

PCY non-paper

In view of preparations for the General Approach on the Gas Package, the Presidency would like to ask Member States for their feedback regarding the two below issues. Member States are welcome to intervene on these subjects during one of the forthcoming Energy Working Parties as well as provide written answers by 17 February 2023.

1. Differentiation of rules for networks in the hydrogen system

The proposed recast Regulation and Directive do not provide rules for a separate transmission and distribution system in the hydrogen market, but for a uniform hydrogen system. On the one hand, the hydrogen market might not develop in a similar way as the natural gas market and may thus not require the specific distribution system provisions applicable to the natural gas market. On the other hand, the future development of the hydrogen market is difficult to foresee with certainty and the role of DSOs in the current natural gas markets varies from Member State to Member State. To gain clarity, the Presidency would like the Member States to share their views on the following question.

- Could Member States accept a non-differentiated hydrogen system in the recast Regulation and Directive?
- If Member States see a need of differentiation between network operators in the hydrogen system, which criteria should be used to differentiate?

2. Tariff discounts in the natural gas grid (Article 16 of Regulation)

The proposed Article 16 of the recast Regulation requires the application of tariff discounts for the purpose of scaling-up the use of renewable and low carbon gases in the natural gas system. The overarching principle for this Article is to incentivise the injection of decarbonised gases. Under current wording of the text, tariff discounts on interconnections points between MS (article 16(5)) is mandatory. However, the obligation is not absolute as national regulatory authorities may decide not to apply these discounts or set discount

rates lower than those currently in square brackets in the text for entry (injection) points and storages. Tariff discounts have been an important issue since the publication of the recast Regulation, notably discussed during the TTE Council in October 2022, and there is still diverging views between the Member States on this topic. To gain guidance on the next steps, the Presidency would like the Member States to share their views on the following questions:

- Do Member States need further flexibility and require making all tariff discounts in Article 16 voluntary, including on interconnection points between MS?
- Should decisions regarding the application of tariff discounts pursuant to Article 16 remain assigned to national regulatory authorities, or should Member States be able to confer this task to another competent authority, while respecting the principles of neutral grid access regulation and the independence of national regulatory authorities according to Article 70 of the recast Directive?



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Interinstitutional files:

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MEETING DOCUMENT

From: General Secretariat of the Council

To: Working Party on Energy

Subject: Gas package
- Presidency non-paper

In view of the Energy Working Party meetings on 14 and 16 February, delegations will find in the annex the Presidency non-paper on the Gas package.

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