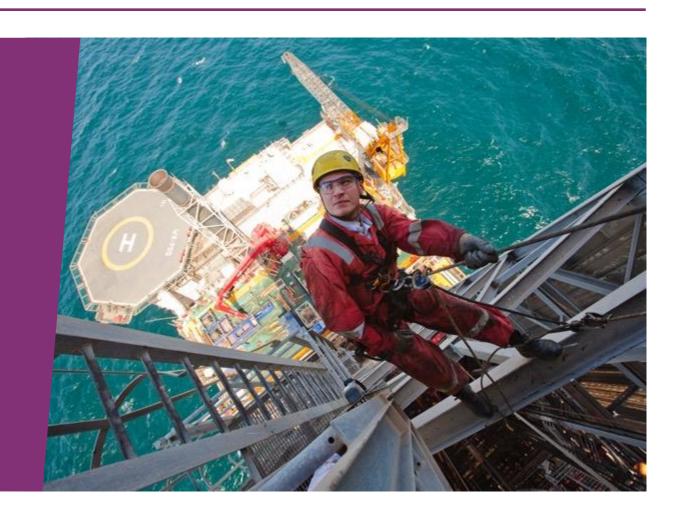


The upcoming Hydrogen and Decarbonised Gas Market Package

ERCST Roundtable 3rd December 2021



IOGP Europe Members



























































Our Associate Members in Europe











Oil & Gas supplies

57%

of overal EU energy demand



The Way Forward

Reducing our carbon footprint

Methane mitigation
Electrification of platforms
Reduction of flaring
Energy efficiency
CO2 capture &
sequestration (e.g. Sleipner)

Supplying cleaner energy

Gas as alternative to coal Renewable energies Energy services Low carbon liquids Developing long-term solutions

Large-scale Carbon Capture & Storage Hydrogen Nature-based solutions Repurposing of assets

We support the EU's objective of climate neutrality by 2050.
We call for the implementation of much-needed enabling measures to deliver on the EU climate-neutrality by 2050.



Key recommendations for the upcoming Hydrogen and Gas Market Decarbonization package

Both low-carbon hydrogen (LC H₂) and renewable hydrogen (RES H₂) will be essential to the European energy transition and should compete on a level-playing field

The Gas Package should accommodate both LC H_2 and RES H_2 in a technology neutral manner; FitFor55 (RED III) does not address LC H_2 --> the gas package is the appropriate framework

An EU certification system for both RES H₂ and LC H₂ should be established

Enable a competitive commodity market: the framework should have flexibility to support tradable products being for hydrogen only or blended with natural gas

Existing oil&gas infrastructure can be repurposed when developing H₂ networks, regulated under the rTPA model. Repurposing of assets make it natural to have TSOs and DSOs operators of the H₂ networks

A future legislative framework should lift legal/ administrative barriers to the introduction of H₂ into the gas grid

IOGP would welcome that

- ... the proposals **recognize** the important role of gas in the energy transition and of the benefits of the existing gas market (provides competitively priced, secure energy supplies);
- ... low-carbon fuels are clearly defined and a certification scheme for them will be established. Such a certification scheme should mirror the one (to be) established under RED III;
- ... TSOs must accept cross-border flows of gases with a hydrogen content of up to 5% by volume from [1 October 2025]. This will facilitate cross-border flow and could set a precedent for consistent national rules;
- ... a **separation** of the **RAB**s between natural gas and hydrogen infrastructure is foreseen. And that cross subsidization are accepted only under specific conditions;
- ... **TPA and unbundling** rules for hydrogen networks are to be developed separately from the existing ones for the natural gas system; this provides flexibility when developing the hydrogen market;
- ... grandfathering of authorisations for transmission, distribution, supply and storage of gases using the natural gas system because this will reduce possible delays when repurposing existing pipelines and other assets.



IOGP would express concerns about ...

- ...an unclear/undefined **GHG reduction threshold for LC H₂**; what would be the basis for the final number in the package?
- ...a potential vacuum in the framework for hydrogen which cannot qualify as 'low carbon hydrogen';
- ...a certification scheme not specifying the precise methodology to be used for assessing GHG reduction threshold -> attention will have to be given when the delegate act with the precise methodology will be developed;
- ...non-transparent rules about revenues and transportation costs when repurposing of infrastructures and transfers within RAB;
- ...tariff discounts for renewable and low-carbon gases to the natural gas network creating a non-level playing field for LC H₂ and RES H₂;
- ... a possible establishment of joint procurement for reserve stocks.





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