



International
Association
of Oil & Gas
Producers

The upcoming Hydrogen and Decarbonised Gas Market Package

ERCST Roundtable

3rd December 2021



IOGP Europe Members



Oil & Gas supplies
57%
of overall EU energy
demand

Our Associate Members in Europe



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 H₂ and RES H₂ in a technology neutral manner; FitFor55 (RED III) does not address LC H₂ --> 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 **RABs** 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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