

European Commission's Consultation - Priority list for the development of gas network codes and guidelines for 2021 (and beyond)

A Eurelectric response paper

January 2021

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow

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European Commission's targeted stakeholder consultation on priority list for the development of gas network codes and guidelines for 2021 (and beyond)

As reminded by the European Commission (EC) in its consultation paper, the Third Energy Package has created the institutional set-up for developing network codes with a view to harmonizing, where necessary, the technical, operational and market rules governing the gas grids with a key role played by Agency for the Cooperation of Energy Regulators ("ACER") and the European Networks of Transmission System Operators for Gas ("ENTSOG"). This institutional set-up made stakeholder organisations devoting considerable time over the past few years to the development of European Framework Guidelines, network codes and guidelines for both gas and electricity. In the light of this consultation, all stakeholders (including at least suppliers, generators and traders) should be thoroughly consulted and informed on the planned changes to network codes and guidelines, as this impact ongoing developments in the field of energy markets.

Priorities list for the development of gas network codes and guidelines for 2021 (and beyond)

Eurelectric fully agrees with the EC proposal of not adding any new items on the priority list for 2021 for the development of harmonised gas rules but rather to focus and push forward on the implementation of the existing market rules, in all Member States, while taking into account the features in each of them.

Beyond 2021, a harmonized network tariffication system to incorporate potential new gas carriers (e.g. biomethane, hydrogen etc.) should be progressed to align with the current harmonised transmission tariff regime. The existing harmonised transmission tariff ranges provide National Regulatory Authorities (NRAs), in consultation with TSOs and market participants, with the discretion as to what level to set multipliers for short term capacity products, in the frame of the NC TAR. In order to avoid potential negative consequences in local markets, flexibility, via the existing tariff ranges, should be maintained in the range currently set by the NC TAR, as a one-size-fits-all approach on tariff values across all Member States is not necessarily optimum.

Among others, a revision or an update of the gas network tariff may be envisaged to properly address the issues of the changing needs of system users and potential stranded assets on existing gas infrastructures, as well as the repurposing of some gas pipelines into hydrogen pipelines where and when relevant. The question of hydrogen blending into the natural gas pipelines may also question the need for an update of the network codes on interoperability and balancing.

All these potential evolutions need to be streamlined with the timeline to be set by the EC for the elaboration of a "gas decarbonisation package" which will frame the market design for the future development of the gas market and infrastructures and integration of renewable or low-carbon gases.

Setting new proposals of evolution or establishment of gas network codes firstly requires a proper identification of the technical constraints and challenges raised by the decarbonisation of the gas system and links to Energy System Integration.

In this purpose, Eurelectric encourages initiatives (e.g. ENTSOG's Prime Movers Groups on gas quality standardisation & hydrogen handling) to discuss these challenges in order to provides inputs, on both technical and markets aspects which policy-makers may leverage to envisage evolution of several gas networks codes or elaboration of new ones, where relevant. Therefore, it seems that the priorities list for development of gas network codes and guidelines will require a significant update on early 2022, once the technical screening work will be completed.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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