



GD4S welcomes the agreement reached on the Hydrogen and Decarbonised Gas market Package

Brussels, 19th of December

The package highlights the role gas DSOs can play in helping the EU achieve climate neutrality and enhance security of supply but falls short on REPowerEU 2030 ambitions for deployment of 35bcm target for biomethane.

GD4S welcomes the long awaited adoption of this important package that will support the development of the market for renewable and low-carbon gases and enable the distribution grids to decarbonise the European economy using these cleaner gases.

Raúl Suárez, CEO of Nedgia and GD4S President, said: *'We welcome the recognition in the Hydrogen and Decarbonised Gas Market Package of the crucial role for gas distribution grids to support the energy transition through increasing shares of renewable and decarbonised gases. GD4S and its members stand ready to contribute'*.

The inclusion of the distinct definitions for hydrogen DSOs and TSOs allow for the optimal development of the hydrogen market by leveraging the value chains and local level distribution that the gas distribution grids can deliver. The role of gas DSOs in the future hydrogen network is further reinforced in the package with agreement by co-legislators on the alignment of regulatory unbundling rules with existing natural gas market rules. The extension of the pre-existing unbundling models and rules provides for welcomed regulatory certainty that will support the nascent hydrogen market, as well as investor confidence.

GD4S recognizes the decision to apply no horizontal unbundling requirements for hydrogen DSOs as a very positive step. This provides the necessary flexibility for the emerging hydrogen market and facilitates the optimal leveraging of natural gas infrastructure operators' experience and knowledge to deliver an efficient and economic transition.

The package has made positive, if somewhat conservative, progress on national development planning with backing for development of joint hydrogen and gas network development plans. This further supports energy system integration across electricity, gas and hydrogen.

The value of a binding biomethane target, as aligned with REPowerEU objectives, had been recognized by the European Parliament but regrettably did not make it into the final text. While the reference to the potential of up to 35bcm per year by 2030 is included in the recitals, GD4S is convinced that leveraging the Hydrogen and Decarbonised Gas market Package to include a binding target for biomethane could have represented a driver for the required biomethane growth through a clear political signal. Despite this, the further enhancement of biomethane through links with national Energy and Climate Plans (NECPs) and the European supply adequacy outlook are further welcome developments.

More about GD4S:

GD4S represents the leading natural gas distributors in France, Greece, Italy, Ireland, the Netherlands, Spain, Portugal and Romania. Together, we represent 35 million customers in Europe (around 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.

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