

REVISION OF THE EU GAS REGULATION

[DEPARTED]

> FIT FOR 55 PACKAGE UNDER THE EUROPEAN GREEN DEAL

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CONTENT

As part of the European Green Deal, the European Commission announced a legislative proposal on 15 December 2021 to substantially revise (recast) the 2009 EU gas regulation and make a targeted revision of the 2017 regulation on security of gas supply. This is part of the hydrogen and decarbonised gas markets package, which also includes a substantial revision of the 2009 EU gas directive. The gas regulation is part of the third energy package that set the legislative framework for the EU's internal energy market. Whereas the electricity component of the third energy package was revised in 2019 to align it with the EU's more ambitious climate and energy goals, the gas component of the third energy package has so far undergone only targeted revisions. A more profound transformation of gas markets is necessary to help the EU make reductions in greenhouse gas emissions of at least 55 % by 2030 and achieve the long term goal of climate-neutrality by 2050.

Between 26 March and 18 June 2021, the Commission held a public consultation on revising the gas directive and the gas regulation, as part of the preparation for its legislative proposals.

The recast EU gas regulation consists of five chapters comprising 69 articles:

- The scope and definitions in the regulation are modified to incorporate renewable gases and hydrogen as key components of the future gas market.
 - Existing EU gas market principles of third party access, unbundling of transmission and distribution system operators, and independent regulatory authorities are refined and extended to cover hydrogen and renewable gases. Tariff discounts of 75 % are to be applied to hydrogen and renewable gases seeking to access the gas grid.
- New rules are introduced on firm capacity for hydrogen and renewable gases, hydrogen blending with other gases, and cross-border coordination on gas quality.
 - A comprehensive legal framework for cross-border EU hydrogen networks is developed, including the establishment of network codes and guidelines. A new European Network of Network Operators for Hydrogen (ENNOH) will be created and cooperate closely with ACER, ENTSO-E and ENTSO-G. ENNOH will formulate a 10 year network development plan for hydrogen.

The EU security of gas supply regulation will be revised in a targeted way:

- Member States will need to ensure efficient and joint use of infrastructures and storage. Cross border exchange will be enabled and common risk assessments developed.
- Member States will be allowed to create a mechanism for the joint procurement of strategic stocks by transmission system operators, as a preventive measure to ensure security of supply.
- Member States will have to develop appropriate measures related to cybersecurity in their preventive action plans. The Commission may adopt a delegated act on this subject.

In the European Parliament, the file was referred to the Committee on Industry, Research and Energy (ITRE), which appointed Jerzy Buzek (EPP, Poland) as its rapporteur. On 22 March 2022, the ITRE committee organised hearing on reform of the third gas package followed by a discussion. The draft report was published in June 2022 and opened to amendments until July 2022. These amendments are in the process of being negotiated.

In the Council of the EU, the file has been discussed in the Working Party on Energy and later by COREPER, with a view to preparing a policy debate during the Council meeting of energy ministers on 25 October 2022.

References:

- EP Legislative Observatory, [Gas and hydrogen markets regulation](#), 2021/0424(COD)
- European Commission, [Proposal for a regulation on the internal markets for renewable and natural gases and for hydrogen \(recast\)](#), COM(2021) 804
- [Regulation \(EC\) 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks](#) (consolidated version incorporating subsequent revisions)
- European Commission, [Communication on the European Green Deal](#), COM/2019/640
- European Commission, [State of the Union: Commission raises climate ambition and proposes 55% cut in emissions by 2030](#), Press Release, 17 September 2020.

Further reading:



- European Parliament, EPRS, [Revision of the third energy package for gas: Decarbonising the gas market. Regulation 715/2009/EU and Directive 2009/73/EU](#), Briefing - Implementation Appraisal, December 2021.
- European Parliament, EPRS, [Recast EU regulation on gas and hydrogen networks](#), Briefing - Legislation in Progress, March 2022.

Author: Alex Wilson, Members' Research Service, legislative-train@europarl.europa.eu

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RAPPORTEUR
Jerzy BUZEK
ITRE