogen network operator is part of an undertaking active in transmission or distribution of natural gas or electricity, it shall be independent at least in terms of its legal form.

Or. en

Justification

The Commission acknowledges that the joint operation for hydrogen and gas networks can create synergies. This amendment aims at allowing those synergies and, by that, promoting a faster and more cost-efficient development of the hydrogen network. Therefore, repurposing existing natural gas pipelines is essential and should not be hampered by the legal separation of activities related to hydrogen transport and transmission or distribution of natural gas.

Amendment 94

Proposal for a directive

Article 72 – paragraph 1 – point h

Text proposed by the Commission

Amendment

(h) examining and providing an assessment of the overview submitted by hydrogen network operators on the development of hydrogen transport infrastructure in accordance with Article 52, taking the overall energy-economic

(h) examining and providing an assessment of the overview ***as well as providing an opinion and recommending amendments on the report*** submitted by hydrogen network operators on the development of hydrogen transport

necessity of the hydrogen network into account in this examination as well as the joint scenario framework under the Article 51 (2), point (e) on network development planning;

infrastructure in accordance with Article 52, taking the overall energy-economic necessity of the hydrogen network into account in this examination as well as the joint scenario framework under the Article 51 (2), point (e) on network development planning **and the Union-wide ten-year network development plan for hydrogen as set out in Article 43 of Regulation ... [recast Gas Regulation as proposed in COM(2021) xxx]**;

Or. en

Justification

This amendment aims at ensuring regulatory oversight of the hydrogen infrastructure planning during the transition period to avoid regulatory gaps. It also ensures the consistency between national and European reporting.

Amendment 95

Proposal for a directive Article 72 – paragraph 1 – point t

Text proposed by the Commission

(t) monitoring the time taken by natural gas transmission and distribution system operators or hydrogen network operators to make connections and repairs;

Amendment

(t) monitoring the time taken by natural gas transmission and distribution system operators or hydrogen network operators to **assess network connection requests by renewable gases producers, including technical studies, and to** make connections and repairs;

Or. en

Justification

The duties and power of the regulatory authorities should be adapted as a consequence of amending Articles 37 and 41, thus giving a legal ground for the regulators to monitor and report on the time taken by transmission or distribution system operators to deliver on connection requests.

Amendment 96

Proposal for a directive Article 72 – paragraph 1 – point ee

Text proposed by the Commission

(ee) approving and amending the network development plan;

Amendment

(ee) approving and amending the network development plan ***as referred to in Article 51 and Article 52(6)***;

Or. en

Amendment 97

Proposal for a directive Article 72 – paragraph 1 – point ii

Text proposed by the Commission

(ii) monitoring the removal of unjustified obstacles to and restrictions on the development of consumption of self-generated renewable natural gas and citizen energy communities.

Amendment

(ii) monitoring the removal of unjustified obstacles to and restrictions on the development of consumption of self-generated renewable natural gas and citizen energy communities ***and prevent the misuse of citizen energy communities by members and shareholder that are engaged in large-scale commercial activity and for which the energy sector does constitute a primary area of economic activity.***

Or. en

Amendment 98

Proposal for a directive Article 72 – paragraph 10

Text proposed by the Commission

10. The regulatory authorities shall monitor congestion management of national transmission networks and hydrogen networks including

Amendment

10. The regulatory authorities shall monitor congestion management of national transmission networks and hydrogen networks including

interconnectors, and the implementation of congestion management rules. To that end, transmission system operators, hydrogen network operators or market operators shall submit their congestion management rules, including capacity allocation, to the regulatory authorities. Regulatory authorities may request amendments to those rules.

interconnectors, and the implementation of congestion management rules. To that end, transmission system operators, hydrogen network operators or market operators shall submit their congestion management rules, including capacity allocation, to the regulatory authorities. Regulatory authorities may request amendments to those rules. ***This paragraph shall not apply to hydrogen distribution network operators.***

Or. en

Justification

Until now, the provisions under this paragraph as well as congestion management procedures and corresponding network codes only applied to transmission system operators. This should be mirrored in the hydrogen network.

Amendment 99

Proposal for a directive Annex II – point 1 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

Such an economic assessment shall take into account network development plans pursuant to Article 51, in particular, paragraph 2, point (c) thereof, on decommissioning of networks.

Or. en

EXPLANATORY STATEMENT

The revision of the gas market directive is the key instrument to create a regulatory framework that supports the decarbonisation of the gas market. It lays ground for the ramp-up of the European hydrogen market and paves the way for more energy system integration.

I strongly support the overriding goal to ensure an integrated, liquid market for natural gas but also for hydrogen as one of the main molecular energy carriers in the future. Probably, renewable hydrogen production will not scale fast enough to meet the expected growth in demand for hydrogen in Europe. Therefore, low carbon hydrogen may play a role in the energy transition and back the transition of Europe's industry in hard to decarbonise sectors where no more energy or cost-efficient options are available. However, in the long-term renewable hydrogen will be the only sustainable option.

The Russian war against Ukraine injects an additional sense of urgency to the gradual phase-out of fossil gas, in particular from Russia. Diversifying our imports of gases is an important objective that the European Union is currently working on and that allows us to be more independent in the short to medium term. At the same time, we have to promote the use of renewable gases, especially biomethane and renewable hydrogen, as the only sustainable solution. Within the scope of this directive, this means to emphasise the integration of biomethane in the natural gas grid and to enable the uptake of the European hydrogen market built on an interconnected dedicated hydrogen system.

Against this background, I propose the following key amendments.

Prioritising the use of hydrogen for industrial customers

Hydrogen will remain a scarce commodity for the foreseeable future. Therefore, we have to ensure that its use is prioritised for industrial customers in hard to decarbonise sectors with the highest greenhouse gas abatement potential where no more energy and cost efficient alternatives are available. In the early stages of the market development, these sectors have to be the heart of a consumer-centered and energy efficient approach in the hydrogen market. The hydrogen demand of these specific sectors will drive production capacity expansion, infrastructure development and overall market liquidity. Furthermore, potential hydrogen network users with the highest greenhouse gas abatement potential should be prioritised if there is less capacity than potential users that request access to a dedicated hydrogen network in order to make the best progress in decarbonisation. Last, hydrogen network operators shall, when elaborating the hydrogen network development report, take into account the location of industrial customers.

Promoting energy system integration

Energy system integration will play a major role in our future energy supply, which is why we need a joint scenario framework that not only considers natural gas and electricity as an integrated system but also include hydrogen and district heating. There are multiple connections between the energy systems that directly affect the network planning in each silo, for instance, in terms of repurposing, the natural gas and the hydrogen grid are interdependent and demand-side solutions not requiring new infrastructure have to be taken into account. Similarly, the hydrogen network development cannot be managed without considering power to gas assets and hydrogen-ready plants. Hydrogen as energy storage will increase the

flexibility of the electricity system.

Local heating and cooling planning

Member States should ensure that regional and local authorities prepare local heating and cooling plans that aim to support the use of local renewable sources in the most efficient way and energy system integration on local level. They should include a strategy that defines the requirements of the infrastructure necessary on distribution level in order to meet the current and future demand of heating and cooling of a specific area. The strategy should provide transparency for the public and final customers as well as a reliable timeframe for investors and distribution system operators to meet an area's heating and cooling needs. The plans should be complementary to the local heating and cooling planning in the Energy Efficiency directive, taking into account the potential of energy efficiency as well as the energy performance of buildings, the joint scenario framework, the hydrogen network development report and the network development plan.

Using existing synergies between the natural gas and the hydrogen infrastructure

In the long term, rights and obligations for the transport of hydrogen will be the same as for the transport of natural gas. For this reason, the regulatory framework for electricity and gas should also apply to hydrogen. First, this includes to distinguish between transmission and distribution of hydrogen and to apply the unbundling of distribution system operators to hydrogen distribution network operators. Second, this means to acknowledge that all three unbundling models of transmission system operators in the natural gas market, namely Ownership Unbundling (OU), Independent Transmission Operator (ITO) and Independent System Operator (ISO), have proven to be equally successful to ensure transparent and non-discriminatory network access while delivering the investments needed in the energy networks. As a result, all three models should be an option for the unbundling of hydrogen transmission system operators. Moreover, setting an end to the ITO model puts at risk the ramp-up of the hydrogen market at least in member states where the ITO model is the common unbundling model. Third, this means to use the synergies that the joint operation of hydrogen and gas networks create in order to promote a faster and more cost-efficient development of the hydrogen network. Therefore, repurposing existing natural gas pipelines is essential and should not be hampered by the legal separation of activities related to hydrogen transport and transmission or distribution of natural gas.

Decarbonising the gas market

The decarbonisation of the gas market is, in line with the EU's 2030 and 2050 climate targets, one of the key objectives in this directive. The integration of biomethane in the natural gas system delivers on those 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 prioritized over connection requests for natural and low carbon gases.

Low carbon hydrogen may play a role in the energy transition as long as there is not enough renewable hydrogen available to meet the expected growth in demand for hydrogen in Europe. Consequentially, we need clarity on the definition of low carbon fuels and low carbon hydrogen as soon as possible. Therefore, a fossil fuel comparator with threshold of 94 gCO₂eq/MJ is introduced and the life-cycle assessment of emission specified, considering at least upstream and downstream emissions, including methane leakage, as well as emissions

related to the production, the transport and distribution and the end-use of low carbon fuels and low carbon hydrogen. Overall, the regulatory consistency with the methodology used to determine the greenhouse gas emissions reductions of RFNBOs and recycled low carbon fuels should be given.

Consumer protection and empowerment

This directive intends to ensure a high level of consumer protection and empowerment by mirroring, where possible, the legislative framework of the electricity market. Taking it one step further, comprehensive and common concepts of vulnerable consumers and energy poverty are introduced as well as a broader definition of energy security that reflects today's 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.

ANNEX: LIST OF ENTITIES OR PERSONS FROM WHOM THE RAPPOREUR HAS RECEIVED INPUT

The following list is drawn up on a purely voluntary basis under the exclusive responsibility of the rapporteur. The rapporteur has received input from the following entities or persons in the preparation of the draft report:

Entity and/or person
ACER/CEER
Agora Energiewende
Air Liquide
BBH
BDEW
Bellona
BEUC
Bundesnetzagentur
CAN
Cefic
Clean Air Task Force
Client Earth
DUH
e-control
ECOS
EDF
Enagas
EnBW
Engie
ENTSOG
ERSCT
Eurofer
Eurogas
European Biogas Association
EWE
Food and Water Action Network
Gas Grid Europe
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GIE
Global Witness
IOGP
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