EASE Reply to the European Commission Request for Feedback – Hydrogen and Decarbonised Gas Directive

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INTRODUCTION

On 14 July 2021, the Commission adopted the first set of proposals to make the EU's climate, energy, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels, including proposals for a revised Renewable Energy Directive (REDII), Energy Efficiency Directive (EED) and Emissions Trading Scheme (EU ETS). In December 2021, the Commission released a second, complementary set of proposal to foster the demand and production of renewable and low carbon gases, including hydrogen. The 'Hydrogen and Decarbonised Gas markets' Package, consisting a.o. of a review of the Gas Regulation and of the Gas Directive, aims to decarbonise gas consumption, and puts forward policy measures required for supporting the creation of optimum and dedicated infrastructure, as well as efficient markets. It will remove barriers to decarbonisation and create the conditions for a more cost-effective transition.

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Public Consultation

Give your feedback on: Proposal for a Directive on common rules for the internal markets in renewable and natural gases and in hydrogen and its Annex

4000 characters maximum

EASE – The European Association for Storage of Energy **welcomes the proposal for the Hydrogen and Decarbonised Gas package**. The Directive is fundamental for the clean energy transition. Yet, renewable and low-carbon gases' role in energy storage solutions and technologies is not sufficiently acknowledged.

Similar to the Regulation, EASE would like to stress that the **definitions**, especially in terms of energy storage, are missing or not precise enough in the Directive. For example, Power-to-Gas, renewable hydrogen, and flexibility are not defined. EASE would suggest Article 2 include their definitions.

Concerning **certification**, both the default value and exact calculation method for the low-carbon hydrogen threshold (-70% GHG emission) are absent. Furthermore, EASE is concerned with the uncertainty derived from the proposal defining the 70% reduction via delegated act, especially with its deadline, set at the end of 2024. Hence, EASE suggests the methodology be defined as soon as possible. Besides, as mass balance imposes physical tracking of molecules from injection to withdrawal from the gas grid, linking the certification of renewable and low-carbon gases with the mass balancing system appears impractical.

The Directive sees renewable and low-carbon gases as key to achieving **security of supply**. This is positive, but it should be better recognised that energy storage is a key flexibility source, enabling lower energy prices. EASE suggests a further discussion on the topics such as energy shifting, flexibility, and energy storage from the security of supply perspective.

On vertical **unbundling**, EASE welcomes that hydrogen production and supply activities are seen as market-based, and the unbundling is enshrined in the Directive's Articles 54 and 62. However, the ITO model should not be phased out for hydrogen by 2030: this would preclude TSOs to be involved in long-term perspective infrastructure development (e.g. refurbishing their existing methane pipelines), creating inefficiencies.

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Regarding **cross-subsidies**, EASE welcomes the position that they should be avoided. Furthermore, preventing financial transfers among different RAB (Regulated Asset Base) should remain a key pillar of EU legislation. Any exception to these principles should be limited in scope and adequately monitored by regulators.

EASE welcomes the introduction of **sector integration**-related provisions between gas and electricity within the package. But Power-to-Gas is a key not only for integration with the electricity system but also, e.g., for the heat one. Therefore, addressing flexibility in Article 51 would be an ideal example. Additionally, EASE supports the proposal for a joint scenario framework to be considered when drafting national ten-year network development plans.

EASE believes it is vital to plan infrastructures whilst considering system efficiency and energy optimisation regarding the **repurposing and new infrastructure for hydrogen**. However, the proposal might not sufficiently ensure economic efficiency. For instance, 'repurposing' of infrastructure can be further elaborated in Article 52 to prioritise using existing facilities instead of building new infrastructure and avoid stranded assets.

EASE supports the package in strengthening **active customers** and citizen energy communities in the renewable and low-carbon gases market, which may increase customers.

To conclude, EASE believes ensuring flexibility and energy shifting in the energy market by introducing renewable and low-carbon energy is vital to the energy transition. Many provisions go in the right direction, but many needs further details. The package, in general, needs to emphasise the role of energy storage and power-to-gas as the provider of energy flexibility throughout the text.

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About EASE

The European Association for Storage of Energy (EASE) is the voice of the energy storage community, actively promoting the use of energy storage in Europe and worldwide. It supports the deployment of energy storage as an indispensable instrument within the framework of the European energy and climate policy to deliver services to, and improve the flexibility of, the European energy system. EASE seeks to build a European platform for sharing and disseminating energy storage-related information and supports the transition towards a sustainable, flexible and stable energy system in Europe.

For more information please visit www.ease-storage.eu

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Disclaimer

This response was elaborated by EASE and reflects a consolidated view of its members from an energy storage point of view. Individual EASE members may adopt different positions on certain topics from their corporate standpoint.

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