Gas and hydrogen markets directive (common rules)

2021/0425(COD) - 15/07/2024 - Final act

PURPOSE: to create fully operational internal markets for natural gas and hydrogen.

LEGISLATIVE ACT: Directive (EU) 2024/1788 of the European Parliament and of the Council on common rules for the internal markets for renewable gas, natural gas and hydrogen, amending Directive (EU) 2023/1791 and repealing Directive 2009/73/EC (recast).

CONTENT: this directive is part of the hydrogen and gas markets decarbonisation package, which also includes a regulation. Both the regulation and the directive are part of the Fit for 55 package.

The directive seeks to **facilitate the penetration of renewable and low-carbon gases into the energy system**, enabling a shift from natural gas, with a view to reaching the EU’s goal of climate neutrality in 2050.

More specifically, the directive establishes:

- a common framework for the decarbonisation of the markets for natural gas and hydrogen, in order to contribute to the achievement of the Union’s climate and energy targets;

- common rules for the transmission, distribution, supply and storage of natural gas using the natural gas system, and consumer protection provisions, with a view to creating an integrated, competitive and transparent market for natural gas in the Union;

- common rules for the transport, supply and storage of natural gas and the transition of the natural gas system towards an integrated and highly efficient system based on renewable gas and low-carbon gas;

- common rules for the transport, supply and storage of hydrogen using the hydrogen system.

Market-based supply prices

Suppliers will be free to determine the price at which they supply natural gas and hydrogen to customers. Member States will 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 will 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.

Protection of customers and vulnerable groups

Member States will have to ensure that all final customers 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. They must ensure that the right to switch supplier or market participant is granted to customers in a non-discriminatory manner in terms of cost, effort and time.

The directive provides arrangements on how **disconnections** could take place, in order to protect customers from the future decommissioning of the gas network or its repurposing to hydrogen. Appropriate organisations need to be consulted, the customer needs to be informed in advance, and the specific needs of vulnerable customers will be taken into account.

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

Protecting customers from energy poverty

Vulnerable customers and customers affected by energy poverty will be better protected thanks to the new rules adopted today, which include a focus on remote areas. Measures by member states include **protection from disconnections** and appointing **suppliers of last resort** to ensure continuity of supply.

Network development plans

The directive introduces a split between Transmission System Operators (TSOs) and Distribution System Operators (DSOs) for hydrogen. In addition, the directive provides for **increased coordination** between network development plans for hydrogen, electricity and natural gas. Network development plans will be built on sector integration, the ‘energy efficiency first’ principle and prioritising the use of hydrogen in hard-to-decarbonise sectors.

Integrated network planning

At least every two years, all transmission system operators and hydrogen transmission network operators will submit to the relevant regulatory authority a **ten-year network development plan** based on existing and forecast supply and demand after having consulted the relevant stakeholders.

Hydrogen distribution network operators will submit to the regulatory authority every four years a plan presenting the hydrogen network infrastructure they aim to develop.

Member States will ensure that 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.

ENTRY INTO FORCE: 4.8.2024.

TRANSPOSITION: no later than 5.8.2026.