

# Gas and hydrogen markets directive (common rules)

2021/0425(COD) - 11/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 425 votes to 64, with 100 abstentions, a 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).

The position adopted by the European Parliament at first reading under the ordinary legislative procedure amends the proposal as follows:

## *Subject matter*

The proposed directive establishes a **common framework for the decarbonisation of the markets for natural gas and hydrogen**. It aims to facilitate the penetration of renewable gas and low-carbon gas and hydrogen into the energy system, enabling a shift away from fossil gas, and to allow renewable gas and low-carbon gas and hydrogen to play an important role in achieving the Union's 2030 climate objectives and climate-neutrality by 2050.

The directive also establishes common rules for the transmission, distribution, supply and storage of natural gas through the natural gas system, as well as **consumer protection** provisions, with a view to creating an integrated, competitive and transparent market for natural gas in the Union.

## *Competitive, customer-centred, flexible and non-discriminatory markets for natural gas and hydrogen*

Members stressed that Member States should ensure a **customer-centred and energy efficient approach** in the market for hydrogen. The use of hydrogen should be targeted for customers in hard-to-decarbonise sectors with a high greenhouse gas abatement potential where no more energy and cost-efficient options are available.

## *Market-based supply prices*

Suppliers should be free to determine the price at which they supply natural gas and hydrogen to customers. Member States should take appropriate actions to ensure effective competition between suppliers and to ensure reasonable prices for the final customers.

Prior to the removal of public interventions in the price setting for the supply of natural gas, Member States should ensure adequate support measures for **customers affected by energy poverty and vulnerable household customers**.

## *Access to affordable energy during a natural gas price crisis*

The Council may, acting on a proposal from the Commission, by means of an implementing decision, declare a regional or Union-wide **natural gas price crisis**, if the following conditions are met: (a) the existence of very high average prices in wholesale natural gas markets of at least two-and-a-half times the average price during the previous five years, and at least 180 EUR/MWh, which is expected to continue for at least six months; (b) sharp increases in natural gas retail prices in the range of 70 % occur which are expected to continue for at least three months.

The declaration of a regional or Union-wide natural gas price crisis should ensure a fair competition and trade across all Member States affected by the implementing decision so that the internal market is not unduly distorted.

Where the Council has adopted an implementing decision, Member States may, for the duration of the validity of that decision, apply temporary targeted **public interventions in price setting** for the supply of natural gas to small and medium-sized enterprises (SMEs), household customers and essential social services.

### *Consumer empowerment and protection and retail markets*

Final customers should have the right to purchase natural gas and hydrogen from the supplier of their choice, subject to the supplier's agreement, irrespective of the Member State in which the supplier is registered, provided that the supplier complies with the applicable rules on transactions, balancing and security of supply. They should also have the right to change supplier.

Where the **disconnection of network users is allowed**, Member States should ensure that: (a) the network users concerned and other relevant stakeholders, in particular consumer bodies, have been consulted; (b) network users, final customers and relevant stakeholders are informed sufficiently in advance of the planned date, the procedure for disconnection, the steps planned and the relevant timeline; (c) final customers receive information on and have access to sufficient advice on **sustainable heating options**; (d) specific needs of vulnerable customers and customers affected by energy poverty are duly taken into account.

### *Smart metering systems*

Member States deploying intelligent metering systems in the natural gas system should ensure the provision of **clear and understandable information and advice to customers** on the benefits of smart metering, following consultation with consumer organisations. Member States deploying intelligent metering systems in the hydrogen system should ensure that final customers contribute to the costs of deployment in a transparent and non-discriminatory manner.

### *Protection from disconnection*

Member State should take measures to **prevent the disconnection of vulnerable customers** and customers affected by energy poverty. Member States should establish a supplier of last resort regime or take equivalent measures to ensure continuity of supply at least for household customers.

### *Transparency*

In order to ensure transparency with regard to the costs and financing of regulated activities, activities of hydrogen transmission 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. For the purpose of legal unbundling of hydrogen transmission network operators, the creation of a subsidiary or a separate legal entity within the group structure of the natural gas transmission or distribution system operator should be considered to be sufficient, without the need for a functional unbundling of governance or separation of management or staff.

### *Network decommissioning plans for distribution system operators*

Distribution system operators develop network decommissioning plans where a reduction in natural gas demand requiring the decommissioning of natural gas distribution networks or parts of such networks is expected. Distribution network development plans and natural gas decommissioning plans should promote energy efficiency and energy system integration, taking into account local heating and cooling plans.

Member States should provide an enabling regulatory framework for **biomethane** production facilities in relation to connection fees and costs resulting from their connection to the transmission or distribution networks.