

ACER



European Union Agency for the Cooperation
of Energy Regulators

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ACER-CEER White Papers on Hydrogen and Power to Gas

35th Madrid Forum, 29 April 2021

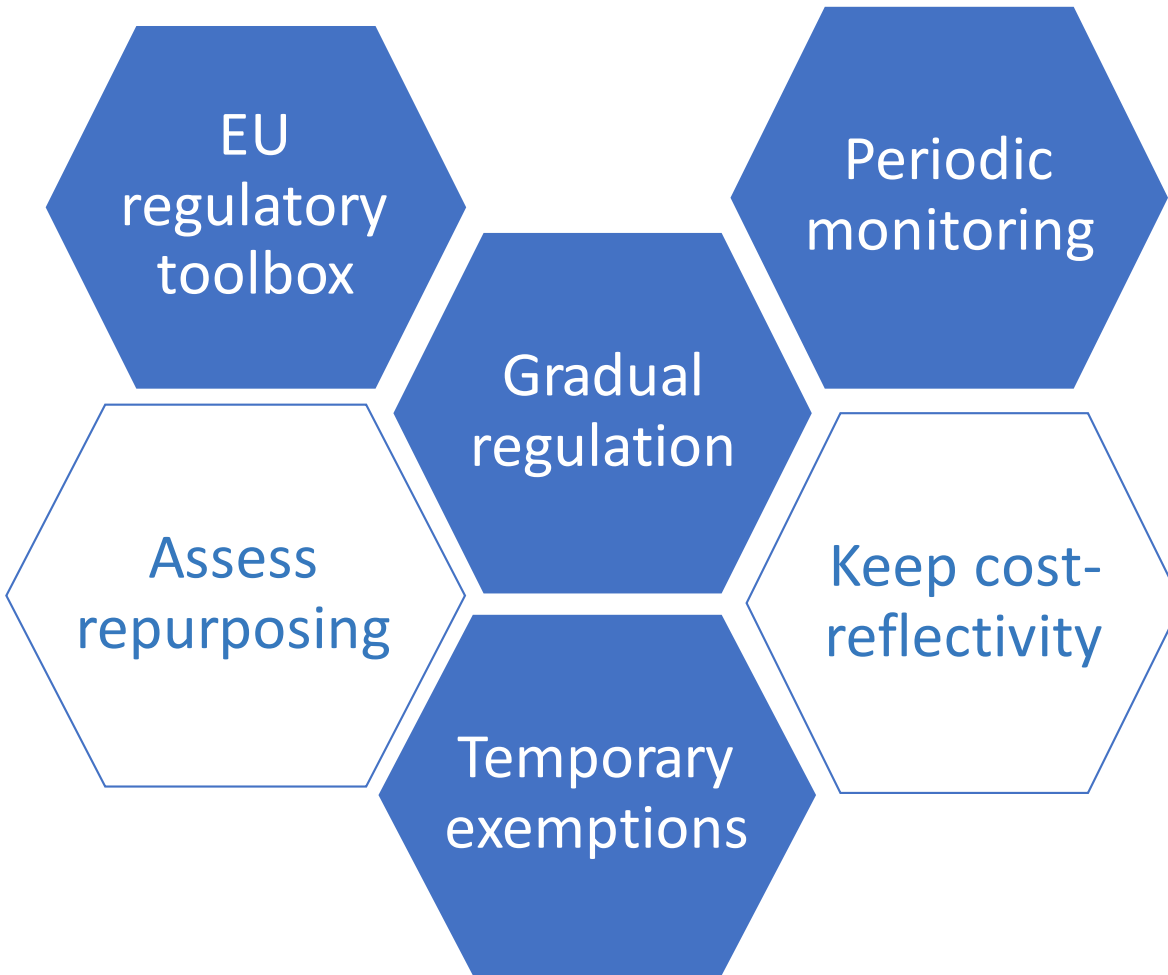
When and How to Regulate Hydrogen Networks?

“European Green Deal” Regulatory White Paper series (paper #1)

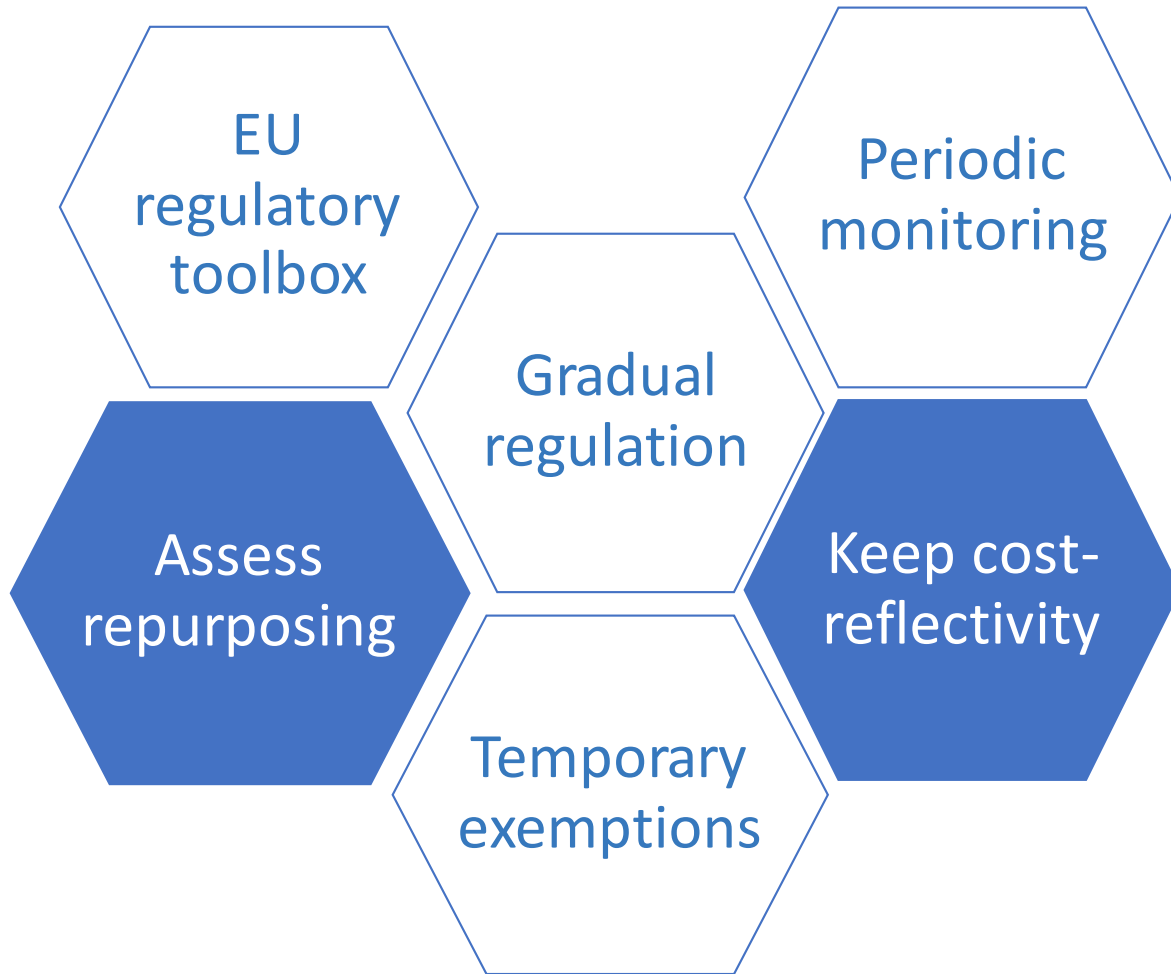
relevant to the European Commission’s Hydrogen and Energy System Integration
Strategies

9 February 2021

Recommendations on regulation of H2 networks



- **Gradual regulation** → offering sufficient certainty to investors, but flexibility for different stage of developments
- **Periodic monitoring** → with a focus on competition and key EU metrics
- **EU regulatory toolbox** → retain key basic principles:
 - NRAs supervision
 - Third-party access
 - Non-discrimination
 - Transparency
 - Customer protection
 - Unbundling
- **Temporary exemptions** → for business-to-business networks



- **Assess repurposing** → To optimise investments
 - Repurposing can give value to potentially underutilised gas pipelines
 - Develop advanced cost-benefit analyses (CBAs) to incorporate societal values and avoided cost (e.g. for addressing electricity network congestion)
- **Keep cost-reflectivity** → avoiding cross-subsidisation
 - The gas/hydrogen network costs should be paid by their respective users
 - Sound practical rule: Don't make users 'pay twice' for the same pipe (once for gas, then again for hydrogen)

Regulatory Treatment of Power-to-Gas

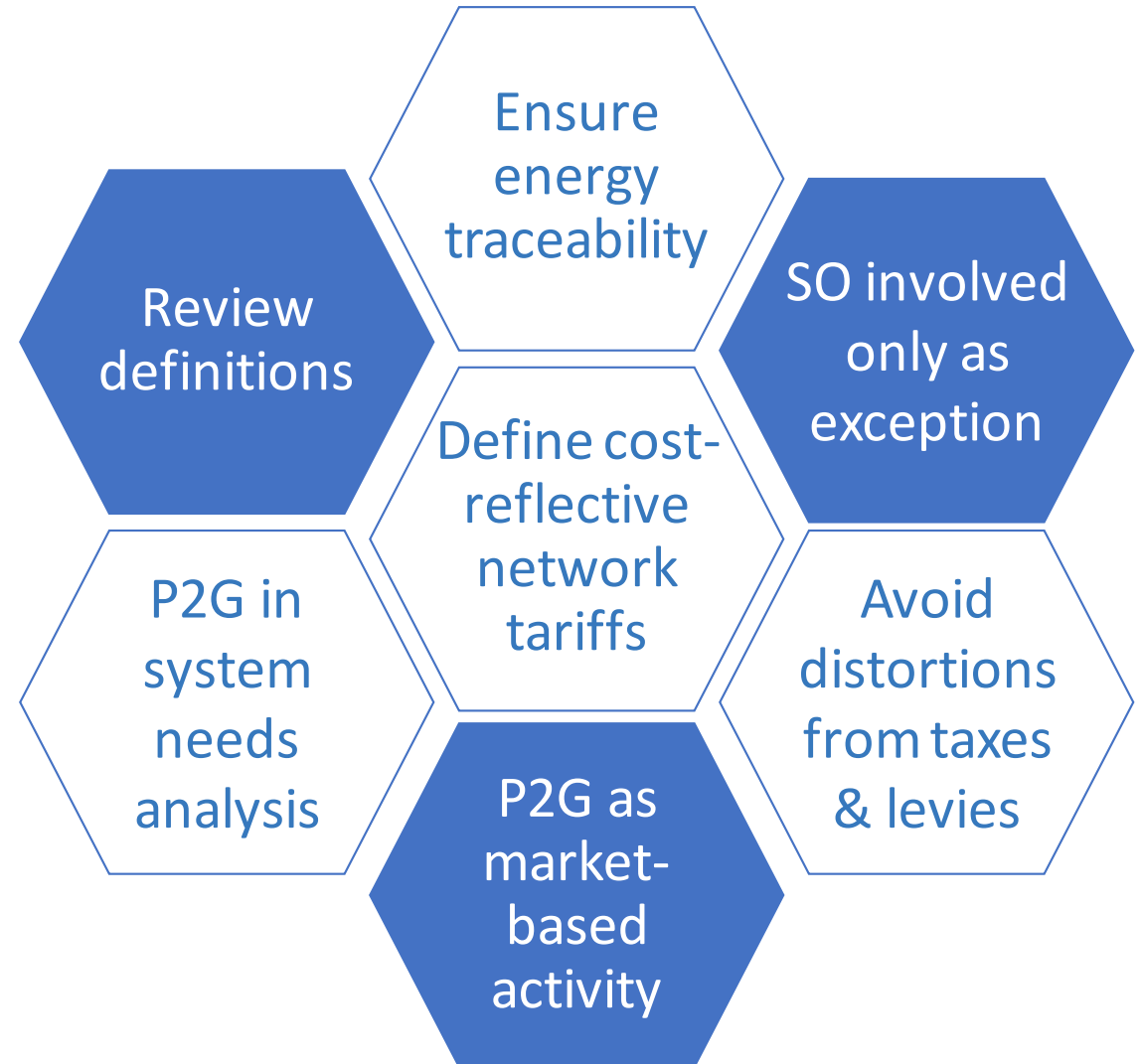
“European Green Deal” Regulatory White Paper series (paper #2)

relevant to the European Commission’s Hydrogen and Energy System Integration
Strategies

11 February 2021

Recommendations on regulatory treatment of power-to-gas

- **Review of definitions** → in the context of integrated gas & elect sectors and with respect to the use of the respective networks
- **Investment and management of P2G as market based activities** → which are open to competition
 - TSOs/DSOs should as a rule be precluded from investing in and running P2s
- **Exceptional involvement of system operators** → allow involvement only in exceptional cases
 - Derogations limited in scope, scale and time and only under strict conditions:
 - If P2G is needed for secure, reliable, network efficient operation and no market interest
 - Take into account the level of unbundling
 - NRAs can set requirements for regulated TPA



- **Include P2G in system needs analysis** → to give locational signals to investors
 - Using cross-sectorial CBA and with close cooperation between electricity and gas SOs
 - TSOs/DSOs to be subject to an open data obligation
- **Define cost-reflective network tariffs** → apply to comparable activities across the elect & gas sectors
 - Do not use tariffs for subsidization;
 - A tariffs' technology mapping would be useful
- **Avoid distortions from taxes & levies** → by revising and harmonising the current frameworks for energy-based taxes
- **Ensure energy traceability** → across the integrated energy system
 - Set definitions and criteria for RES & low-carbon gases
 - Improve the H2 “colour labelling” and trace renewable across the whole chain

