



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

February – March 2022



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.



Public Consultation

Give your feedback on: Proposal for a Regulation 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 Regulation. This Regulation is fundamental for the clean energy transition. Yet, the role of renewable and low-carbon gas in energy storage solutions and technologies is not sufficiently acknowledged, which may hinder the security of supply efforts and lead to legal uncertainty.

First, EASE would like to stress that the current **definitions**, especially in the context of energy storage, are missing or not precise enough. Power-to-Gas, renewable hydrogen, and flexibility are not defined. Concerning **certification**, EASE believes that the methodology for the low carbon hydrogen threshold should be defined as soon as possible. The details are mentioned in the feedback on the Directive.

The Regulation sees renewable and low-carbon gases as key to achieving **security of supply**. Therefore, the complementarity of Regulation's Articles 60 and 67 is deemed to be functional. However, EASE believes more could be done for the security of supply in the Package. The Regulation should further recognise energy storage as a key flexibility source and enable 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. Furthermore, to prevent future gas price spikes, it is necessary to develop energy storage solutions to achieve long-term, seasonal, and strategic flexibility while reducing our reliance on fossil fuels.

EASE welcomes incentivising renewable and low-carbon gases through **tariff reduction**, as proposed by Articles 15 and 16 of the Regulation. In particular, 75% tariff reduction on entry/exit points of storage facilities in Article 16 (1) point b is positive. However, some doubts about its impact and practices remain present and should be addressed. Grid tariffs should recognise the benefits of energy storage to the grid, and transparency should be ensured. Furthermore, the avoidance of **cross-subsidies**, discussed in Articles 12 and 15, appears positive.



Regarding **ENNOH**, creating an entity specifically focused on hydrogen might be optimistic considering the distinctive tasks of gas and hydrogen network operators. At the moment, it is unclear how its work will unfold. Meanwhile, EASE would suggest enhancing ACER's role in overseeing the network planning process, not merely offering its opinion. Similarly, in Articles 24 and 46, a provision ensuring that ENNOH will integrate the ACER recommendations on the draft **Union-wide network development plan** submitted by ENNOH should present.

EASE believes that **blending** cannot be the ultimate solution. At the same time, it creates technical constraints and additional costs at injection, exchange of existing valves and sensors across the transport pipes, and end-use. However, EASE acknowledges that the blending may bring opportunities to the market in the short term by contributing to the deployment of hydrogen. Therefore, EASE is not against the requirement for transmission system operators to accept the gas flow with a hydrogen content of up to 5% by volume, as described in Article 20. However, the industry should keep in mind that blending should phase out in the market not far future. Meanwhile, extending pure hydrogen deployment for the essential industry should prevail in the discussion to contribute to reaching the target.

To conclude, EASE believes that **ensuring flexibility in the energy market** by transparently and efficiently introducing renewable and low-carbon gases is the key to the energy transition. Many of the provisions go in the right direction; several Articles need further details; and the Regulation needs to stress the role of energy storage and power-to-gas throughout the text.



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

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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