

CEER response to the European Commission's public consultation on the priority list for the establishment of gas network codes and guidelines

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The Council of European Energy Regulators (CEER) welcomes the [European Commission's public consultation to establish the priority list for natural gas Network Codes \(NCs\)](#). In general, NCs have proven to be a useful legal instrument for achieving steps towards an integrated EU energy market and for enhancing security of supply.

1 CEER response to the priority list for the establishment of gas network codes and guidelines beyond 2021

CEER agrees with the European Commission that no new gas items should be included in the priority list for 2021. Regulators reiterate the importance of completing the full implementation of the existing NCs, in particular the Gas Tariffs NC. Furthermore, the impact on market functioning of their implementation continues to be monitored, with a view to identifying whether any issues persist and whether particular actions should be envisaged. This ongoing assessment could in turn reveal areas of improvement and/or refinement of the existing gas NCs.

However, considering the path towards energy system integration, and as previously mentioned in the [CEER response to the Commission's 2020 public consultation on the priority list regarding electricity network codes](#), regulators see room for a reflection on how **cybersecurity** could be ensured for gas(es), and not only electricity. CEER is of the opinion that a minimum level of cybersecurity is a prerequisite for the increase in data exchange necessary in the future to facilitate large-scale integration of renewable energy sources (RES). The possibility to open markets to new players, and to promote the role of active consumers (prosumers) and aggregators, also depend on well-functioning information technology. For this reason, cybersecurity is instrumental to the technological advancement of energy markets, across all energy vectors. At the same time, regulators believe that cost-efficient deployment based on adequate concepts and hardware is in the interest of all consumers. Similarly to the planned electricity rules on "sector-specific rules for cybersecurity aspects of cross-border electricity flows, including rules on common minimum requirements, planning, monitoring, reporting and crisis management," identified in the [European Commission's 14 October 2020 Decision "establishing priority lists for the development of network codes and guidelines for electricity for the period from 2020 to 2023 and for gas in 2020,"](#) we recommend that equivalent care is taken as regards gas networks.

The energy transition and transformation of our energy sector will require some reflection in the future regarding the necessary legal and regulatory framework for gas(es). In this regard, decarbonised gases should be able to be integrated into existing gas markets, with full valuation of their environmental benefits and their contribution to an integrated energy system. Following the identification by the European Commission of the need for “rules regarding demand side flexibility, including rules on aggregation, energy storage and demand curtailment rules,” we underline that **flexibility** should be seen with a wider lens, in the context of an integrated energy system which considers all forms of flexibility and takes into account the emergence of new technologies and new forms of gases. One should consider all points in the value chain and across all available energy vectors.

In addition, and as noted in the [ACER/CEER “Bridge Beyond 2025 Conclusions Paper”](#), the emergence of new gases may result in biomethane being fed into gas networks (which would occur more at distribution than at transmission level). This implies that the possibilities and limitations of distribution networks need to be taken into account much more than before. Such changes to the use of our energy system could merit consideration of new gas Network Codes, for example on **decentralised injection of decarbonised gases** or **grid connection rules for power-to-gas facilities** (distinguishing clearly between installations connected to the electricity network only (e.g. on-site generation for industrial purposes) and those connected to both the electricity and gas networks). In an integrated energy system, it will be important for gas and electricity network operators to consider the development of power-to-gas installations in their network development planning and to provide locational information to potential investors, based on a comparison of the costs/benefits of a power-to-gas investment against competing options. There is an upcoming ACER-CEER White Paper (for February 2021) which will have more on considerations for power-to-gas.

Looking further into the future, it may also be relevant to review the applicability of gas Network Codes should large-scale **hydrogen transport networks** emerge, in order to ensure they respect general regulatory and market principles of the EU’s internal energy market (e.g. unbundling, third party access, transparency, non-discrimination, monitoring and oversight by NRAs and ACER). In this regard, we recall our belief that there must be a clear regulatory framework and differentiation between competitive and monopoly activities. Transmission System Operators (TSOs) and Distribution System Operators (DSOs) should only be allowed to undertake potentially competitive activities under strict rules and as a last resort. There is an upcoming ACER-CEER White Paper (for February 2021) which will have more on considerations for hydrogen transport networks.

Moreover, we reiterate our view that TSOs should consider developing harmonised counterparty risk management policy at European level and set up a centralised EU database on creditworthiness and market behaviour accessible to TSOs, NRAs, the Agency for the Cooperation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Gas (ENTSOG), in order to avoid that the costs of fraud and/or default are socialised. In parallel, and to ensure that licensing requirements do not act as a barrier to entry, there should be mutual recognition across the EU of licensing for wholesale traders (or an equivalent mechanism). This should be accompanied by a mechanism for enforcement action, such as revoking the licence without undue delay if needed.

It may be that not all of these issues can or should be addressed in a Network Code, but we reiterate these points from our policy papers, as they may prove relevant in the European Commission’s reflections on future actions.