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**Council of European
Energy Regulators**



Key regulatory challenges for a sustainable gas sector

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Fostering energy markets,
empowering **consumers**.

Role of gas in a competitive energy supply

Gas can contribute significantly to achieving a low carbon future

- ▶ Current role of natural gas in Europe:
 - a major energy source and
 - a major flexibility provider to balance seasonal demand
- ▶ Role of natural gas as bridge technology strengthened by fade out of coal
- ▶ However: achievement of climate goals requires gas sector to become “green”
- ▶ Given the competitiveness of natural gas this will not happen “automatically”
- ▶ “Greening the gas”: CO₂ price could be a strong stimulus for change but may need other incentives as well





What are the key regulatory challenges?

**Regulation is key to facilitate
the efficient transformation of the energy sector**

- For example:
 - ▶ Enabling the injection of renewable gases
 - ▶ Enabling a European market for renewable gases
 - ▶ Facilitating the development of CNG/LNG in the transportation sector
 - ▶ Issues related to the involvement of network operators in contestable businesses
 - ▶ Regulatory implications on natural gas infrastructure in the context of a low gas demand scenario
 - ▶ Transition towards a renewable gas infrastructure
 - ▶ Integrated planning of electricity and gas infrastructure



Access to the system

- **What are the challenges?**
- **Examples:**
 - ▶ Is the current legal definition of “natural gas” broad enough to include all potential renewable gases?
 - ▶ Are the technical standards (CEN provisions on gas quality) and Interoperability NC sufficiently clear on the proportion of hydrogen that can be injected in the natural gas networks in order to support the increase in use of hydrogen?
 - ▶ ...



Development of new infrastructure & management of existing networks?

- **What are the challenges?**
- **Examples:**
 - ▶ Is the current regulatory framework flexible enough to allow for adequate infrastructure planning (electricity and gas) in the context of high uncertainty of future demand?
 - ▶ Does the regulatory framework allow to set proper incentives for TSOs and DSOs to reduce emissions and promote innovation?
 - ▶ ...

Functioning of the system

- **What are the challenges?**
- **Examples:**
 - ▶ Do we need to clarify the role of TSOs/DSOs in new contestable activities (e.g. CNG/LNG refueling and power-to-gas infrastructure)?
 - ▶ In which ways can we ensure to maintain non-discrimination and economic sustainability of reduced network use?
 - ▶ ...



Conclusion

- **CEER is reaching out to discuss the challenges**
 - ▶ Study review: How do you assess the results of the FROG study? Are there aspects missing in the FROG study that you consider important for NRAs to address?
 - ▶ Improvement of the regulatory framework: What do you consider as the most relevant/important regulatory issue(s) to be addressed in the follow-up work by CEER?
 - ▶ Facilitating quick wins: Based on the current policy framework, how could first movers be better supported by regulators in the short term when implementing renewable gas pilot projects?
- **CEER work in 2018 will focus on**
 - ▶ Addressing the challenges in greater detail and
 - ▶ Developing specific regulatory measures and initiatives





**Thank you for your
attention!**

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