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EC presents: the Hydrogen and Decarbonised Gas Market Package, the Methane Regulation and the EPBD review

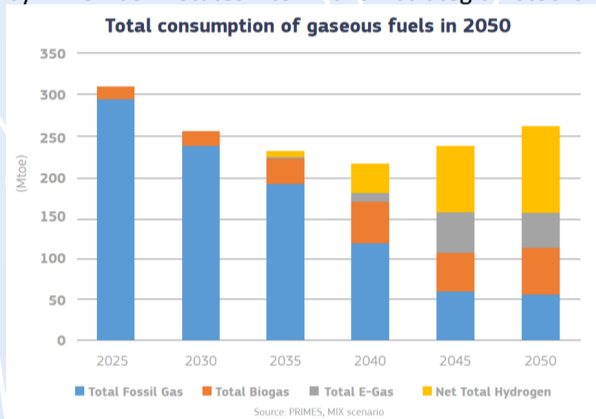
Another massive and highly awaited bunch of legislative proposals has been published today, providing great content for our last brief news of 2021. The European Commission unveiled the missing pieces of the Fit for 55 package – the review of the Gas Directive and the Gas Regulation and the review of the Energy Performance of Buildings Directive – and the very first Regulation to tackle methane emissions in the energy sector. But let's go in order.

→ The Hydrogen and Decarbonised Gas Market package, aka revision of Gas Directive and Gas Regulation:

While recognising that molecules cannot be replaced by electrons everywhere (cf. chart below), the main purpose of the [revision](#) is to create the conditions to have fossil natural gas replaced by renewable and low carbon gases and therefore decarbonise the European gas sector to reach the climate neutrality by 2050.

To do this, the Commission: sets the basis to the creation of a **hydrogen market**, introducing specific market rules for dedicated hydrogen infrastructure; proposes mechanisms to improve **cooperation** between different parts of the value chain (i.e. TSOs & DSOs) and realise a truly **integrated energy system**, starting from a comprehensive collaborative Ten-Year Network Development Plan; deepens the role of **distribution system operators** in view of a growing injection of renewable and low carbon gases at distribution level; and strengthens **consumers** possibility to choose renewable and low carbon gases over fossil fuels and to organise in citizens energy communities for gas.

Moreover, as a reaction to the last months high energy prices, the EC proposes a series of measures to improve the **resilience** of the European energy system and the **security of supply**, for instance enabling voluntary joint procurement by Member States to have strategic stocks.



→ The Methane Regulation:

As announced with the Methane Strategy published in October 2020, the Commission is going forward in tackling methane emissions from anthropogenic sources and it's starting right from the energy sector. The [new legislative proposal](#) to **reduce methane emissions** require the energy sector to streamline methane emissions measurements and mitigation. It refers notably to the oil, gas and coal operators, also when importing from third countries. The Commission gives the possibility to Member States to introduce penalties but does not introduce binding emission reduction targets.

The provisions for the oil and gas sectors include strict obligations to **measure, report and verify** (MRV) the emissions occurring along the operated assets and to carry **leak detection and repair** (LDAR) surveys every three months. The MRV would follow a European methodology, to be drafted by the Commission and expected to draw inspiration from the work of the [Oil and Gas Methane Partnership 2.0](#). Implementing this Regulation should come with no costs for the distribution system operators, as National Regulatory Authorities (NRAs) shall take into account those costs when fixing or approving tariffs for regulated system operators.

→ Revision of the Energy Performance of Buildings Directive (EPBD):

To align the EPBD with the European Green Deal, the [EC proposes a revision](#) of the current framework. Building on the [Renovation Wave Strategy in 2020](#), the revised EPBD aims to bring the vision for achieving a zero-emission building stock by 2050 into reality. The proposal is highly interlinked with other elements of the Fit for 55 package, complementing in particular the Energy Efficiency Directive (EED), the Renewable Energy Directive (RED) and the proposal for an Alternative Fuel Infrastructure Regulation (AFIR). It is also clearly connected with the new emissions trading system (ETS) for buildings and road transport, which aims to create economic incentives for building decarbonisation. While the proposal strengthens several of the already existing requirements, such as on **e-mobility**, several new elements have been introduced to boost renovation and decarbonisation of buildings. The EPBD goes beyond the existing focus on current GHG emissions and also addresses the whole life-cycle emissions of a building. A main novelty is the introduction of EU-level **minimum energy performance standards** for the worst performing buildings, aiming at triggering an increase in renovation rates. The proposal foresees that as from 2027 - or 2030 depending on the type of building - **all new buildings** have to be **zero emission buildings**, which is a building that consumes little energy, which is powered by renewables as far as possible and emits no on-site carbon emissions from fossil fuels. Similar to the recast EED, the EPBD proposal foresees stronger requirements for the public sector. Finally, the new EPBD introduces a legal basis for national bans of boilers based on fossil fuels, allowing Member States to set requirements for heat generators based on GHG emissions or the type of fuel used.

TEN-E Energy Infrastructure: Council and EP reach provisional agreement

On 15 December the European Parliament and the Council, under the Slovenian Presidency, reached a provisional **political agreement** on the **Trans-European Energy Networks (TEN-E) Regulation**. The TEN-E Regulation identifies priority corridors and thematic areas of trans-European energy infrastructure and provides guidelines for the selection of Projects of Common Interest (PCIs), which are eligible for EU funding.

Amongst others, the EP and Council agreed on the following:

- End of support for new natural gas and oil projects and introduction of mandatory sustainability criteria for all projects;
- Dedicated hydrogen assets converted from natural gas are allowed to transport or store a pre-defined blend of hydrogen with natural gas or biomethane for a transitional period only (until end of 2029); eligibility for EU financial assistance for such projects will end by December 2027;
- Emphasis on the role of energy from renewable sources regarding all assets, including smart gas grids;
- Strengthened governance process for TEN-E projects with a stronger role for relevant stakeholders;
- Creation of a unique point of contact per project for permitting and authorisation to simplify and accelerate permitting and authorisation procedures.

The text of the provisional political agreement is not available yet to the public. For more information, please refer to the [Council press release](#). As a next step, the informal agreement will have to be formally endorsed by the Parliament and the Members States to enter into force. A vote in the Industry Research and Energy Committee (ITRE) is scheduled on 26th of January 2022.

FOR OUR MEMBERS!

Best holiday wishes!

It is that time of the year, again. That time of another peculiar year in history. Time to take a break from legislative proposals, expert groups and EU bubble gossiping. Time to enjoy, cherish and wear funny jumpers (and masks). Our best and special wishes to you and your dearest ones will land in your mailbox! Or check out our website as from tomorrow!

Reading of the month

[Charles Dickens – A Christmas Carol](#)

Ongoing consultations

- [Public consultation on digitalising the energy sector – EU action plan](#) – 24 January 2022
- [Public consultation on the revision of the guidelines on State aid for broadband networks](#) – 11 February 2022

Upcoming meetings & Events

- CEDEC Board of Directors: 26 January 2022
- CEDEC Working Group Gas: 1 February 2022 (TBC)