

Permanent Representation of Spain to the EU
Bd du Régent, 52
1000 Brussels
12th September 2023

Object: CEOs of European gas DSOs call for a future-proof & ambitious Hydrogen & Decarbonised Gas Package

Dear Ambassador Fuentes Milani,

We, the CEOs of member-companies of Gas Distributors for Sustainability (GD4S), the EU association which gathers the largest gas Distribution Operators of 8 Member States, are voicing our support for an ambitious and future-proof Hydrogen & decarbonised Gas market package.

Together, our companies operate close to 500,000 km of gas networks and serve more than 35 million of European customers. Our companies operate a gas distribution infrastructure which is a major asset for the energy transition, to inject and supply industries and households with renewable gases, biomethane and hydrogen. Thanks to its local footprint and proximity with an increasingly decentralised energy production, this existing infrastructure is a critical enabler for the cost-efficient decarbonisation of various sectors, accelerating the diversification of gas supplies, including with hydrogen and biomethane, and reinforcing security of supply.

It is therefore crucial for the success of the energy transition, that the on-going revision of the Gas Package results in a solid and supportive regulatory framework for the uptake of renewable gases, removing unnecessary barriers for gas DSOs to play their full role in supporting their deployment at limited costs for consumers and society.

As inter-institutional negotiations are on-going, we are therefore calling on the EU Council to consider the following recommendations:

- **Translate REPowerEU's objective of 35 bcm of biomethane produced by 2030 into an EU binding target**

To achieve REPowerEU's ambition, we believe that a collectively EU binding target is vital to provide the much-needed legal certainty for the market to ensure that the required investments are rapidly unlocked and biomethane production quickly scaled-up. Translating REPowerEU's objective of 35 bcm of biomethane by 2030 into a collectively EU-wide binding target will give a clear signal to the key players of the biomethane value chain, not only producers but also infrastructure operators and end-users, unleashing the potential of biomethane to accelerate decarbonisation, security of supply and its multiple economic benefits for local economies.

We welcome the efforts of the Spanish Presidency to include a reference to the 35 bcm biomethane target, letting the possibility for Member States to set national targets of annual consumption of biomethane. We believe that a binding instrument is yet the best tool to create a robust and consistent trajectory for biomethane development and accelerate its uptake across all Member States. **Therefore, we encourage Member States to support the inclusion of a collectively binding EU target for reaching 35 bcm of biomethane produced and injected by 2030.**

- **Allow gas DSOs to fully play their role in the future hydrogen market**

Hydrogen is a nascent market with few producers compared to potential demand and for which gas distributors play a fundamental role in linking supply and demand. Gas distribution grids today provide a secure, resilient, and flexible energy supply to millions of consumers, from households and small businesses to large industrial users. Our grids are essentially ready for welcoming hydrogen, without major additional investments.

An important success factor for the gas market package revisions will be ensuring gas distributors are enabled to support the development of the hydrogen market by extending their activities to hydrogen distribution. We are therefore encouraging member states to fully address the issue of unbundling rules for hydrogen distribution network operators, following the European Parliament’s approach and creating a distinct framework for hydrogen transmission and distribution.

GD4S supports the Spanish Presidency’s proposal to create distinct categories for hydrogen transmission and distribution networks based on functional network criteria. **GD4S sees these developments as positive and encourages co-legislators to find a compromise on such basis.** It is important to note that the creation of such distinct categories will have to be reflected further in the provisions on horizontal and vertical unbundling.

We encourage representatives of Member States to duly consider these points in the trilogue negotiations, to create the future-proof European hydrogen and decarbonised gas market that we need for achieving the energy transition as fast and cost-efficient as possible.

We remain at your entire disposal to discuss our position further and support you with our expertise as gas DSOs.

Yours sincerely,

The CEOs of GD4S’ members:

Raúl Suárez
President of GD4S & CEO of Nedgia



Paolo Gallo
CEO of Italgas



Dan Pantilie
CEO of DistriGaz Sud Retele



Barbara Morgante
CEO of DEPA infrastructure



Gabriel Sousa
CEO of Floene



Laurence Poirier-Dietz
CEO of GRDF



Cathal Marley
CEO of GNI



Jeroen Sanders
CTO of Enexis



Daan Schut
CTO of Alliander



David Peters
CTO of Stedin



About GD4S:

GD4S is the EU association representing the leading natural & renewable gas distributors in France, Greece, Italy, Ireland, the Netherlands, Portugal, Romania and Spain. Together, we represent 35.5 million customers in Europe and more than 30% of the European market. Gas distributors are responsible for operating the gas distribution network, ensuring its maintenance, and its development. We are responsible for safely distributing natural and renewable gas to consumers.