



REGULATORY CHALLENGES FOR A  
SUSTAINABLE GAS SECTOR  
A CEER PUBLIC CONSULTATION

View of European Energy Retailers



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Founded in 2017 by:

ACIE: Asociación de Comercializadores Independientes de Energía / Association of Independent Retailers – SPAIN

AFIEG: Association Française Indépendante de l'Electricité et du Gaz / French independent association for electricity and gas – FRANCE

AIGET: Associazione Italiana di Grossisti di Energia e Trader / Italian Association of Energy Traders & Suppliers – ITALY

BNE: Bundesverband Neue Energiewirtschaft e.V. / Association of Energy Market Innovators – GERMANY

Oberoende Elhandlare / Independent Electricity Retailers – SWEDEN

## Section B: Regulatory Challenges for Renewable Gases

### B1. Q1 Which activities do you consider relevant for potential TSO/DSO involvement that should be considered in the assessment?

New infrastructures should be developed under the premise that the projected demand will justify such investments. Otherwise, this will result in an increase of the regulated tariffs as a consequence of underusing these infrastructures which would eventually be detrimental to the end consumer.

As CEER states in its document, unbundling is a fundamental pillar of a well-functioning internal gas market. Any technical or/and commercial activities from the TSO/DSOs opened to competition should be separated from regulated activities and should be supervised. Moreover, the network tariff should not be used to subsidize the non-mature activities.

TSOs and DSOs must act as neutral market facilitators and in the public interest, accounting for costs and benefits of different activities. As neutral market facilitators, TSOs and DSOs should perform their core activities related to the transmission and distribution system. TSOs and DSOs should avoid creating undue distortion of activities open to competition by acting in a non-discriminatory manner towards all actors.

For some specific activities where the technology is not mature enough and the market does not show a clear appetite (like Power-to-Gas for example); a role could be given to some interested parties including network operators, but limited over time, strictly regulated and with costs clearly identified.

**B2. Q2 To what extent should a common European threshold for the blending of hydrogen in gas networks be mandatory and which timing should be taken into account? Please explain your reasoning.**

Generally, all technologies should compete in a free market, without any subsidies. However, given the current embryonic state of hydrogen technology, financial support through R&D should be considered.

Rather than setting thresholds, the priority today should be to foster the use of renewable and/or low carbon hydrogen where it is the most cost-effective for decarbonisation, i.e. for industrial use and long-haul mobility, this uses not requiring an injection on the network.

Regarding the blending of hydrogen in gas networks: At European level, in order to maintain a well-functioning internal market, it should be ensured that interoperability of the EU gas infrastructure is preserved, so the minimum common level of hydrogen should be retained as a starting point.

**B3. Q3 Under which circumstances or conditions should hydrogen networks be regulated, and should this regulation be in the same way as gas networks or are there alternatives? Please explain your reasoning.**

From our perspective, it is too early to provide a precise and definitive answer on this issue. Whenever the hydrogen use reaches a consistent level of use, the decision of a network implementation and its regulation will have to be taken.

**B4. Q4 Is ‘cost efficiency’ a legitimate reason for pro-active market intervention which may be contrary to a general “technology neutral” approach? Please explain your reasoning.**

As mentioned before, we do agree with the “technology neutral” approach and the feed-in-market retribution must be the only criteria to develop these technologies. We favour a market-based development of hydrogen. The “cost efficiency” principle and the “technology neutral” approach

should prevail in order for the market to provide the right signals to choose the well adapted technology.

National targets related to the consumption of renewable or decarbonized gas in a 2030–2050 horizon may be considered.

**B5. Q5 Which role do you see for power-to-gas infrastructures?**

This role will be determined by the private initiatives and the industry needs in competitive markets for energy, ancillary services and hydrogen in particular. The role of regulators should be to set the ground for fair competition between this and other renewable and decarbonized gas technologies, based on a full lifecycle analysis and full cost comparisons including system costs.

Power to gas could be an interesting tool in case of a strong development of RES, in order to manage the RES surplus over the long term.

**B6. Q6 In your opinion, do the electricity and gas tariff systems create possible distortions to the efficient deployment and use of power-to-gas technologies? If yes, how and in what circumstances?**

At first sight, no.

**B7. Q7 Do you see other possible issues regarding power-to-gas technologies that require consideration from a regulatory point of view?**

As previously said, the hydrogen uses still need to be developed.

**B8. Q8 What is required to facilitate efficient cross-border trading of renewable gas GOs?**

Members States should be encouraged to issue GOs for renewable and/or low carbon gas injected into the system.

Harmonisation in procedures, and standards will be key to facilitate the exchange and avoid double counting of GOs at EU level.

**B9. Q9 Which lessons from the EU-wide system for renewable electricity, if any, should be considered when setting up an EU-wide GO system for renewable gas?**

Of course, the EU-wide system for renewable electricity should be considered when setting the EU-wide GO system for renewable and decarbonized gas. The EU GO-gas transactions system will have to be well prepared and coordinated. The process of recognising GO-gas shall also efficiently be audited. GO gas should carry the value of associated carbon emission, to inform consumers on the carbon content of the product purchased.

## **Section C: Infrastructure Investments and Regulation**

**C1. Q10 In your view what should be ACERs and NRAs' responsibility in the development and approval of the TYNDPs, their underlying scenarios and the CBA methodologies?**

Main responsibility of NRAs and ACER should be to monitor and promote a fair regulation. Besides, they should identify specific needs for every Member State in order to incorporate these local needs into the regulation's development. Part of the supervision could be an analysis whether proposed scenarios are sound and technologically neutral.

**C2. Q11 How should the whole process be designed to maximize the efficiency of decision taking about new infrastructures? In particular, would you support the addition of cross-references between the infrastructure regulation 347/2013 and the CAM NC (2017/459)?**

The prudency and the large-scale vision provided by the EU are crucial during the first steps. Additionally, we think that the cross-border

connections should not be governed by “cost–benefit” criteria, specifically in the case of energy islands.

**C4.Q13 In your opinion, should decisions on decommissioning be assessed with methodologies similar to those used for investing in new cross–border infrastructures? Do you see the need of an EU framework for decommissioning infrastructure with a cross–border impact?**

We cannot assure that both things should be assessed with similar methodologies, but as previously said, a broad and long–term vision is needed, and if so, the investing in new cross–border infrastructures consideration.

## **Section D: Adapting the Gas Market Design**

**D1. Q14 What are the critical points that should be addressed regarding the gas market design?**

Before thinking about this issue, we think that more R&D is needed.

The gas market design will have to adapt in order to support the change towards a low carbon economy. The development of renewable and decarbonized gases should be achieved at the lowest cost.

**D3. Q16 In your opinion, do you see an issue with the current transmission tariff regime for the efficient integration of the EU gas markets, in particular considering a scenario where long–term contracts expire and gas consumption may decrease?**

Yes, that´s the reason why the EU may foster exempted and merchant infrastructures instead of regulated ones.



## Section E: Other question

**E1. Q18 Are there other regulatory challenges for a sustainable gas sector not addressed in this document?**

The regulation should reflect and clarify the role and different activities allowed for each agent, clearly marking the dividing lines between the different activities.