

IOGP response to the public consultation on the Hydrogen and Decarbonised Gas Market package

IOGP Europe welcomes the proposed Hydrogen and Decarbonised Gas Market package as a necessary framework to decarbonise the gas sector by accommodating renewable and low-carbon gases under the gas market rules while safeguarding the achievements of the Internal Gas Market.

A certification of low-carbon gas/hydrogen that is compatible with the RED-based system for renewable fuels is essential to enable all renewable and low-carbon gases to contribute to the decarbonisation objectives. With the proposed definitions for low-carbon gases, the GHG emission savings threshold is critical. Retrofitting existing hydrogen production facilities with CCUS is a near-term and cost-effective decarbonisation measure that should be recognised under the definition of low-carbon hydrogen to exploit its full potential. It is essential that clear criteria for the methodology to assess GHG emission savings from low-carbon gases are already included in the Directive and that the corresponding delegated acts are developed in parallel with its adoption. We welcome a certification based on a mass-balance system in line with RED, and allow commodity and certificates to be traded separately and independently. Any review of the GHG emission savings threshold in the future should not affect facilities which have a construction permit granted before the review.

We welcome the proposal to allow 5 vol% hydrogen blends across the EU, while adjacent TSOs can agree on higher blends. No undue quality restrictions should be set to facilitate network access and this should also apply to renewable and low-carbon gases. We question the proposed transportation tariff discounts for renewable and low-carbon hydrogen. Support for these gases should be through tradable certificates, such as Guarantees of Origin, and not attached to the physical energy flows.

The development of a hydrogen network will require public support and should not be subsidised by gas consumers. It should be clarified that the hydrogen network is open to hydrogen from all production technologies. The unbundling rules should allow an existing gas TSO to repurpose its assets to transport hydrogen, and expand the hydrogen network, without the need to change ownership structure. We welcome the principle of separate regulatory accounts for hydrogen and natural gas infrastructure. Cross-subsidisation between energy carriers should be avoided. Transparency should be ensured when NRAs decide on the value of assets transferred to another service. In addition, the framework should also allow the reuse of gas pipelines to transport CO₂ (DNV & CarbonLimits "Re-Stream" study, 2021).

We believe the possibility of conditional TPA exemption for large infrastructure investments is important and this has enabled the construction of several LNG terminals. More clarity about the impact of moving the exemption provisions from the Directive to the Regulation is required.



IOGP is concerned that the aim to phase out natural gas disregards its role in the energy transition. Natural gas long-term contracts may be needed to underpin investments in low-carbon production in the EU. In addition, natural gas will be needed to accommodate increasing amounts of renewables by providing flexibility and back-up for intermittent renewable power generation, thereby ensuring non-intermittent and secure energy supply from diverse sources. Low-carbon hydrogen produced from natural gas with CCUS will be required to build scale for the development of a hydrogen market and infrastructure. Therefore, setting an artificial end date for the supply of unabated natural gas would be counterproductive.

New obligations for Member States to consider the building of gas strategic stocks and minimum gas storage obligations should be considered with care, as they might limit the commercial flexibility of gas storages, and should not jeopardise existing national mechanisms that support the efficient functioning of the gas market and energy security.

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