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Regulatory outlook (at EU and national level)



Agenda

- 1. 4th internal market package for gas**
- 2. KoV XIV outlook (list of topics)**

Regulatory outlook

at EU and national level

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Fourth internal market package for gas

What is the internal market package for gas about?

Legislative package aimed at implementing the European Green Deal and delivering on the goal of achieving climate neutrality by 2050. Its key elements are the **legal and regulatory framework for hydrogen**, new requirements to make buildings more energy-efficient and measures to reduce methane emissions in the energy sector.

Which aspects are key to the gas industry?

- Unbundling requirements for hydrogen network operators
- Network access requirements for the hydrogen industry
- Institutions for cooperation among network operators at EU level
- Strengthening of consumer rights (i.e. change of supplier within 24 hours)
- Blending requirements

The EU Parliament and Council have examined the legislative proposals submitted by the Commission. As part of a so-called "trilogue procedure", a compromise will be worked out on the basis of the three positions presented, which then becomes law.

Timetable for gas package



Unbundling rules

Commission:

- Horizontal unbundling of gas and hydrogen network operators as of 2031
- Geographically limited hydrogen networks to be exempt from part of the regulations (Art. 48)
- No distinction between transmission and distribution networks
- ITO model for transmission system operators only valid until 2030 (vertical unbundling)

Council:

- Strict horizontal unbundling remains possible
- Geographically limited hydrogen networks to be exempt from part of the unbundling rules
- No distinction between transmission and distribution networks
- Existing ITO models to be "continuously" reviewed after 2030 (Art. 85)

Parliament:

- No hard unbundling rules for hydrogen network operators
- General distinction between transmission and distribution networks for hydrogen networks – same as for gas networks

Market rules/third-party access

Commission:

- More detailed regulations for hydrogen network access (e.g. use of an entry/exit system) as of 2031 (Art. 31)
- Refusal to grant network access and connection to be possible if capacity is insufficient (Art. 34)
- Feeders of renewable and low-carbon gases may only be denied access under certain conditions (Art. 34)

Council:

- More detailed regulations for hydrogen network access (e.g. use of an entry/exit system) as of **2035**
- Refusal to grant network access and connection to be possible if capacity is insufficient
- Feeders of renewable and low-carbon gases may only be denied access under certain conditions.

Parliament:

- More detailed regulations for hydrogen network access (e.g. use of an entry/exit system) as of 2031
- Refusal to grant network access and connection to be possible if capacity is insufficient.
- Feeders of renewable and low-carbon gases may only be denied access under certain conditions

Institutions for cooperation among NOs on network issues

Commission:

- Natural gas DSOs should join the existing EU DSO Entity, which was previously only open to electricity DSOs (Art. 36)
- Hydrogen network operators should cooperate in an association of EU hydrogen network operators ("ENNOH") still to be created (same as ENTSOG)
- ENTSOG should support hydrogen network operators until ENNOH is established

Council:

- Natural gas DSOs should join the existing EU DSO Entity, which was previously only open to electricity DSOs
- Hydrogen network operators should cooperate in an association of EU hydrogen network operators ("ENNOH") still to be created (same as ENTSOG)
- ENTSOG should support hydrogen network operators until ENNOH is established

Parliament:

- The hydrogen market should be developed under the umbrella of a joint natural gas and hydrogen network operator association ("ENTSO G&H")

Other topics

Commission:

- From 2026 at the latest, a change of supplier must not take longer than 24 hours (Art. 11)
- Blending target at cross-border interconnection points: 5%.
- Introduction of smart meters for natural gas system to be looked into (Art. 16); mandatory introduction for hydrogen networks (Art. 17)
- No cross-subsidies between natural gas and hydrogen networks

Council:

- From 2026 at the latest, a change of supplier must not take longer than 24 hours
- Blending target at cross-border interconnection points: **2%**.
- Introduction of smart meters for natural gas system to be looked into; mandatory introduction for hydrogen networks, **but exception if cost-benefit analysis is negative**
- No cross-subsidies between natural gas and hydrogen networks

Parliament:

- From 2026 at the latest, a change of supplier must not take longer than 24 hours
- Blending target at cross-border transfer points: **2%**.
- Introduction of smart meters for natural gas system to be looked into; mandatory introduction for hydrogen networks
- **Cross-subsidies between natural gas and hydrogen network are possible under certain conditions to protect first-time users from extremely high costs**

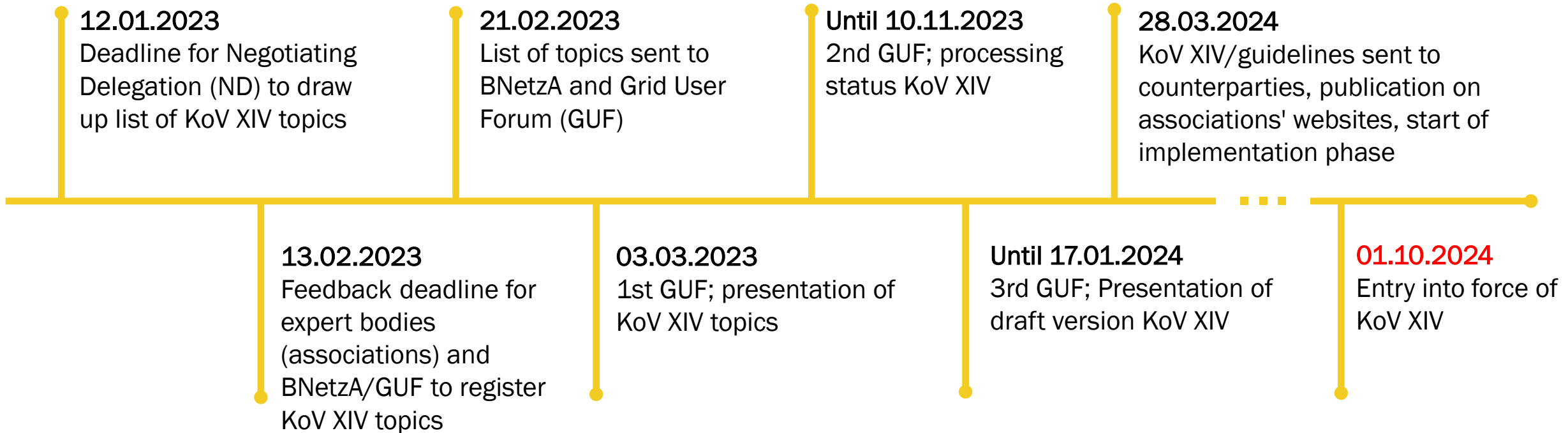


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KoV XIV outlook



KoV XIV outlook – List of topics (1)



KoV = Cooperation Agreement between operators of gas supply networks

KoV XIV outlook – List of topics (2)

Allocation process

- Examination of the need to introduce a rule for implausible SLP allocations (process to be tightened: in the case of "zero allocations" or within the limits, the previous day's value shall be applied, unless the NO and the BGM agree on a "better value")
- Declaration clearing (RLM): deadlines to be checked/adjusted (at present, the RLM declaration correction can take place up to and including M+12 and from M+14)

Allocation authorisation

- Examination of the need to introduce an electronic allocation process or other way of enabling the BGM to identify market locations of suppliers in balancing (sub-)groups with whom there is no contractual relationship

Balancing group link

- Examination of a shorter notice period of the MAM for balancing group links

KoV XIV outlook – List of topics (3)

Balancing gas

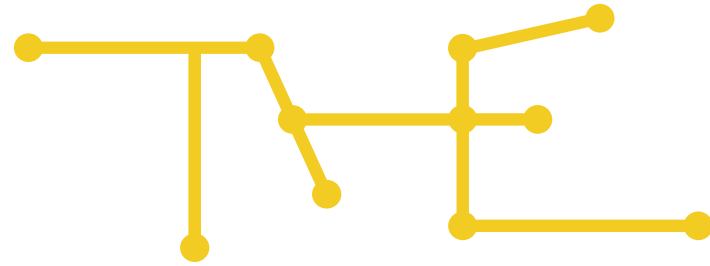
- Examination of the need to adjust the way penalties are determined in order to be able to properly consider cases in which neither the MAM is a counterparty nor Section 25 (12) of Annex 4 (T&C) applies.

Biogas

- Examination of the need to record LPG quantities and allocating them to balancing groups as part of biogas conditioning.

Safety Platform (SiPla)

- Review the transfer of, and, where necessary, define in more detail the processes carried out in 2022 (esp. dispatch MSCONS, master data UTILMD) for the SiPla.



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