

**THIRTY FIRST MEETING OF THE  
EUROPEAN GAS REGULATORY FORUM  
16-17 October 2018**

***01. Role of gases in the decarbonisation of the EU's energy sector***

**No regret building blocks for the European energy transition**

The Forum agrees on the following no regret building blocks supporting the low-carbon energy transition, which represent the priorities for upcoming work. Where, within these conclusions, individual entities are called upon to prepare certain deliverables for the upcoming Madrid Forum it is understood that the respective entities coordinate the preparation of these deliverables including all interested stakeholders.

**The energy transition requires a mix of energy sources and technologies**

- The successful energy transition will not be achieved at least cost by using a single energy source but requires a balanced mix of energy sources and technologies. Analysis is needed regarding their impact and cost-efficiency in the transition ensuring the objectives of affordability, sustainability, competitiveness and security of supply.
- Renewable and low-carbon gases (in particular biogas, biomethane and hydrogen) should play a significant and growing role in the energy transition. The potential of their domestic production, cross-border trade, import and integration will need to be further assessed.
- To facilitate this work, the use of a unified terminology for renewable and low-carbon gases and technologies is necessary.
- To enable the successful integration of renewable gases, support for technology development, innovation and deployment also at industrial scale is necessary. In addition, further analysis of the economic conditions under which the renewable gases are to be developed on the market is equally important.
- In the long term, the role of natural gas is dependent mainly on the availability of Carbon Capture and Storage (CCS) and Carbon Capture and Utilisation (CCU) technologies. Further assessment is necessary to show the potential of these technologies in Europe, also in the light of the currently existing technical and economic challenges and public acceptance. The Forum invites IOGP to provide an analysis of the potential of these technologies, taking into account above aspects and cost implications and report back to the next Madrid Forum.
- The reduction of fugitive methane emissions in the energy sector is a prerequisite for the sustainable use of gases in the future energy mix. Therefore, the development of a common, robust measurement methodology and life-cycle based reporting of net methane emissions are necessary. The Forum invites GIE and Marcogaz to develop further on the potential way industry can contribute to these objectives and report back to the next Madrid Forum.
- To support the energy transition, the development of a cross-sectoral flexibility market allowing for the participation of all potential flexibility sources is necessary. The Forum invites IFIEC to present a discussion paper on this topic for the next Madrid Forum.

- The energy transition should be based primarily on European level solutions making use of cross-border opportunities, taking into account the different starting positions and preconditions in the Member States which might require local and regional energy actions.
- For all work areas and assessments, the execution of pilot and demonstration projects is essential and their results as well as lessons learnt from the electricity and other sectors should be taken into account.

### **Role and challenges for the energy infrastructure**

- Apart from electricity grids, gas infrastructure should contribute to sector coupling and to a cost-effective decarbonisation process. Gas and electricity networks must be understood as interacting systems that need to be further coupled to ensure the ability to mutual optimization.
- The coordinated and integrated planning approach for the gas and electricity networks should be strengthened and supported by regulation. The Forum invites the ENTSOs to further develop their joint interlinked model reflecting all relevant interlinkages between the gas and electricity systems as input to the development of the upcoming TYNDP and to report back to the next Madrid Forum.
- To avoid unintended interactions between the regulated and contestable activities the Forum invites CEER to assess further the questions of the role of regulated entities and report back to the next Madrid Forum.
- While there is uncertainty about the future demand for gases and some infrastructures might be less used, at least locally, potential decommissioning of gas infrastructures should be carefully considered because it might have relevant cross-border and security of supply impacts. Therefore the Forum invites CEER to come forward with proposals for discussion at the next Madrid Forum.

### **Regulatory framework enabling the energy transition**

- To facilitate the energy transition and the integration of new sources of gases (including hydrogen), the regulatory framework should be flexible as far as possible and be adjusted with the aim of removing potential regulatory barriers and of providing market-based solutions. At the same time, the full and correct implementation of the gas Network Codes in all Member States remains a priority.
- To support the (cross-border) trade of renewable gases, a comprehensive system of European wide certification or guarantees of origin should be developed in the context of the revised Renewable Energy Directive. A similar system should be envisaged for low-carbon gases.
- Sector coupling (i.e. closely linking the electricity and gas sectors, both in terms of their markets and infrastructure) benefits both gas and electricity systems. Therefore, it should be assessed how the regulatory framework could reflect the overall system value including also energy storage and LNG.

## **Technical and gas quality aspects of the energy transition**

- Changes to the gas quality range are expected due to the injection of growing volumes of biomethane, synthetic methane and hydrogen. Therefore, renewable and low-carbon gases should be included in the European standard for H-gas quality. The Forum invites CEN to continue its work in support of the use of renewables in gas infrastructure and gas applications and to report back to the next Madrid Forum.
- Further assessment is needed to establish the suitability of the gas grids, storage facilities and end-user appliances for the injection of an increasing volume of hydrogen, including an estimate of the necessary refurbishment costs.
- Difficulties of injecting fuel gases of increasingly different qualities into the gas network need to be assessed with the aim to overcome them. First experiences can provide valuable input and sharing of best practices is essential. Digitalisation could be part of the solution.

## ***02. EU internal gas market***

### **Potential measures for upgrading the EU internal gas market**

The Forum welcomes the initiative of the Commission to launch a number of studies to assess possible needs to upgrade the regulatory framework of the EU gas market. The Forum supports the focus areas identified by the Commission and supports identifying market-based solutions. The Forum invites the Commission to base any new initiative in this area on sound analysis and consultation of Member States, NRAs and stakeholders while preparing possible new policies.

The Forum invites the Commission to look into strengthening retail market competition and to continue removing barriers to cross-border trade.

The Forum invites the Commission to present its proposal for the alignment of the gas market regulatory framework with the upcoming electricity market design legislation in the areas of the institutional framework and improving consumer empowerment, while assessing gas-specific solutions where necessary.

The Forum invites GIE/GSE to further consider the role and value of storage in consultation with the gas industry, considering the work on developing a cross-sectoral flexibility market.

### **Network Code implementation**

The Forum agrees that in order to enhance market functioning, focus should be on finalising the implementation and on the enforcement of EU rules by Member States and NRAs with a strong support of ACER and the Commission at EU and regional level.

The Forum takes note of the PRISMA Booking Platform's initiative to consider a pilot project for combined explicit and implicit capacity allocation. The Forum urges PRISMA to consult stakeholders before implementing such project.