

## COMPROMISE AMENDMENT 1 (CA1)

2021/0425 (COD)

Proposal for a

### **DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

#### **on common rules for the internal markets in renewable and natural gases and in hydrogen**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,  
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 194(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,

Having regard to the opinion of the Committee of the Regions<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

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- (1) Directive 2009/73/EC of the European Parliament and of the Council<sup>3</sup> has been substantially amended several times<sup>4</sup>. Since further amendments are to be made, that Directive should be recast in the interests of clarity.
  - (2) The internal market in natural gas, which has been progressively implemented throughout the Union since 1999, aims to deliver real choice for all consumers of the European Union, be they citizens or businesses, new business opportunities and more cross-border trade, so as to achieve efficiency gains, competitive prices, and higher standards of service, and to contribute to security of supply and sustainability.
  - (3) Directive 2003/55/EC of the European Parliament and of the Council and Directive 2009/73/EC of the European Parliament and of the Council have made a significant contribution towards the creation of such an internal market in natural gas.
- (3 a) Internal market rules for gaseous fuels need to be aligned with the Union's climate and energy legislation, in particular, the EU Climate law. The legal framework set out by this Directive is reconciled accordingly.***

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<sup>1</sup> OJ C 211, 19.8.2008, p. 23.

<sup>2</sup> OJ C 172, 5.7.2008, p. 55.

<sup>3</sup> Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211, 14.8.2009, p. 94).

<sup>4</sup> See Annex III, Part A.

- (3 b) *In response to the hardships and global energy market disruption caused by Russia's unprovoked and unjustified military aggression against Ukraine, and in line with the EU REPowerEU Communication and Action Plan, the Union and the Member States shall phase out its dependency on Russian energy imports as swift as possible and well before 2030, since these imports are detrimental to the objectives of the Energy Union, including energy solidarity, to effective functioning of and competition in the EU internal energy market, as well as to security of energy supply and the essential security interests of the Union and the Member States.*
- (3 cb) *The REPowerEU pledge to phase out Russian gas imports as soon as possible, equalling 155bcm in 2019 and representing 40 % of final fossil gas demand, translates into a higher ambition for the gas savings and the acceleration the uptake of renewable alternatives, including biomethane, electricity, district heating and cooling as well as the ramp-up of a European hydrogen market. Given that fossil gas demand in the Union has been rising over the past years, there is a need to establish a governance underpinning this ambition and the Union's independence.*
- (4) As part of the Package “Clean Energy for all Europeans” proposed by the Commission on 30 November 2016, Regulation (EU) 2019/943<sup>5</sup> and Directive (EU) 2019/944<sup>6</sup> brought about a further step in the development of the internal market for electricity with citizens at its core and contributing to the Union's objectives of transition to a clean energy system and reducing greenhouse gas emissions. The internal market in natural gas should be built on those same principles and, in particular, ensure an equal level of consumer protection *Very particularly, every Union energy policy should address vulnerable consumerscustomers and tackle energy poverty.*
- (5) The Union ~~has aims to~~ *must* cut greenhouse gas emissions *and to promote modern, decentralised, efficient and integrated energy systems.* It has therefore adopted a set of initiatives to reach that goal, including the energy system integration strategy and the hydrogen strategy published by the Commission in July 2020, *the recommendation on the energy efficiency first principle published by the Commission in September 2021, and the report on a comprehensive European approach to energy storage (2019/2189(INI))* as well as Regulation (EU) 2018/1999 and Regulation (EU) 2021/1119 which *together* set out how to update the energy markets, including the decarbonisation of gas markets. *These initiatives also call for transitioning to a more decentralised energy system with energy efficiency and energy system efficiency at its core, greater direct electrification of end-use sectors, prioritising demand-side solutions whenever they are more cost-effective than investments in energy infrastructure, greater focus on energy storage solutions, and prioritising the use of hydrogen for end-users in hard-to-decarbonise sectors where no more energy or cost efficient alternatives are available. The Union has also adopted a set of initiatives and mandatory targets to encourage decarbonisation in these sectors.* This Directive should contribute to achieving these goals *as well as the REPowerEU ambition to phase out fossil imports from Russia as soon as possible* ensuring security of supply and a well-functioning internal market for gases, including for hydrogen, *and facilitating efficient and integrated energy systems.*

<sup>5</sup> Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (OJ L 158, 14.6.2019, p. 54).

<sup>6</sup> Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).

- (6) This Directive aims to facilitate the penetration of renewable and low-carbon gases into the energy system enabling a shift from fossil gas and to allow these new gases to ~~play an important role~~ **make their contribution** towards achieving the EU's 2030 **energy and climate objectives and climate neutrality in 2050, as well as to steering of gaseous molecules towards those applications and sectors that cannot be directly electrified with renewables, with this creating the necessary space for renewables electricity and other thermal renewables for heating and transport purposes.** The Directive aims also to set up a regulatory framework which enables and incentivises all market participants to ~~take the transitional role of~~ **shift away from** fossil gas ~~into account while~~ **and** planning their activities to avoid lock-in effects and ensure gradual and timely phase-out of fossil gas notably in all relevant industrial sectors and for heating purposes.
- (6 a) *The integration of biomethane in the natural gas system supports the Union's climate objectives and helps to diversify the energy supply in line with the Commission's communication of 18 May 2022 setting out the REPowerEU. Requests for the grid connection of renewable gas production should be assessed within reasonable time limits and permitting procedures should not be hampered by a lack of administrative capacities. It should be possible to prioritise connection requests for renewable gas production over connection request for the production of natural and low carbon gases.*
- (7) The EU hydrogen strategy recognises that, as EU Member States have different potential for the production of renewable hydrogen, an open and competitive EU market with unhindered cross-border trade has important benefits for competition, affordability, and security of supply. Moreover, it stresses that moving towards a liquid market with commodity-based hydrogen trading would facilitate entry of new producers and be beneficial for deeper integration with other energy carriers. It would create viable price signals for investments and operational decisions. The rules laid down in this Directive should thus be conducive for hydrogen markets, commodity-based hydrogen trading and liquid trading hubs to emerge and any undue barriers in this regard should be eliminated by Member States. Whilst recognising the inherent differences, existing rules that enabled efficient commercial operations developed for the electricity and gas markets and trading should be rendered applicable to Union hydrogen markets to the extent appropriate and within a suitable time frame , **also taking into account methane and hydrogen leakages.**
- (7 a) *Hydrogen should be prioritised for feedstock, raw material or energy purposes in hard-to-decarbonise industries such as steel or chemicals and hard-to-decarbonise maritime and aviation applications. Conversely, all efforts should be made to avoid the use of hydrogen for applications where more energy or cost efficient alternatives exist. Other renewable gases, such as biogases, will be able to contribute to the energy and climate goal as long as they are produced using only truly sustainable feedstocks such as waste and residues of Annex IX Part A of the Renewable Energy Directive.*
- (8) *In line with the EU Hydrogen Strategy and the EU REPowerEU Communication and Action Plan, 10 mt of domestic renewable hydrogen and 10 mt of imported renewable hydrogen are is expected to be deployed ~~from~~ already by 2030 onwards for the purpose of increasing the flexibility of the electricity system and decarbonising certain sectors and applications that where no other more energy or cost efficient alternative is available, ranging from aviation and shipping to hard-to-decarbonise industrial sectors. In addition, hydrogen will contribute to replacing Russian fossil fuels as swift as possible. Hydrogen use from domestic production or imported from third countries should be prioritised in hard-to-decarbonise in sectors in which more energy and cost*

*efficient options are not available.* All final customers connected to hydrogen systems will benefit from basic consumer rights applicable to final customers connected to the natural gas system such as the right to switch supplier and accurate billing information. In those instances where customers are connected to the hydrogen network, e.g. industrial customers, they will benefit from the same consumer protection rights applicable to natural gas customers. However, consumer provisions designed to encourage household participation on the market such as price comparison tools, active customers, do not apply to the hydrogen system.

- (9) In line with the EU Hydrogen Strategy, the priority for the EU is to develop renewable hydrogen produced using, mainly wind and solar energy. Renewable hydrogen *produced using biomass energy falls under the definition of biogas, as referred to in Article 2, point (28), of Directive (EU) 2018/2001 of the European Parliament and of the Council*<sup>8</sup>. Renewable hydrogen is the ~~most compatible~~ *only* option with the EU's climate neutrality and zero pollution goal in the long term and the most coherent with an integrated energy system. However, *renewable hydrogen production is not likely to scale fast enough to meet the expected growth in demand for hydrogen in the Union. Therefore, low-carbon fuels (LCFs) such as low-carbon hydrogen (LCH) may play a role in the energy transition in line with the Union climate targets, particularly in the short and medium term to rapidly reduce emissions of existing fuels, and support the transition of the Union's industry in hard-to-decarbonise sectors in which more energy or cost-efficient options are not available, including in heavy-duty transport.* ~~uptake of renewable fuels such as renewable hydrogen.~~ In order to support the transition, it is necessary *to adopt a technology-neutral approach and* to establish a threshold for greenhouse gas emission reductions for low-carbon hydrogen and synthetic gaseous fuels. Such threshold should become more stringent for hydrogen produced in installations starting operations from 1 January 2031 to take into account technological developments and better stimulate the dynamic progress towards the reduction of greenhouse gas emissions from hydrogen production. The EU Energy System Integration strategy highlighted the need to deploy an EU-wide certification system to also cover low-carbon fuels with the aim to enable Member States to compare them with other decarbonisation options and consider them in their energy mix as a viable solution. In order to ensure that LCF have the same decarbonisation impact as compared to other renewable alternatives it is important that they are certified by applying a similar methodological approach based on a life cycle assessment of their total greenhouse gas ('GHG') emissions, *which should take into account at least upstream emissions from extraction of the fossil fuel, feedstock production and transportation, emissions from LCF production and processing, and emissions from transportation and distribution of LCF as well end-use emissions, considering methane leakages all along the value chain. Until the Delegated Act defining the methodology is adopted, the requirements of the sustainable finance taxonomy delegated act of April 2021 for hydrogen production should be guiding the definition of LCF for funding purposes.* This would allow deploying a comprehensive EU-wide certification system, covering the whole Union energy mix. Taking into consideration that LCF and LCH are not renewable fuels, their terminology and certification could not be included in the proposal for the revision of Directive (EU) 2018/2001 ~~of the European Parliament and of the Council~~<sup>7</sup>. Therefore, their inclusion in this Directive fills in this gap. *When using the Union Database as single mass balance system for the certification of renewable and low*

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<sup>7</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

*LCF, there should be no physical tracking of the molecules inside the single mass balance system.*

- (9 a) Albeit priority should be given to promote a domestic hydrogen production within the Union, the Union may not be able to produce enough renewable and low-carbon hydrogen to meet its demand. Imports of renewable and low-carbon hydrogen will probably be necessary for the rapid availability of large quantities of hydrogen catering for the Union's demand, especially from neighbouring countries and regions such as Norway, Ukraine, North Africa and the Middle East. Therefore, the Commission and the Member states should engage in an open and constructive dialogue in order to establish mutually beneficial cooperation and partnerships with neighbouring regions safeguarding the EU's strategic interests and the energy security of both the EU and its partners. Hydrogen partnerships and intergovernmental agreement with third countries on hydrogen imports should contribute to the creation of clean and new technology markets through the transfer of knowledge and the achievement of the UN Sustainable Development goals. A level playing-field, based on equivalent rules or standards in third countries in terms of environmental protection, sustainability and mitigating climate change should be promoted while avoiding negative social or environmental effects, for example the relocation of environmental impacts, including greenhouse gas emissions, any delay in the decarbonisation of energy in non-EU countries, access to energy for local population, threats to the drinking water supply or exploitative working conditions. In this context, hydrogen production and export from third countries should be subject to internationally recognised due diligence principles, such as the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct (RBC). Hydrogen should become an element of the EU's international cooperation, inter alia within the framework of the International Renewable Energy Agency's (IRENA's) work, research cooperation, climate and energy diplomacy and the European Neighbourhood Policy. The certification and life cycle assessment methodology of LCF should also apply to imports. This will ensure that partner countries can easily identify the requirements of the Union for LCF to be certified as such, ensure market confidence, and foster transparent imports of LCF. By developing such a methodology, the Union can also take a leading role in developing global standards for LCF certification and strengthen its role as a global climate leader, using its climate diplomacy to develop mutually beneficial cooperation with exporting partners.*
- (9 b) Against the background of the EU Hydrogen Strategy and REPowerEU Communication and Action Plan, the commission should assess via a report whether additional measures such as setting an indicative greenhouse gas intensity reduction target for gas consumed in the Union by 2030 may be necessary to cater for an investment and pathway for further upscaling of renewable and low carbon gases across the Union, while taking into account the gradual phase-out of fossil gas and the assumed reduction of demand for gases in sectors other than hard-to-decarbonise sectors where no other more energy or cost efficient options are available. Such measures may provide predictability to customers, in particular in hard-to-decarbonise sectors, to make the necessary investments to transform their operations. Without prejudice to the prioritisation of the roll-out and uptake of renewable gases, they may also enable different technologies to contribute towards the Union indicative target and the overall Union decarbonisation commitments. Low-carbon gases should*

*be regarded as transitional as long as renewable gases, in particular renewable hydrogen, are a scarce source.*

- (9 c) *Hydrogen corridors as identified in the REPowerEU Plan should be supported by the according dedicated hydrogen infrastructure, including hydrogen networks, hydrogen storage and hydrogen import terminals in order to meet the REPowerEU Plan targets for hydrogen production and imports by 2030. Therefore, the network development plans should identify investment gaps, in particular with respect to ensure sufficient cross-border capacities needed for the establishment of an integrated European hydrogen market enabling hydrogen to move freely across borders, taking into account the hydrogen storage development and the integration of hydrogen imports.*
- (9 d) *The definition of hydrogen ready infrastructure and end-use applications should ensure a common approach in EU funding programmes and the revised Climate and Energy state aid guidelines.*
- (10) The freedoms which the Treaty guarantees the citizens of the Union — *inter alia*, the free movement of goods, the freedom of establishment and the freedom to provide services — are achievable only in a fully open market, which enables all consumers freely to choose their suppliers and all suppliers freely to deliver to their customers.
- (11) Consumer interests should be at the heart of this Directive and quality of service should be a central responsibility of natural gas undertakings. Existing rights of consumers and rights for access to essential services, including energy, and ~~safeguarding against~~ *tackling* energy poverty, as stated in the European Pillar of Social Rights communication need to be strengthened and guaranteed, and should include greater transparency *on prices. To this respect, cross-subsidisation of hydrogen network through natural gas or electricity network tariffs shall be avoided, as it puts the burden of the energy transition of the industry sector on natural gas or electricity users, including household users.* Consumer protection should ensure that all consumers in the wider remit of the Union benefit from a competitive gas market. Consumer rights should be enforced by Member States or, where a Member State has so provided, the regulatory authorities.
- (12) The European Pillar of Social Rights places energy among the essential services everyone shall have access to and calls for support measures for those in need (principle 20). UN Sustainable Development Goal number 7 (SDG7) also calls for ensuring access to affordable, reliable, sustainable and modern energy for all. *This Directive builds on comprehensive and common concepts of energy poverty and vulnerable customers.*
- (13) Public service requirements and the common minimum standards that follow from them need to be further strengthened to make sure that all consumers, especially vulnerable ones, can benefit from competition and fair prices. The public service requirements should be defined at national level, taking into account national circumstances; Union law should, however, be respected by the Member States.
- (14) Member States should ~~have~~ *ensure that household customers and, where Member States consider it to be appropriate, small enterprises, enjoy the right to be supplied with gas of a specified quality at clearly comparable, transparent and competitive prices. Member States should maintain* a wide discretion to impose public service obligations on gas undertakings in pursuing objectives of general economic interest *without hampering the transition to an integrated, highly energy efficient and renewable based energy system according to the relevant EU targets, legislation and*

**strategies.** However, public service obligations in the form of price setting for the supply of natural gas constitute a fundamentally distortive measure that often leads to the accumulation of tariff deficits, the limitation of consumer choice, poorer incentives for energy saving and energy efficiency investments, lower standards of service, lower levels of consumer engagement and satisfaction, and the restriction of competition, as well as to there being fewer innovative products and services on the market. Consequently, Member States should apply other policy tools, in particular targeted social policy measures, to safeguard the affordability of natural gas supply to their citizens. Public interventions in price setting for the supply of natural gas should be carried out only as public service obligations, and should be **limited in time, while being** subject to specific conditions. A fully liberalised, well-functioning retail natural gas market would stimulate price and non-price competition among existing suppliers and provide incentives to new market entrants, thereby improving consumer choice and satisfaction.

- (14 a) **Member States should ensure the continuous and uninterrupted availability of energy and the technical safety of energy supply by increasing efficiency and interoperability of transmission and distribution networks, promoting system flexibility, avoiding congestions, ensuring resilient supply chains, cybersecurity and the protection and climate adaptation of all, and in particular, critical infrastructure while reducing strategic energy dependencies.**
- (15) Public service obligations in the form of price setting for the supply of natural gas should be used without overriding the principle of open markets in clearly defined circumstances and beneficiaries, should be limited in duration. ***In the event of extraordinary circumstances, for example where supply is severely constrained, causing significantly higher gas prices than normal or in the event of a market failure where interventions by regulatory authorities and competition authorities have proven to be ineffective, Member States may broaden the scope of price setting intervention to other categories than vulnerable customers and energy poor such as for instance microenterprises, other households customers and [protected customers as defined in Regulation (EU) 2017/1938], in order to avoid significant impact on the economy and society.*** In order to mitigate the distortive effects of public service obligations in price setting for the supply of natural gas ***and to reduce the public budget allocated over time for those interventions,*** Member States applying such interventions should put in place additional measures, including measures to prevent distortions of price setting in the wholesale market ***and allocating at least an equivalent financial amount to support beneficiaries in investing in energy efficiency and renewable energy projects as the latter would help to shield them sustainably and without recurring price interventions from natural gas prices fluctuations.*** Member States should ensure that all beneficiaries of regulated prices are able to benefit fully from the offers available on the competitive market when they choose to do so. To that end, they should be directly and regularly informed of the offers and savings available on the competitive market, and should be provided with assistance to respond to and benefit from market-based offers.
- (16) Public interventions in price setting for the supply of natural gas should not lead to direct cross-subsidisation between different categories of customers. According to that principle, price systems must not explicitly make certain categories of customer bear the cost of price interventions that affect other categories of customer.
- (17) **Clear and comprehensible information should be made available to consumers concerning their rights in relation to the energy sector. The Commission has**

established , after consulting relevant stakeholders including Member States, regulatory authorities, consumer organisations and natural gas undertakings, an accessible, user-friendly energy consumer checklist providing consumers with practical information about their rights. That energy consumer checklist should be maintained to date, provided to all consumers and should be made publicly available.

- (18) Member States should take into account the fact that the successful *ecological* transition requires enhanced investment in education, *training* and skills for workers in the *energy sector, including* gas industry, ~~including~~ *and related value chains, as well as* in relation to infrastructure development *and renewable energy roll out such as heat pump deployment and other renewable alternatives* . Such mention would be in line with the proposal for a revision of EED (2021/0203 (COD) *and RED (2018/0201(COD) as well as the REPowerEU Communication and Action Plan. Social partners must play a key role in this process.*
- (19) Market rules should protect and empower customers to make *the most energy efficient low-carbon* choices, in order for new renewable and low carbon gases to be fully embedded in the energy transition and *steered to those end-use sectors where no other more energy or cost efficient alternatives are available*. For example, *there is only a limited financial or environmental benefit in supplying hydrogen to individual heating appliances should therefore not be encouraged as a general principle.*
- (20) Natural gas still plays a key role in energy supply, as household energy consumption from natural gas is still higher than from electricity. Although electrification is a key element of the green transition, in the future there will still be household natural gas consumption including increasing volumes of renewable gas, *in particular biomethane.*
- (21) As the natural gas sector, including the natural gas retail market was not part of the Clean Energy for all Europeans Package, the related provisions on *infrastructure planning and investments*, consumer engagement and protection have not been adapted to the needs of the energy transition, which corresponds instead to the situation of over a decade ago when the Third Energy Package was adopted.
- (22) The natural gas market *currently* witnesses *exceptional circumstances leading to high prices which are expected to remain rather high also in the years to come*, poor customer satisfaction and engagement as well as slow uptake of new renewable and low-carbon gases *and other renewable alternatives*, which all reflect limited competition in many Member States *as well as an unfavourable regulatory environment for electrification and other renewable alternatives*. ~~Unlike falling prices in wholesale markets,~~ Natural gas prices for household customers rose in the last decade resulting in household consumers paying two or three times more for their natural gas consumption than industrial customers.
- (22 a) *The energy prices crisis has shown the inability of the liquid market to give the right price signal and to adequately reflect the demand-supply dynamics in the price formation mechanism. It has also shown the inadequacy of the liquid market to cope with emergency situations, such as events of supply disruptions and market manipulation practices. In order to prevent high price volatility and to discourage anti-competitive conducts, trading platforms should make use of similar instruments already used in the financial markets for the same purposes. As suggested by ESMA, these instruments should consist of, inter alia, trading halt mechanisms or price collars. ACER as well as national regulatory authorities should continue to investigate for any market manipulations and distortions.*



- (23) As in the electricity sector, market flexibilities and an adequate Union consumer rights' legal framework in the natural gas sector are essential ***and latter should be reinforced*** to ensure that consumers can participate in the energy transition and benefit from affordable prices, good standards of service, and effective choice of offers mirroring ***sustainable*** technological developments. ***Unlike in the electricity sector, natural gas consumer should be protected from rising tariffs when natural gas assets have to be depreciated, from cross subsidisation between gas and hydrogen users and rising gas tariffs with a shrinking customer base. The role of gaseous fuels for heating or cooling in buildings will decline in the future due to renewable alternatives, in particular electrification, district heating or thermal renewable energy.***
- (24) The switch from fossil gas to renewable alternatives will concretise if energy from renewable sources becomes an attractive, non-discriminatory choice for consumers based on truly transparent information where the transition costs are fairly distributed among different groups of consumers and market players.. ***However, unlike in the electricity sector, switching from gas to other renewable technologies is usually not as easy due to the lock-in effect related to the underpinning infrastructure. Mandatory fuel switches should be accompanied by measures that remove adverse effects on final customers, especially vulnerable customers and people affected by or at risk of energy poverty, as well as measures that mitigate and resolve inequalities resulting from the energy transition.***
- (25) To address the current gaps in the retail gas market, it is necessary to tackle the existing competition and technical barriers to the emergence of ***alternative, renewable based energy supply***, new services, better levels of service, and lower consumer prices, whilst ensuring the protection of energy poor and vulnerable consumers.
- (26) In order to ensure a high level of consumer protection and empowerment consistently across energy sectors, the legislative framework in the decarbonised gas market legislation should reflect the electricity market customer protection and where relevant its empowerment provisions ***and consider the energy system efficiency, the Union's objectives on security of supply, energy efficiency and renewable energy.***
- (27) To be coherent and effective, this mirroring approach should be encompass all consumer protection and empowerment provisions, whenever feasible and adaptable to the gas market. This should go from basic contractual rights to rules for billing information, switching energy provider, having at disposal reliable comparison tools, protecting vulnerable and energy poor consumers, ensuring adequate data protection for smart meters and data management, and efficient alternative dispute resolution rules. ***Smart meters should be deployed only after a positive cost-benefit assessment.***
- (28) In pursuing the consistency of provisions across sectors, burdens for national administrations and businesses should be limited and proportionate by also building on the experience with the Clean Energy for All Europeans Package.
- (29) The modernisation ***and decarbonisation*** of the gas sector is expected to lead to substantial economic ***and environmental*** benefits in terms of both improved retail competition and its social and distributional benefits and customer empowerment, including strengthened contractual rights and better available information on consumption and energy sources leading to greener choices, ***which also include uptaking energy efficiency measures and reducing or switching from fossil gas to other more sustainable and energy efficient renewable energy sources. Acknowledging the need to produce biomethane, respecting the sustainability criteria as set out in Directive 2018/2001, environmental standards, such as prevention of***

*methane leakage as well as the avoidance of food security issues, local biomethane production and supply may lead to economic benefits at the local level, in particular for the agricultural sector, and household and non-household customers located in the proximity of production areas. As an organizational concept aimed to drive social innovation, renewable energy communities as set out in Directive 2018/2001* ~~communities of interest~~ should contribute to the uptake of renewable gas.

- (30) Switching is an important indicator of consumer engagement as well as ~~in~~**an** important tool to boost competition on the natural gas market **and should therefore be guaranteed as a basic right to consumers. However,** switching rates remain inconsistent among Member States and consumers are discouraged from switching both energy source and supplier by exit and termination fees. Although removing such fees might limit consumer choice by eliminating products based on rewarding consumer loyalty, restricting their use further should improve consumer welfare, consumer engagement and competition in the market, **including promoting the use of biomethane and other low-carbon and renewable gases.**
- (31) Shorter switching times are likely to encourage customers to search for better energy deals and switch supplier. With the increased deployment of information technology, by the year 2026, the technical switching process of registering a new supplier in a metering point at the market operator should typically be possible to complete within 24 hours on any working day. Ensuring that it is possible by that date for the technical process of switching to take place within 24 hours would minimise switching times, helping to increase consumer engagement and retail competition.
- (32) Several factors impede consumers from accessing, understanding and acting upon the various sources of market information available to them. It follows that the comparability of offers should be improved, **through adequate consumer information, including on the environmental impact of the energy offers, and comparison tools for all customers, and unjustified** ~~and~~ barriers to switching should be ~~minimised to the greatest practicable extent~~ **removed** without unduly limiting consumer choice.
- (33) Independent comparison tools, including websites, are an effective means for smaller customers to assess the merits of the different energy offers that are available on the market. They should aim to include the broadest possible range of available offers, and to cover the market as completely as is feasible so as to give the customer a representative overview **in a clear and easy to understand manner. Where the environmental impact is promoted as an essential feature of the offer, comparison tools should also include a description of that environmental impact.** It is crucial that smaller customers have access to at least one comparison tool and that the information given on such tools be trustworthy, impartial, ~~and~~ transparent **and easy to understand.** To that end, Member States could provide for a comparison tool that is operated by a national authority or a private company. **It is also vital to provide customers with a clear and understandable pre-contractual information, so that they are fully aware about the details and consequences of the contract.**
- (34) **In some instances,** final customers, **particularly those in the agricultural or municipal sector, are** able to consume, to store and to sell self-generated renewable gas. **To the extent that they are able to undertake these activities respecting environmental standards, including the mitigation of methane emissions, these customers should be able to** participate in all natural gas markets **including local supply,** providing ancillary services to the system, for instance through energy storage, **while maintaining their rights as final customers. Such collective arrangements between active customers can**

*provide opportunities for service providers and local businesses, in particular SMEs, to contribute to local system balancing and flexibility.* Member States should be able to have different provisions in their national law with respect to taxes and levies for individual and jointly-acting active customers.

- ~~(35) Recognising the role they can play in decarbonizing the energy system, certain categories of citizen energy initiatives should be recognised in the natural gas market at the Union level as ‘citizen energy communities’. These communities should facilitate the use of renewable gas in the natural gas system. In order to provide them with an enabling framework, fair treatment, a level playing field and a well-defined catalogue of rights and obligations should be laid down which generally reflects the membership structure, governance requirements and purpose of citizen energy communities in Directive (EU) 2019/944.~~
- ~~(36) The provisions on citizen energy communities do not preclude the existence of other citizen initiatives such as Renewable Energy Communities in Directive (EU) 2018/2001 or those stemming from private law agreements. Membership of citizen energy communities should be open to all categories of entities. However, the decision-making powers within a citizen energy community should be limited to those members or shareholders that are not engaged in large-scale commercial activity and for which the energy sector does not constitute a primary area of economic activity. This means that citizen energy communities and individual members or shareholders need to be financially and economically independent from entities engaged in such activities, notwithstanding the possibility for citizen energy communities to delegate the management of the installations required for their activities, including installation, operation, data handling and maintenance.~~
- (37) Bills and billing information are an important means to inform and empower final customers. Energy bills remain the most common consumer concern and source of consumer complaints, a factor that contributes to the persistently low levels of consumer satisfaction and engagement in the gas sector. Provisions for billing information in the gas sector also lag behind rights granted to consumers in the electricity sector. It is therefore necessary to align them and to set minimum requirements for bills and billing information in the gas sector, so that consumers have access to transparent, *complete*, easy to understand information. Bills should convey information to the final consumers on their consumption and costs, *greenhouse gas emission intensity, type of energy, its share and quantity*, thus facilitating comparison between offers and switching supplier *or energy sources*, as well as information on their consumer rights (such as on alternative dispute resolution). In addition, bills should be a tool to actively engage consumers in the market, so that consumers can manage their consumption patterns and make greener choices. *It is important to provide comprehensive and accurate information to consumers to ensure they are aware of their environmental impact and, thus, consumers can express their preference for the most sustainable energy carriers.*
- (38) The regular provision of accurate billing information based on actual gas consumption; ~~facilitated by smart metering~~, is important to help customers to control their gas consumption and costs. Nevertheless, customers, in particular household customers, should have access to flexible arrangements for the actual payment of their bills.
- (39) A key aspect in supplying customers is access to objective and transparent consumption data. Thus, consumers should have access to their consumption data and associated prices and services costs so that they can invite competitors to make an offer based

on that information. Consumers should also have the right to be properly informed about their energy consumption. Prepayments should not place a disproportionate disadvantage on their users, while different payment systems should be non-discriminatory. Information on energy costs provided to consumers frequently enough should create incentives for energy savings because it will give customers direct feedback on the effects of investment in energy efficiency and change of behaviour.

- (40) ~~When~~ Deciding at national level on the deployment of natural gas smart metering systems, ~~it~~*customers*, should ***dependent on a positive cost-benefit*** ~~be possible to base such decision on an economic assessment, to avoid stranded investments for customers.~~ That economic assessment should take into account the long-term benefits of the deployment of smart metering systems to consumers, including ***consumers' benefits arising from the use of smart meters and signing up for smart meter-enabled offers***, and the whole value chain. Should that assessment conclude that the introduction of such metering systems is economically reasonable and cost-effective only for ***industrial*** consumers with a certain amount of natural gas consumption, Member States should be able to take this into account when proceeding with deployment. ~~However, such assessments should be reviewed regularly in response to significant changes in the underlying assumptions, or at least every four years, given the fast pace of technological developments.~~
- (41) In order to assist final customers' active participation in the market, the smart metering systems ~~to~~ ***that could*** be deployed, ***only after a positive cost-benefit assessment***, should have due regard to the use of relevant available standards, including those enabling interoperability on the level of the data model and the application layer, to best practices and the importance of the development of data exchange, to future and innovative energy services. Moreover, the smart metering systems that are deployed should not represent a barrier to switching supplier in the case of natural gas consumers, and should be equipped with fit-for-purpose functionalities that allow final customers to have timely access to their consumption data, to modulate their energy behaviour, be rewarded for it, and obtain savings in their bills. ***Consumer groups should be advised on how to improve their energy efficiency by using smart meters.***
- (42) Member States that do not systematically deploy smart metering in the natural gas system should allow ***industrial*** consumers to benefit from the installation of a smart meter, upon request and under fair and reasonable conditions, and should provide them with all the relevant information.
- (43) Currently, different models for the management of data have been developed or are under development in Member States following deployment of smart metering systems. Independently of the data management model it is important that Member States put in place transparent rules that data can be accessed under non-discriminatory conditions and ensure the highest level of cybersecurity and data protection as well as the impartiality of the entities which process data.
- (44) **Greater consumer protection is guaranteed by the availability of effective means of dispute settlement for all consumers. Member States should provide for speedy and effective complaint handling procedures. *Guidance about where and how to complain should be provided in consumer contracts and billing information.***
- (45) Member States should take appropriate measures, such as providing benefits by means of their social security systems, to ensure the necessary supply to vulnerable customers, or providing for support for energy efficiency improvements, ***including building***

*renovations, and renewable energy deployment, to sustainably* to address energy poverty where identified pursuant to Article 3(3), point (d) of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>8</sup> *and Directive ... [the Energy Efficiency Directive - recast of the directive on energy efficiency 2021/0203 (COD)],* including in the broader context of poverty. Such measures could differ according to the particular circumstances in the Member States in question and ~~could~~ *should* include social or energy policy measures relating to the payment of gas bills, to investment in the energy efficiency of residential buildings, or to consumer protection such as disconnection safeguards. *Disconnection of vulnerable customers or customers affected by or at risk of energy poverty should be prohibited in critical times and in all cases during winter times.*

- (46) Pursuant to Regulation (EU) 2018/1999 and Directive (EU) 2019/944 of the European Parliament and of the Council<sup>9</sup>, the Commission provided indicative guidance<sup>10</sup> on appropriate indicators for measuring energy poverty and defining a ‘significant number of households in energy poverty’. *Complementary, Directive ... [the Energy Efficiency Directive - recast of the directive on energy efficiency 2021/0203 (COD)], provides for clear set definition and back up set of criteria in case Member States fail to define energy poverty according to relevant legislation.*
- (47) The simplification and streamlining of administrative permit granting processes and clear time limits for decisions to be taken by the authorities competent for issuing an authorisation should ensure that the deployment of hydrogen production facilities and hydrogen system infrastructure can occur at an adequate pace *without hampering public consultations*, Member States should be requested to report on progress made. Grandfathering of authorisations (such as licences, permissions, concessions or approvals), granted under national law for the construction and operation of existing natural gas pipelines and other network assets, is needed once the transported gaseous energy carrier in a gas pipeline changes from natural gas to (pure) hydrogen. This should prevent undue delay in repurposing existing natural gas pipelines and other networks assets for hydrogen transport. It should be avoided that conditions for granting authorisations for hydrogen system infrastructure are materially different unless sufficiently justified. Technical safety considerations might justify a differentiated approach in grandfathering existing or issuing new authorisations. The provisions on authorisation procedures should apply without prejudice to international and Union law, including provisions to protect the environment, *biodiversity* and human health. Where duly justified on the grounds of extraordinary circumstances, it should be possible to extend the time limits for authorisation procedures by up to one year.
- (48) Providing guidance to applicants throughout their administrative permit application and granting processes by means of an administrative contact point is intended to reduce complexity for project developers and increase efficiency and transparency. The availability for applicants to submit relevant documents in digital form and the availability of a manual of procedures for applicants could contribute to efficiency.

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<sup>8</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

<sup>9</sup> Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).

<sup>10</sup> Commission Recommendation of 14.10.2020 on energy poverty, C(2020) 9600 final

Member States should ensure that the authorities implementing authorisation procedures are actively involved in the tackling of remaining barriers, including non-financial ones such as insufficient knowledge, digital and human resources that hinder their processing of a growing number of authorisation procedures.

- (49) Without effective separation of networks from activities of production and supply (effective unbundling), there is a risk of discrimination not only in the operation of the network but also in the incentives for vertically integrated undertakings to invest adequately in their networks.
- (50) The rules on legal and functional unbundling as provided for in Directive 2003/55/EC have not, however, led to effective unbundling of the transmission system operators. At its meeting on 8 and 9 March 2007, the European Council therefore invited the Commission to develop legislative proposals for the ‘effective separation of supply and production activities from network operations’.
- (51) Only the removal of the incentive for vertically integrated undertakings to discriminate against competitors as regards network access and investment can ensure effective unbundling. Ownership unbundling, which implies the appointment of the network owner as the system operator and its independence from any supply and production interests, is clearly an effective and stable way to solve the inherent conflict of interests and to ensure security of supply. For that reason, the European Parliament, in its resolution of 10 July 2007 on prospects for the internal gas and electricity market referred to ownership unbundling at transmission level as the most effective tool to promote investments in infrastructure in a non-discriminatory way, fair access to the network for new entrants and transparency in the market. Under ownership unbundling, Member States should therefore be required to ensure that the same person or persons are not entitled to exercise control over a production or supply undertaking and, at the same time, exercise control or any right over a transmission system operator or transmission system. Conversely, control over a transmission system or transmission system operator should preclude the possibility of exercising control or any right over a production or supply undertaking. Within those limits, a production or supply undertaking should be able to have a minority shareholding in a transmission system operator or transmission system.
- (52) Any system for unbundling should be effective in removing any conflict of interests between producers, suppliers and transmission system operators, in order to create incentives for the necessary investments and guarantee the access of new market entrants under a transparent and efficient regulatory regime and should not create an overly onerous regulatory regime for regulatory authorities.
- (53) The definition of the term ‘control’ is taken from Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation)<sup>11</sup>.
- (54) In view of the vertical links between the electricity and gas sectors, the unbundling provisions should apply across the two sectors.
- (55) ~~In contrast, with regard to the hydrogen sector, the emergence of vertically integrated undertakings could be avoided in the first place by setting clear up-front rules. This is preferable over costly ex-post unbundling requirements that would take time to implement.~~

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<sup>11</sup> OJ L 24, 29.1.2004, p. 1.

- (56) Under ownership unbundling, to ensure full independence of network operation from supply and production interests and to prevent exchanges of any confidential information, the same person should not be a member of the managing boards of both a transmission system operator or a transmission system and an undertaking performing any of the functions of production or supply. For the same reason, the same person should not be entitled to appoint members of the managing boards of a transmission system operator or a transmission system and to exercise control or any right over a production or supply undertaking.
- (57) The setting up of a system operator or a transmission operator that is independent from supply and production interests should enable a vertically integrated undertaking to maintain its ownership of network assets whilst ensuring an effective separation of interests, provided that such independent system operator or such independent transmission operator performs all the functions of a system operator and detailed regulation and extensive regulatory control mechanisms are put in place.
- (58) Where, on 3 September 2009, an undertaking owning a transmission system was part of a vertically integrated undertaking, Member States should therefore be given a choice between ownership unbundling and setting up a system operator or transmission operator which is independent from supply and production interests.
- (59) To fully preserve the interests of the shareholders of vertically integrated undertakings, Member States should have the choice of implementing ownership unbundling either by direct divestiture or by splitting the shares of the integrated undertaking into shares of the network undertaking and shares of the remaining supply and production undertaking, provided that the requirements resulting from ownership unbundling are complied with.
- (60) The full effectiveness of the independent system operator or independent transmission operator solutions should be ensured by way of specific additional rules. The rules on the independent transmission operator provide an appropriate regulatory framework to guarantee fair competition, sufficient investment, access for new market entrants and the integration of gas markets. Effective unbundling through the independent transmission operator provisions should be based on a pillar of organisational measures and measures relating to the governance of transmission system operators and on a pillar of measures relating to investment, connecting new production capacities to the network and market integration through regional cooperation. The independence of the transmission operator should also, *inter alia*, be ensured through certain ‘cooling-off’ periods during which no management or other relevant activity giving access to the same information as could have been obtained in a managerial position is exercised in the vertically integrated undertaking.
- (61) In order to develop competition in the internal market in gas, large non-household customers, engaged in large-scale commercial activities, should be able to choose their suppliers and enter into contracts with several suppliers to secure their gas requirements. Such customers should be protected against exclusivity clauses, the effect of which is to exclude competing or complementary offers.
- (62) A Member State should have the right to opt for full ownership unbundling in its territory. Where a Member State has exercised that right, an undertaking should not have the right to set up an independent system operator or an independent transmission operator. Furthermore, an undertaking performing any of the functions of production or supply should not directly or indirectly exercise control or any right over a

transmission system operator from a Member State that has opted for full ownership unbundling.

- (63) Different types of market organisation exist in the internal market in natural gas. The measures that Member States could take in order to ensure a level playing field should be based on overriding requirements of general interest. The Commission should be consulted on the compatibility of the measures with the TFEU and Union law.
- (64) The implementation of effective unbundling should respect the principle of non-discrimination between the public and private sectors. To that end, the same person should not be able to exercise control or any right, in violation of the rules of ownership unbundling or the independent system operator option, solely or jointly, over the composition, voting or decision of the bodies of both the transmission system operators or the transmission systems and the production or supply undertakings. With regard to ownership unbundling and the independent system operator solution, provided that the Member State in question is able to demonstrate that the requirement is complied with, two separate public bodies should be able to control production and supply activities on the one hand and transmission activities on the other.
- (65) Fully effective separation of network activities from supply and production activities should apply throughout the Union to both Union and non-Union undertakings. To ensure that network activities and supply and production activities throughout the Union remain independent from each other, regulatory authorities should be empowered to refuse certification to transmission system operators that do not comply with the unbundling rules. To ensure the consistent application of those rules across the Union, the regulatory authorities should take utmost account of the Commission's opinion when the former take decisions on certification. To ensure, in addition, respect for the international obligations of the Union and solidarity and energy security within the Union, the Commission should have the right to give an opinion on certification in relation to a transmission system owner or a transmission system operator which is controlled by a person or persons from a third country or third countries.
- (66) Pipeline networks for hydrogen ~~will~~<sup>should</sup> constitute an important means of efficient and sustainable transport for hydrogen, both onshore and offshore, **and complement the transport by other means as liquid hydrogen, ammonia or other hydrogen carriers.** As a result of the high capital expenditure required for their construction, hydrogen pipeline networks could constitute natural monopolies. Experience with the regulation of natural gas markets has shown the importance of ensuring open and non-discriminatory access to pipeline networks with a view to safeguarding competition on commodity markets. Therefore, well-established principles of network operation, such as third-party access, should be applicable to onshore and offshore hydrogen networks in the Union. ***The development of and the investment in such pipelines networks for hydrogen should be based on reasonable assumptions about the future demand and production of hydrogen and follow a transparent planning process, including stakeholder consultations.***
- (67) The operation of hydrogen networks should be separated from activities of energy production and supply in order to avoid the risk of conflicts of interest on behalf of the network operators. The structural separation of ownership of hydrogen networks and participations in energy production and supply guarantees the absence of such conflicts of interest. Member States should be able to rely on the alternative unbundling model of “integrated hydrogen **transmission** network operator” ~~until 2030~~ to provide a **level playing field for** ~~transitional period~~ for existing vertically integrated hydrogen



networks. Member States should also be able to allow the use of the “independent hydrogen network operator” model to allow vertically integrated owners of hydrogen *transmission* networks to retain ownership of their networks while ensuring the non-discriminatory operation of such networks ~~after 2030~~.

- (67a) *In the long term, rights and obligations for the transport of hydrogen is intended to be the same as for the transport of natural gas. The regulatory framework for electricity and gas should therefore also apply to hydrogen, including the requirements to distinguish between the transmission and distribution of hydrogen and to apply the unbundling of distribution system operators to hydrogen distribution network operators.*
- (68) ~~Whereas the joint operation of hydrogen networks and gas or electricity grids can create synergies and should thus be allowed, activities of hydrogen network operation should be organised in a separate legal entity in order to ensure Transparency regarding financing and the use of access tariffs.~~ *shall be ensured with a clear and transparent separation of accounts under the monitoring of the regulatory authorities. Where a hydrogen network operator is part of an undertaking active in transmission or distribution of natural gas or electricity, the network operator shall submit to the regulatory authority a list detailing the infrastructure assets of the undertakings regarding the allocation of the grid to the use of hydrogen or natural gas aiming at full transparency regarding the separation of the regulated asset base. This list shall be updated in line with the usual auditing procedures for accounts.*
- (68 a) *Given the unprecedented nature of the European hydrogen market, ACER should assess ten years after entry into force of this Directive how the application of the unbundling rules influence the development of the hydrogen market and entrust the Commission to address potential substantiated structural shortcoming in the present legal framework.*
- (69) The operation of hydrogen networks should be separated from the activities of energy production and supply in order to avoid the risk of conflicts of interest on behalf of the network operators. The structural separation of ownership of hydrogen networks and participation in energy production and supplies should guarantee the absence of such conflicts of interest. **However**, Member States should be able to rely on the alternative unbundling model of integrated hydrogen network operator ~~until 2030 to provide a transitional period for existing vertically integrated hydrogen networks~~. Member States should also be able to offer the use of an independent hydrogen network operator to allow vertically integrated owners of hydrogen networks to retain ownership of their networks while ensuring the non-discriminatory operation of such networks ~~after 2030~~.
- (70) In order to ensure transparency with regard to the costs and financing of regulated activities, activities of hydrogen network operation should be separated from other network operation activities for other energy carriers ~~at least in relation to the legal form and accounts of network operators~~.
- (71) Hydrogen networks should be subject to third-party access in order to ensure competition and a level playing field in the market for hydrogen supply. Regulated third-party access on the basis of regulated access tariffs should be the default rule in the long-term. In order to ensure the necessary flexibility for operators and to reduce administrative costs during the ramp-up phase of the hydrogen market, Member States should have the option to allow the use of negotiated third-party access until 2030.

- (72) The availability of large-scale underground hydrogen storage facilities is limited and distributed unevenly across Member States. In view of the potentially beneficial role for the functioning of hydrogen transport and markets, the access to such large-scale underground storages should be subject to regulated third party access in order to ensure a level playing field for market participants.
- (73) Terminals for the conversion of liquid hydrogen or liquid ammonia into gaseous hydrogen constitute a means of hydrogen import, but they compete with other means of hydrogen transport. While third-party access to such terminals should be ensured, Member States should have the choice of imposing a system of negotiated third-party access with a view to reducing administrative costs for operators and regulatory authorities. ***The transport of imported hydrogen should not be limited to liquid hydrogen or liquid ammonia, but non-discriminatory and open to all hydrogen carriers that are technologically available, for example LOHC (liquid organic hydrogen carrier).***
- (74) Existing vertically integrated hydrogen networks should be integrated into the regulatory framework following a transition period.
- (75) Localised hydrogen ***uses will be occurring in localised clusters, and steered towards priority users and applications,*** should be an important building block of the European hydrogen ***networks*** economy. Such clusters could benefit from simplified regulatory requirements during the ramp-up phase of the hydrogen market.
- (76) Pipeline interconnectors with third countries can serve as a means of transport for imports or exports of hydrogen. The operating rules for such hydrogen interconnectors with third countries and rules on the certification of renewable and low-carbon hydrogen, should be enshrined in an intergovernmental agreement to ensure a coherent regulatory framework and its consistent application for the entire infrastructure.
- (77) To ensure the efficient operation of the European hydrogen networks, hydrogen network operators should be responsible for the operation, maintenance and development of the ~~hydrogen transport~~ network in close cooperation with other hydrogen network operators as well as with other system operators to which their networks are or can be connected with, including to facilitate energy system integration.
- (78) Hydrogen network operators should be tasked with building sufficient cross-border capacity ***as identified according to the joint network development plan*** for the transportation of hydrogen accommodating all economically reasonable and technically feasible demands for such capacity, thereby enabling market integration.
- (79) In some cases, depending among others on the topography of hydrogen networks and the population of end-users connected to the hydrogen networks, hydrogen quality management by hydrogen network operators could become necessary (e.g. purification). Therefore, regulatory authorities ~~can~~ ***should*** task hydrogen network operators with ensuring efficient hydrogen quality management in their networks ***to meet the quality requirements of different end-use applications*** ~~where necessary for system management~~. When undertaking such activities, hydrogen network operators should ensure ~~comply with applicable~~ ***stable*** hydrogen quality ***for end-users especially in hard-to-decarbonise sectors by complying with the applicable quality*** standards.
- (80) Where system operators for natural gas or hydrogen network operators refuse requests for access, or connection due to a lack of capacity, ***or disconnection,*** should refusals should be duly substantiated, and ***in line with the capacities identified under the***

*network development plans.* Operators ~~should be~~ **are** required to enhance their system in order to enable the requested connections or access where it is economic to do so.

- (81) Obstacles to the completion of the internal market in natural gas which result from the non-application of Union market rules to gas transmission lines to and from third countries should also be addressed . It is necessary to ensure that the rules applicable to gas transmission lines connecting two or more Member States are also applicable, within the Union, to gas transmission lines to and from third countries. This should establish consistency of the legal framework within the Union while avoiding distortion of competition in the internal energy market in the Union and negative impacts on the security of supply. It should also enhance transparency and provide legal certainty to market participants, in particular investors in gas infrastructure and system users, as regards the applicable legal regime.
- (82) Member States and the Contracting Parties to the Treaty establishing the Energy Community<sup>12</sup> should cooperate closely on all matters concerning the development of an integrated gas market and its decarbonisation and should take no measures that endanger the further integration of gas markets or the security of supply of Member States and Contracting Parties. This could include cooperation on storage capacities and invitation of experts to relevant regional gas risk groups.
- (83) Pipelines connecting a third-country oil or gas production project to a processing plant or to a final coastal landing terminal within a Member State should be considered to be upstream pipeline networks. Pipelines connecting an oil or gas production project in a Member State to a processing plant or to a final coastal landing terminal within a third country should not be considered to be upstream pipeline networks for the purpose of this Directive, since such pipelines are unlikely to have a significant impact on the internal energy market.
- (84) Transmission system operators should be free to conclude technical agreements with transmission system operators or other entities in third countries on issues concerning the operation and interconnection of transmission systems, provided that the content of such agreements is compatible with Union law.
- (85) Technical agreements regarding the operation of transmission lines between transmission system operators or other entities should remain in force provided that they comply with Union law and the relevant decisions of the regulatory authority.
- (86) When such technical agreements are in place, the conclusion of an international agreement between a Member State and a third country or of an agreement between the Union and a third country regarding the operation of the gas transmission line concerned is not required by this Directive.
- (87) The applicability of this Directive to gas transmission lines to and from third countries should be confined to the territory of the Member States. As regards offshore gas transmission lines, this Directive should be applicable in the territorial sea of the Member State where the first interconnection point with the Member States' network is located.
- (88) It should be possible for existing agreements concluded between a Member State and a third country on the operation of transmission lines to remain in force, in accordance with this Directive.

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<sup>12</sup> OJ L 198, 20.7.2006, p. 18.

- (89) With regard to agreements or parts of agreements with third countries which may affect common rules of the Union, a coherent and transparent procedure should be established by which to authorise a Member State, upon its request, to amend, extend, adapt, renew or conclude an agreement with a third country on the operation of a transmission line or an upstream pipeline network between the Member State and a third country. The procedure should not delay the implementation of this Directive, should be without prejudice to the allocation of competence between the Union and the Member States, and should apply to existing and new agreements.
- (90) Where it is apparent that the subject matter of an agreement falls partly within the competence of the Union and partly within that of a Member State, it is essential to ensure close cooperation between that Member State and the Union institutions.
- (91) In order to ensure uniform conditions for the implementation of this Directive, implementing powers should be conferred on the Commission to adopt decisions authorising or refusing to authorise a Member State to amend, extend, adapt, renew or conclude an agreement with a third country. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>13</sup>.
- (92) The security of energy supply is an essential element of public security and is therefore inherently connected to the efficient functioning of the internal market in gas and the integration of the isolated gas markets of Member States. Gas can reach the citizens of the Union only through the network. Functioning open gas markets ***under an adequate control of ACER and the regulatory authorities*** and, in particular, networks and other assets associated with gas supply are essential for public security, for the competitiveness of the economy and for the well-being of the citizens of the Union. Persons from third countries should therefore only be allowed to control a transmission system or a transmission system operator if they comply with the requirements of effective separation that apply inside the Union. Without prejudice to the international obligations of the Union, the Union considers that the gas transmission system sector is of high importance to the Union and therefore additional safeguards are necessary regarding the preservation of the security of supply of energy to the Union to avoid any threats to public order and public security in the Union and the welfare of the citizens of the Union. The security of supply of energy to the Union requires, in particular, an assessment of the independence of network operation, the level of the Union's and individual Member States' dependence on energy supply from third countries, and the treatment of both domestic and foreign trade and investment in energy in a particular third country. Security of supply should therefore be assessed in the light of the factual circumstances of each case as well as the rights and obligations arising under international law, in particular the international agreements between the Union and the third country concerned. Where appropriate the Commission should submit recommendations to negotiate relevant agreements with third countries addressing the security of supply of energy to the Union or to include the necessary issues in other negotiations with those third countries.
- (93) Further measures should be taken in order to ensure transparent and non-discriminatory tariffs for access to transport. Those tariffs should be applicable to all users on a non-discriminatory basis. Where a storage facility, linepack or ancillary service operates in

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<sup>13</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

a sufficiently competitive market, access could be allowed on the basis of transparent and non-discriminatory market-based mechanisms.

- (94) It is necessary to ensure the independence of storage system operators in order to improve third-party access to storage facilities that are technically or economically necessary for providing efficient access to the system for the supply of customers. It is therefore appropriate that storage facilities are operated through legally separate entities that have effective decision-making rights with respect to assets necessary to maintain, operate and develop storage facilities. It is also necessary to increase transparency in respect of the storage capacity that is offered to third parties, by obliging Member States to define and publish a non-discriminatory, clear framework that determines the appropriate regulatory regime applicable to storage facilities. That obligation should not require a new decision on access regimes but should improve the transparency regarding the access regime to storage. Confidentiality requirements for commercially sensitive information are particularly important where data of a strategic nature are concerned or where there is only a single user of a storage facility.
- (95) Non-discriminatory access to the distribution network determines downstream access to customers at retail level. The scope for discrimination as regards third party access and investment, however, is less significant at distribution level than at transmission level where congestion and the influence of production interests are generally greater than at distribution level. To lay down a level playing field at retail level, the activities of distribution system operators should be monitored so that they are prevented from taking advantage of their vertical integration as regards their competitive position on the market, in particular in relation to household and small non-household customers.
- (95 a) In order to improve competition in the market for the operation of gas distribution systems, Member States should designate distribution system operators following a transparent procedure and set a limit on the period of time an operator can be designated. This will ensure that distribution system operators are not designated in perpetuity and improve the balance of power in concession negotiations with the relevant authorities.***
- (96) Member States should take concrete measures to assist the wider use of *sustainable* biogas and gas from biomass, *particularly at local level, and steer it into priority applications such as industry feedstocks, district heating backup and high temperature uses in industry. Member States shall also ensure that biomethane grid integration is based on national potential assessments and the applicable sustainability criteria.* The producers of which should be granted non-discriminatory access to the gas system, provided that such access is compatible with the relevant technical rules and safety standards on an ongoing basis.
- (97) Producers of renewable and low-carbon gases are often connected to the distribution grid. To facilitate their uptake and market integration, it is essential that they obtain unhindered access to the wholesale market and the relevant virtual trading points. Participation in the wholesale market is determined by the way in which the entry-exit systems are defined. In several Member States, producers connected to the distribution grid are not part of the entry-exit system. Therefore, the access of renewable and low-carbon gases to the wholesale market should be facilitated by providing a definition of an entry-exit system and ultimately ensuring that production facilities connected to the distribution system ~~are~~ ***can be*** part of it. In addition, Regulation [the recast Gas regulation as proposed in COM(2021)xxx] provides that distribution system operators and transmission system operators are to work together to enable reverse flows from the

distribution to the transmission network or alternative means to facilitate the market integration of renewable and low carbon gases.

- (98) To avoid imposing a disproportionate financial and administrative burden on small distribution system operators, Member States should be able, where necessary, to exempt the undertakings concerned from the legal unbundling requirements.
- (99) Where a closed distribution system is used to ensure the optimal efficiency of an integrated energy supply requiring specific operational standards, or a closed distribution system is maintained primarily for the use of the owner of the system, it should be possible to exempt the distribution system operator from obligations which would constitute an unnecessary administrative burden because of the particular nature of the relationship between the distribution system operator and the users of the system. Industrial, commercial or shared services sites such as train station buildings, airports, hospitals, large camping sites with integrated facilities or chemical industry sites could include closed distribution systems because of the specialised nature of their operations.
- (100) With the integration of growing volumes of renewable and low-carbon gases in the natural gas system, the quality of gases transported and consumed in Europe will change. To ensure the efficient operation of the natural gas system, transmission system operators should be responsible for gas quality management in their facilities. Where the injection of renewable and low-carbon gases takes place at distribution level and where necessary to manage their impact on gas quality, regulatory authorities can task distribution system operators with ensuring the efficient gas quality management in their facilities. When undertaking gas quality management tasks, transmission and distribution system operators should comply with applicable gas quality standards.
- (101) Energy regulators need to be able to take decisions in relation to all relevant regulatory issues if the internal market in natural gas is to function properly, and to be fully independent from any other *political*, public or private interests. The provisions relating to autonomy in the implementation of the allocated budget of the regulatory authority should be implemented within the framework defined by national budgetary law and rules. While contributing to the independence of the regulatory authority from any political or economic interest through an appropriate rotation scheme, it should be possible for Member States to take due account of the availability of human resources and of the size of the board.
- (102) In order to ensure effective market access for all market players, including new entrants, non-discriminatory and cost-reflective balancing mechanisms are necessary. This should be achieved through the setting up of transparent market-based mechanisms for the supply and purchase of gas, needed in the framework of balancing requirements. Regulatory authorities should play an active role to ensure that balancing prices are non-discriminatory and cost-reflective. At the same time, appropriate incentives should be provided to balance the in-put and off-take of gas and not to endanger the system.
- (103) Regulatory authorities should be able to fix or approve tariffs, or the methodologies underlying the calculation of the tariffs, on the basis of a proposal by the transmission system operator or distribution system operator(s) or liquefied natural gas (LNG) system operator, or on the basis of a proposal agreed between those operators and the users of the network. In carrying out those tasks, regulatory authorities should ensure that transmission and distribution tariffs are non-discriminatory and cost-reflective, and should take account of the long-term, marginal, avoided network costs from demand-side management measures.

- (104) Regulatory authorities should promote, in close cooperation with the Agency for the Cooperation of Energy Regulators (ACER), established by Regulation (EC) No 713/2009 of the European Parliament and of the Council<sup>14</sup>, an open, competitive, secure and environmentally sustainable internal market in hydrogen with unhindered cross-border flows. Regulatory authorities need to be able to take decisions in relation to all relevant regulatory issues if the internal market in hydrogen is to function properly.
- (105) Energy regulators should have the power to issue binding decisions in relation to natural gas or hydrogen undertakings and to impose effective, proportionate and dissuasive penalties on natural gas or hydrogen undertakings which fail to comply with their obligations or to propose that a competent court impose such penalties on them. Energy regulators should also be granted the power to decide, irrespective of the application of competition rules, on appropriate measures ensuring customer benefits through the promotion of effective competition necessary for the proper functioning of the internal market in natural gas and in hydrogen. The establishment of gas-release programmes is one of the possible measures that can be used to promote effective competition and ensure the proper functioning of the market.
- (106) Energy regulators should also be granted the powers to contribute to ensuring high standards of public service in compliance with market opening, to the protection of vulnerable customers, and to the full effectiveness of consumer protection measures. Those provisions should be without prejudice to both the Commission's powers concerning the application of competition rules including the examination of mergers with a Union dimension, and the rules on the internal market such as the free movement of capital. The independent body to which a party affected by the decision of a regulatory authority has a right to appeal could be a court or other tribunal empowered to conduct a judicial review.
- (107) Any harmonisation of the powers of regulatory authorities should include the powers to provide incentives to undertakings and to impose effective, proportionate and dissuasive penalties on gas undertakings or to propose that a competent court impose such penalties. Moreover, regulatory authorities should have the power to request relevant information from undertakings, make appropriate and sufficient investigations and settle disputes.
- (108) The regulatory authorities and ACER should provide information on the hydrogen market to ensure transparency, including aspects such as supply and demand, transport infrastructure, quality of service, *sources*, cross-border trade, investments, *wholesale and* consumer prices, market liquidity.
- (109) Transmission system operators *and hydrogen transmission system operators* play an important role in ensuring cost effective investments in gas networks *that contribute to the achievement of the Union's climate and energy targets*. For an optimised planning across energy carriers and to bridge the gap between the diverse national and EU-wide network planning approaches, additional requirements for consistent planning are introduced. The network planning should also take account of the increased interlinkages between natural gas and electricity, as well as hydrogen *and district heating*. *To ensure a cost effective infrastructure rollout and to avoid stranded assets, the transmission system operators of gas and electricity and the hydrogen transmission system operators shall develop a joint network plan combining natural gas, hydrogen and electricity. The network planning should be transparent and allow the relevant stakeholders to participate. To that effect, the operators as well as the*

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<sup>14</sup> See page 1 of this Official Journal.

*national regulatory authorities should be required to conduct an extensive stakeholder consultation. The European Scientific Advisory Board on Climate Change, established under Regulation (EU) 2021/1119 may give its opinion on the draft network plan. The network development plan should promote energy system integration, prioritise hydrogen to end-users in hard-to-decarbonise sectors where no more energy and cost efficient alternatives are available.*

- (110) When developing the network development plan, it is important that infrastructure operators take the energy efficiency first *and system efficiency principles* <sup>15[OBB]</sup> into account, in particular, the expected consumption used for the joint scenario development. *Demand-side solutions should be prioritised whenever they are more cost-effective than investments in infrastructure, and the direct electrification of end-use sectors.*
- (111) The energy system integration strategy points out the importance of the coordinated planning and operation of the energy system in achieving the decarbonisation objectives. Therefore it is necessary to draw up a network development plan based on a joint scenario developed on a cross-sectoral basis. ~~While still keeping separate sectorial plans~~ Infrastructure operators should work towards a higher level of integration taking into account system needs beyond specific energy carriers.
- (112) Network development plans are an important element to identify infrastructure gaps and provide information on infrastructure that ~~either~~ needs to be built, ~~or~~ that can be decommissioned ~~and~~ *or that* could be used for other purposes, such as hydrogen transport. This is true irrespective of the unbundling model chosen for the network operators.
- (113) Providing information on infrastructure that can be decommissioned *or repurposed* within the network development plan may mean either leaving the infrastructure unused, dismantling it or using it for other purposes, such as hydrogen transport. The objective of this increased transparency on infrastructure takes into account that repurposed infrastructure is comparatively cheaper than newly built infrastructure and hence should enable a cost effective transition. *Therefore, a joint network development plan of natural gas, hydrogen and electricity should support synergies, by that, lead the way to a faster and more cost-efficient development of the hydrogen infrastructure.*
- (114) In Member States where a hydrogen network will be developed, ~~reporting on the~~ *network development plan* ~~of hydrogen infrastructure~~ should ensure that the construction of a hydrogen system is based on a realistic, *science-based* and forward-looking demand projections including potential needs from the perspective of the electricity system. If Member States decide to allow for dedicated charges as a means of co-funding new hydrogen infrastructure, the ~~report~~ *network development plan* should support the regulatory authority in its assessment of these charges. ~~The report should be submitted to the regulatory authority on a regular basis to be decided by the regulatory authority. In light of the ramp-up character of the hydrogen market, a disproportionate and continuous sequencing of the reporting obligation should however be avoided.~~
- (115) Information contained in the network development plan should enable a forecast on the impacts on tariffs based on planning, ~~and~~ decommissioning *or repurposing* affecting the regulated asset base as mentioned in Article 51 of this Directive.

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<sup>15</sup> Commission Recommendation of 28.9/2021 on Energy Efficiency First: from principles to practice. Guidelines and examples for its implementation in decision-making in the energy sector and beyond, COM (2021) 7014 final



- (116) Instead of providing a national network development plan on individual Member State level, Member States should be allowed to choose to draw up a network development plan on regional level including more than one Member State and in line with voluntary regional gas market integration.
- (117) In contrast to electricity, the role of natural gas is ~~expected to decrease~~ **will increasingly decline in the future**, which also affects the demand for infrastructure investments. The network development plan therefore needs to balance competition concerns and avoid stranded assets. Consequently, ownership unbundled transmission system operators should not be covered by Article 51 (7).
- (117a) Member States should require distribution system operators and hydrogen distribution system operators to set out distribution network development plans which include the main distribution infrastructure that is required to integrate renewable gases from new production facilities as well as infrastructure that will be decommissioned or repurposed. The national regulatory authority has to approve the plans. These plans should support the development of the ten-year network development plans as they contain important information for determining the need for expansion, repurposing or decommissioning of the network. The distribution network development plans should promote the energy efficiency and energy system integration and be based on the local heating and cooling plans, in particular with regard to the use of gases for the heating and cooling of buildings where more energy and cost efficient alternatives are available. The plans should contribute to the achievement of the Union's energy and climate targets and be based on reasonable assumptions about demand and production of gases as well as prioritise other available energy system resources where it is more efficient, demand-side solutions and end-users in hard-to-decarbonise sectors where no other more energy and cost efficient options are available. When preparing the plan, the operators should be required to conduct a consultation process involving all relevant stakeholders and make the draft plans publicly available. Member States shall ensure regulatory guidance from the regulatory authorities and financial support for distribution system operators where parts of the distribution system may require decommissioning, especially before the end of their originally projected depreciation time.*
- (117b) Member States should ensure that regional and local authorities prepare local heating and cooling plans that aim to support the use of local renewable sources in the most efficient way and sector integration on local level. They should include a strategy that provides for the necessary requirements for the infrastructure at the distribution level in order to meet the current and future demand for heating and cooling of a specific area, including the energy demand of final customers in industry, SMEs, buildings and transport. The strategy should provide transparency for the public and final customers as well as a reliable timeframe for investors and infrastructure operators on distribution level to meet an area's heating and cooling needs. The plans should be based on the local heating and cooling planning provided for in ... [the Energy Efficiency Directive - recast of the directive on energy efficiency 2021/0203 (COD)], taking into account the potential of energy efficiency as well as the energy performance of buildings, the joint scenario framework and the network development plan. Member States should complement the comprehensive heating and cooling assessment with a national strategy aiming at the reduction of the use of gases for the heating and cooling of buildings on distribution level where more energy and cost efficient alternatives are available.*

- (118) Investments in major new infrastructure should be strongly promoted while ensuring the proper functioning of the internal market of gases. In order to enhance the positive effect of exempted infrastructure projects on competition and security of supply, market interest during the project planning phase should be tested and congestion management rules should be implemented. Where an infrastructure is located in the territory of more than one Member State, ACER should handle as a last resort the exemption request in order to take better account of its cross-border implications and to facilitate its administrative handling. Moreover, given the exceptional risk profile of constructing those exempted major infrastructure projects, it should be possible temporarily to grant partial or full derogations to undertakings with supply and production interests in respect of the unbundling rules for the projects concerned. The possibility of temporary derogations should apply, for security of supply reasons, in particular, to new pipelines within the Union transporting gas from third countries into the Union. Exemptions and derogations granted under Directive 2003/55/EC and 2009/73/EC with amendments should continue to apply until the scheduled expiry date as decided in the granted exemption decision or derogation .
- (119) It is necessary to progress towards interconnected hydrogen markets in the Union and thereby facilitate investments in cross-border hydrogen infrastructure. Under the regulated third-party access regime, in the absence of cross-border transportation tariffs after 31 December 2030 a system of financial compensation should provide financial incentives for market participants to develop cross-border interconnectors. *When developing that system, hydrogen network operators shall take into account Article 6(7) of Regulation 2022/869.*
- (120) Trust in the market, its liquidity and the number of market participants needs to increase, and, therefore, regulatory oversight of undertakings active in the supply of gas needs to be increased. Such requirements should be without prejudice to, and compatible with, existing Union law in relation to the financial markets. Energy regulators and financial market regulators need to cooperate in order to enable each other to have an overview of the markets concerned.
- (121) Natural gas is mainly, and increasingly, imported into the Union from third countries. Union law should take account of the characteristics of natural gas, such as certain structural rigidities arising from the concentration of suppliers, the long-term contracts or the lack of downstream liquidity. Therefore, more transparency is needed, ~~including~~ *especially* in regard to the formation of prices, *both wholesale and retail ones.*
- (122) Prior to the adoption by the Commission of guidelines defining further the record-keeping requirements, ACER and the Committee of European Securities Regulators (the ‘CESR’), established by Commission Decision 2009/77/EC<sup>16</sup>, should confer and advise the Commission in regard to their content. ACER and the CESR should also cooperate to investigate further and advise on whether transactions in gas supply contracts and gas derivatives should be subject to pre- and/or post-trade transparency requirements and, if so, what the content of those requirements should be.
- (123) Member States or, where a Member State has so provided, the regulatory authority, should encourage the development of interruptible supply contracts.
- (124) Member States should ensure that, taking into account the necessary quality requirements, biogas and gas from biomass, in particular biomethane, or other types of gas are granted non-discriminatory access to the gas system, provided that such access

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<sup>16</sup> OJ L 25, 29.1.2009, p. 18.

is permanently compatible with the relevant technical rules and safety standards. Those rules and standards should ensure that those gases can technically and safely be injected into and transported through the natural gas system and should also address their chemical characteristics.

- (125) Long-term contracts are an important part of the gas supply of Member States. However, they should not constitute a barrier to the entry of renewable and low carbon gases, which is why the duration of contracts for the supply of fossil gas will not be able to run beyond 2049. Such contracts shall always be in line with the objective of this Directive and are compatible with the TFEU, including the competition rules. It is necessary to take into account long-term contracts in the planning of supply and transport capacity of undertakings. ***While unabated fossil gas is still playing an important role, its relevance for securing the Union's energy supply will increasingly decline. In line with their national climate and energy plans, Member States should ensure the phase-out of fossil gas as soon as possible taking into account the availability of alternatives. Member States may decide on an earlier end-date for the duration of long-term contracts for unabated fossil gas before the end of the year 2049.***
- (126) In order to ensure the maintenance of high standards of public service in the Union, all measures taken by Member States to achieve the objectives of this Directive should be regularly notified to the Commission. The Commission should regularly publish a report analysing measures taken at national level to achieve public service objectives and comparing their effectiveness, with a view to making recommendations as regards measures to be taken at national level to achieve high public service standards.
- (127) Respect for the public service requirements is a fundamental requirement of this Directive, and it is important that common minimum standards, respected by all Member States, are specified in this Directive, which take into account the objectives of common protection, ***tackling energy poverty, price monitoring***, security of supply, environmental protection and equivalent levels of competition in all Member States. It is important that the public service requirements can be interpreted on a national basis, taking into account national circumstances and subject to the respect of Union law.
- (128) It should be possible for measures implemented by Member States to achieve the objectives of social and economic cohesion to include, in particular, the provision of adequate economic incentives, using, where appropriate, all existing national and Union tools. It should be possible for such tools to include liability mechanisms to guarantee the necessary investment.
- (129) To the extent to which measures taken by Member States to fulfil public service obligations constitute State aid under Article 107(1) of the Treaty, there is an obligation under Article 108(3) of the Treaty to notify them to the Commission.
- (130) Market prices should give the right incentives for the development of the network.
- (131) Promoting fair competition and easy access for different suppliers should be of the utmost importance for Member States in order to allow consumers to take full advantage of the opportunities of a liberalised internal market in gases.
- (132) In order to contribute to security of supply whilst maintaining a spirit of solidarity between Member States, notably in the event of an energy supply crisis, it is important to provide for a framework for regional cooperation in a spirit of solidarity. Such cooperation may rely, if Member States so decide, ~~first and foremost~~ on market-based

mechanisms. Cooperation for the promotion of regional and bilateral solidarity should not impose a disproportionate burden on or discriminate between market participants.

- (133) With a view to creating an internal market in natural gas, Member States should foster the integration of their national markets and the cooperation of system operators at Union and regional level, also incorporating the isolated systems forming gas islands that persist in the Union .
- (134) Voluntary regional markets integration, notably market mergers, can provide various benefits, depending on the specificities of the markets. Market integration may be an opportunity to make best use of infrastructure provided it does not negatively impact neighbouring markets, for instance by increased cross-border tariffs. It is also a chance to increase competition, liquidity and trade to the benefit of the end-consumers in the region, by attracting suppliers which otherwise would not come due to the small market size. Market integration allows also to create bigger zones accessing more supply sources. Such diversification might have an impact on the wholesale market prices, thanks to an improved competition between sources, but may also improve security of supply if there is no remaining internal congestion in the new merged zone. Market integration could be a basis to further support the transformation of the natural gas market, including the deployment of renewable and low-carbon gases. Member States, regulatory authorities and transmission should cooperate to facilitate regional integration.
- (135) The development of a true internal market in natural gas, through a network connected across the Union , should be one of the main goals of this Directive and regulatory issues on cross border interconnections and regional markets should, therefore, be one of the main tasks of the regulatory authorities, in close cooperation with ACER where relevant.
- (136) Securing common rules for a true internal market and a broad supply of gas should also be one of the main goals of this Directive. To that end, undistorted market prices would provide an incentive for cross-border trade while leading, to price convergence.
- (137) The regulatory authorities should also provide information on the market to permit the Commission to exercise its role of observing and monitoring the internal market in natural gas and its short, medium and long-term evolution, including aspects such as supply and demand, transmission and distribution infrastructure, quality of service, cross-border trade, congestion management, investments, wholesale and consumer prices, market liquidity and environmental and efficiency improvements. Regulatory authorities should report to the competition authorities and the Commission those Member States in which prices ***negatively affect consumers, impair competition and proper functioning of the market.*** ~~impair competition and proper functioning of the market.~~
- (138) Since the objective of this Directive, namely the creation of a fully operational internal market in natural gas and in hydrogen , cannot be sufficiently achieved by the Member States and but can rather, by reason of the scale or effects of such an action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union . In accordance with the principle of proportionality as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.

- (139) Under Regulation (EC) No 715/2009 of the European Parliament and of the Council<sup>17</sup>, the Commission may adopt guidelines or network codes to achieve the necessary degree of harmonisation. Such guidelines or network codes, which constitute binding rules adopted as Commission Regulations, are, also with regard to certain provisions of this Directive, a useful tool which can be adapted quickly where necessary.
- (140) In particular, the Commission should be empowered to adopt the guidelines necessary for providing the minimum degree of harmonisation required to achieve the aim of this Directive.
- (141) In accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified, in particular following the judgment of the European Court of Justice in Case Commission vs Belgium (case C-543/17).
- (142) This Directive respects the fundamental rights, and observes the principles, recognised in particular by the Charter of Fundamental Rights of the European Union. Accordingly, this Directive should be interpreted and applied in accordance with those rights and principles, in particular the right to the protection of personal data guaranteed by Article 8 of the Charter. It is essential that any processing of personal data under this Directive comply with Regulation (EU) 2016/679 of the European Parliament and of the Council<sup>18</sup>.
- (143) In order to provide the minimum degree of harmonisation required to achieve the aim of this Directive, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of non-essential elements of certain specific areas which are fundamental for achieving the objectives of this Directive. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level **and with the public**, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making<sup>20</sup>. In particular, to ensure equal participation in the preparation of delegated acts, the **public, the European Parliament and the Council** receive all documents at the same time as Member States' experts **and the public**, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of the delegated acts. ***The Commission should also ensure that the public has access to all documents submitted to the Commission in connection with its adoption of the delegated act.***
- (144) In order to ensure uniform conditions for the implementation of this Directive, implementing powers should be conferred on the Commission to determine interoperability requirements and non-discriminatory and transparent procedures for access to data. Those powers should be exercised in accordance with Regulation (EU) No 182/2011.
- (145) The obligation to transpose this Directive into national law should be confined to those provisions which represent a substantive amendment as compared to the earlier

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<sup>17</sup> Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (OJ L 211, 14.8.2009, p. 36).

<sup>18</sup> OJ L 119, 4.5.2016, p. 1.

Directive. The obligation to transpose the provisions which are unchanged arises under the earlier Directive.

- (146) In order to ensure a smooth and effective implementation of the provisions laid down in this Directive, the Commission supports Member States through the Technical Support Instrument<sup>19</sup> providing tailor-made technical expertise to design and implement reforms, including those promoting a competitive internal market in natural gas and in hydrogen, enabling the integration of renewables and low carbon gases, and increasing cooperation and coordination among transmission and distribution system operators. The technical support, for example, involves strengthening of administrative capacity, harmonising the legislative frameworks, and sharing of relevant best practices.
- (147) This Directive should be without prejudice to the obligations of the Member States relating to the time-limits for the transposition into national law and the date of application of the Directives set out in Annex III, Part B.

HAVE ADOPTED THIS DIRECTIVE:

## Chapter I

### Subject matter, scope and definitions

#### Article 1

##### Subject matter and scope

- 1. *This Directive establishes a common framework for decarbonisation of the gas market. To this end, the rules established by this Directive shall promote the energy efficiency first principle, the integration of renewable gases, further energy system integration contribute to the prudent and rational utilisation of natural resources, to the achievement of the Union's climate and energy targets and provide for fair attributions of costs and benefits as well as for clear identification of responsibilities among market participants.***
1. This Directive establishes common rules for the transmission, distribution, supply and storage of gases within the meaning of Article 2, point (23) using the natural gas system **and hydrogen system** defined in points (3 4) and (5) of that Article, **together with consumer protection provisions, with a view to creating truly integrated, competitive, consumer centred, flexible, fair, transparent and non-discriminatory markets for gases in the Union**. It lays down the rules relating to the organisation and functioning of ~~that sector~~ **these sectors**, access to the market, the criteria and procedures applicable to the granting of authorisations for transmission, distribution, supply and storage of gases using the natural gas system **and hydrogen system** and the operation of systems.
2. This Directive establishes rules for the transport, supply and storage of natural gas and the transition, **including decommissioning and repurposing**, of the natural gas system

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<sup>19</sup> Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument.

*towards an integrated highly efficient* to a system based on renewable and low-carbon gases *where no more energy or cost efficient alternatives are available*.

3. This Directive establishes common rules for the transport, supply and storage of hydrogen using the hydrogen system. It lays down the rules relating to the organisation and functioning of this sector, access to the market, the criteria and procedures applicable to the granting of authorisations for networks, supply and storage of hydrogen and the operation of systems.
4. This Directive establishes rules for the progressive establishment of a Union-wide interconnected hydrogen system contributing *to the long-term flexibility of the electricity system and* to the reduction of net greenhouse gas emissions of difficult to decarbonise sectors *where no more energy or cost efficient alternatives are available with the highest greenhouse gases abatement potential per tonne of hydrogen used* and thereby supporting to the decarbonisation of the EU energy system.

## Article 2

### Definitions

For the purposes of this Directive, the following definitions apply:

- (1) ‘natural gas’ means all gases that primarily consist of methane, including biogas, *as defined in Article 2, point (28) of Directive (EU) 2018/2001, that has been upgraded to* ~~and gas from biomass, in particular~~ biomethane, or other types of gases, that can technically and safely be injected into, and transported through, the natural gas system;
- (2) ‘renewable gas’ means biogas as defined in Article 2, point (28) of Directive 2018/2001, including *biogas that has been upgraded to* biomethane, and renewable gaseous fuels part of fuels of non-biological origins (‘RFNBOs’) as defined in Article 2, point (36) of that Directive’;
- (3) ‘gases’ means natural gas and hydrogen;
- (4) ‘natural gas system’ means a system of infrastructures, including pipelines, LNG terminals, ~~and~~ storage facilities), which transports gases, that primarily consist of methane and include biogas and gas from biomass, in particular biomethane, or other types of gas that can technically and safely be injected into, and transported through the natural gas pipeline system.
- (5) ‘hydrogen system’ means a system of infrastructure, including hydrogen networks, hydrogen storage, and hydrogen terminals, which contains hydrogen of a high grade of purity;
- (6) ‘hydrogen storage facility’ means a facility used for the stocking of hydrogen of a high grade of purity *or ammonia*:
  - (a) including the part of an hydrogen terminal used for storage but excluding the portion used for production operations, and facilities reserved exclusively for hydrogen network operators in carrying out their functions;
  - (b) including large, in particular underground, hydrogen storage but excluding smaller, easily replicable smaller hydrogen storage installations;
- (6 a) *‘hydrogen storage operator’ means a natural or legal person who carries out the function of storage of hydrogen and is responsible for operating a hydrogen storage facility; (ECR 331)*

- (7) ‘hydrogen linepack’ means the storage of hydrogen of a high grade of purity by compression in hydrogen networks, excluding facilities reserved for hydrogen network operators carrying out their functions;
- (8) ‘hydrogen terminal’ means an installation used for the transformation of liquid hydrogen or liquid ammonia into gaseous hydrogen for injection into the hydrogen network or the liquefaction of gaseous hydrogen, including ancillary services and temporary storage necessary for the transformation process and subsequent injection into the hydrogen network, but not any part of the hydrogen terminal used for storage;
- (8 a) ‘hydrogen terminal operator’ means a natural or legal person who carries out the function of transformation of liquid hydrogen or liquid ammonia into gaseous hydrogen for injection into the hydrogen network or the liquefaction of gaseous hydrogen and is responsible for operating a hydrogen terminal;**
- (9) ‘hydrogen quality’ means hydrogen purity and contaminants in line with applicable hydrogen quality standards for the hydrogen system;
- (10) ‘low-carbon hydrogen’ means hydrogen the energy content of which is derived from non-renewable sources, which meets a greenhouse gas emission reduction threshold of 70% **and the relevant criteria set out in Article 8 of this Directive;**
- (11) ‘low-carbon gas’ means the part of gaseous fuels in recycled carbon fuels as defined in Article 2, point (35) of Directive (EU) 2018/2001, low-carbon hydrogen and synthetic gaseous fuels the energy content of which is derived from low-carbon hydrogen, which meet the greenhouse gas emission reduction threshold of 70% **and the relevant criteria set out in Article 8 of this Directive.**
- (12) ‘low-carbon fuels’ means recycled carbon fuels as defined in Article 2 of Directive (EU) 2018/2001, low-carbon hydrogen and synthetic gaseous and liquid fuels the energy content of which is derived from low-carbon hydrogen, which meet the greenhouse gas emission reduction threshold of 70% **and the relevant criteria set out in Article 8 of this Directive.**
- (13) ‘hydrogen undertaking’ means a natural or legal person carrying out at least one of the following functions: hydrogen production, hydrogen transport, supply, purchase or storage of hydrogen, or operating a hydrogen terminal, and which is responsible for the commercial, technical or maintenance tasks related to those functions, but not including final customers;
- (14) ‘natural gas undertaking’ means a natural or legal person carrying out production, transmission, distribution, supply, purchase or storage of natural gas, including LNG, and which is responsible for the commercial, technical or maintenance tasks related to those functions, but not including final customers;
- (15) ‘upstream pipeline network’ means any pipeline or network of pipelines operated and/or constructed as part of an oil or natural gas production project, or used to convey natural gas from one or more such projects to a processing plant or terminal or final coastal landing terminal;
- (16) ‘transmission’ means the transport of natural gas through a network, which mainly contains high-pressure pipelines, other than an upstream pipeline network and other than the part of high-pressure pipelines primarily used in the context of local distribution of natural gas, with a view to its delivery to customers, but not including supply;



- (17) ‘transmission system operator’ means a natural or legal person who carries out the function of transmission and is responsible for operating, ensuring the maintenance of, and, if necessary, developing the transmission system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the transport of natural gas;
- (18) ‘distribution’ means the transport of natural gas through local or regional pipeline networks with a view to its delivery to customers, but not including supply;
- (19) ‘distribution system operator’ means a natural or legal person who carries out the function of distribution and is responsible for operating, ensuring the maintenance of, and, if necessary, developing the distribution system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the distribution of natural gas;
- (20) ‘hydrogen network’ means a network of pipelines, **both onshore and offshore**, used for the transport of hydrogen of a high grade of purity with a view to its delivery to customers, but not including supply;
- (21) ‘hydrogen transport’ means the ~~transport~~ **transmission or distribution** of hydrogen through a hydrogen network with a view to its delivery to customers, but not including supply, irrespective of the ~~pressure~~ **transmission or distribution**, the geographic coverage or the connected customer group of the network;
- (21a) ***‘hydrogen transmission’ means the transport of hydrogen through a network which mainly contains high-pressure pipelines, other than an upstream pipeline network and other than the part of high-pressure pipelines primarily used in the context of local distribution of natural gas, with a view to its delivery to customers, but not including supply;***
- (21b) ***‘hydrogen distribution’ means the transport of hydrogen through local or regional pipeline networks with a view to its delivery to customers, but not including supply;***
- (22) ‘hydrogen network operator’ means a natural or legal person who carries out the function of hydrogen transport and is responsible for operating, ensuring the maintenance of, and, if necessary, developing the hydrogen network in a given area and, where applicable, its interconnections with other hydrogen networks, and for ensuring the long-term ability of the system to meet reasonable demands for the transport of hydrogen;
- (22a) ***‘hydrogen transmission network operator’ means a hydrogen network operator that carries the function of the transport of hydrogen through a network, which contains mainly high-pressure pipelines, other than an upstream pipeline network and other than the part of high-pressure pipelines primarily used in the context of local distribution of hydrogen, with a view to its delivery to customers, but not including supply;***
- (22b) ***‘hydrogen distribution network operator’ means a hydrogen network operator that carries the function of the transport of hydrogen through local or regional pipeline networks with a view to its delivery to customers, but not including supply;***
- (23) ‘supply’ means the sale, including resale, of natural gas, including LNG, or hydrogen, including liquid hydrogen, to customers;
- (24) ‘supply undertaking’ means any natural or legal person who carries out the function of supply;

**(24 a) ‘hydrogen supply undertaking’ means any natural or legal person who carries out the function of hydrogen supply; (EPP 365)**

- (25) ‘storage facility’ means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions;
- (26) ‘storage system operator’ means a natural or legal person who carries out the function of storage of natural gas and is responsible for operating a storage facility;
- (27) ‘LNG facility’ means a terminal which is used for the liquefaction of natural gas or the importation, offloading, and re-gasification of LNG, including ancillary services and temporary storage necessary for the re-gasification process and subsequent delivery to the transmission system, but not including any part of LNG terminals used for storage;
- (28) ‘LNG system operator’ means a natural or legal person who carries out the function of liquefaction of natural gas, or the importation, offloading, and re-gasification of LNG and is responsible for operating a LNG facility;
- (29) ‘system’ means any transmission networks, distribution networks, LNG facilities or storage facilities owned or operated by a natural gas undertaking, including linepack and its facilities supplying ancillary services and those of related undertakings necessary for providing access to transmission, distribution and LNG;
- (30) ‘ancillary services’ means all services necessary for access to and the operation of transmission networks, distribution networks, LNG facilities, or storage facilities, including load balancing, blending and injection of inert gases, but not including facilities reserved exclusively for transmission system operators carrying out their functions;
- (31) ‘natural gas linepack’ means the storage of natural gas by compression in gas transmission and distribution systems, but not including facilities reserved for transmission system operators carrying out their functions;
- (32) ‘interconnected system’ means a number of systems which are linked with each other;
- (33) ‘interconnector’ means a transmission line which crosses or spans a border between Member States for the purpose of connecting the national transmission system of those Member States or a transmission line between a Member State and a third country up to the territory of the Member States or the territorial sea of that Member State;
- (34) ‘hydrogen interconnector’ means a hydrogen network which crosses or spans a border between Member States, or between a Member State and a third country up to the territory of the Member States or the territorial sea of that Member State;
- (35) ‘direct line’ means a natural gas pipeline complementary to the interconnected system;
- (36) ‘integrated natural gas undertaking’ means a vertically or horizontally integrated undertaking;
- (37) ‘vertically integrated undertaking’ means a natural gas undertaking or a group of natural gas undertakings or a hydrogen undertaking or group of hydrogen undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings perform at least one of the functions of transmission, distribution, hydrogen transport,

hydrogen terminal operation, LNG or natural gas or hydrogen storage, and at least one of the functions of production or supply of natural gas or of hydrogen .

- (38) ‘horizontally integrated undertaking’ means an undertaking performing at least one of the functions of production, transmission, distribution, supply or storage of natural gas, and a non- natural gas activity;
- (39) ‘related undertaking’ means an affiliated undertaking, as defined in point (12) of Article 2 of Directive 2013/34/EU of the European Parliament and of the Council<sup>20</sup>, or an undertaking which belongs to the same shareholders;
- (40) ‘system user’ means a natural or legal person supplying to, or being supplied by, the system;
- (41) ‘customer’ means a wholesale or final customer of gases or a natural gas or hydrogen undertaking which purchases gases ;
- (42) ‘household customer’ means a customer purchasing gases for his own household consumption;
- (43) ‘non-household customer’ means a customer purchasing gases which are not for his own household use;
- (44) ‘final customer’ means a customer purchasing gases for his own use;
- (45) ‘wholesale customer’ means a natural or legal person other than a transmission system operator or distribution system operator who purchases gases for the purpose of resale inside or outside the system where he is established;
- (46) ‘microenterprise’ means an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million;
- (47) ‘small enterprise’ means an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million;
- (48) ‘security’ means both security of supply of natural gas technical safety.
- (49) ‘gas supply contract’ means a contract for the supply of gases, but does not include a gas derivative;
- (50) ‘gas derivative’ means a financial instrument specified in points 5, 6 or 7 of Section C of Annex I to Directive 2014/65/EU on market financial instruments<sup>21</sup>, where that instrument relates to gas;
- (51) ‘control’ means any rights, contracts or any other means which, either separately or in combination and having regard to the considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking, in particular by:
- (a) ownership or the right to use all or part of the assets of an undertaking;
  - (b) rights or contracts which confer decisive influence on the composition, voting or decisions of the organs of an undertaking;;

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<sup>20</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

<sup>21</sup> OJ L 145, 30.4.2004, p. 1 Ö 173, 12.6.2014, p. 349–496 Ö.

- (52) ‘long-term contract’ means a supply contract exceeding one year.
- (53) ‘entry-exit system’ means ~~the aggregation of all transmission and distribution systems to which one specific balancing regime applies~~ ***an access model for natural gas transmission or distribution systems where system users book capacity rights independently on entry and exit points;***
- (54) ‘balancing zone’ means an entry-exit system to which a specific balancing regime applies ***is applicable and which may include distribution systems or part of them;***
- (55) ‘virtual trading point’ means a non-physical commercial point within an entry-exit system where gases are exchanged between a seller and a buyer without the need to book ~~transmission or distribution~~ capacity.
- (56) ‘entry point’ means a point subject to booking procedures by network users ~~or producers~~ providing access to an entry-exit system, ***enabling gas flows in the entry-exit system.***
- (57) ‘exit point’ means a point subject to booking procedures by network users ~~or final customers~~ ***providing access to an entry-exit system,*** enabling gas flows out of the entry exit system .
- (58) ‘interconnection point’ means a physical or virtual point connecting adjacent entry-exit systems or connecting an entry-exit system with an interconnector, in so far as these points are subject to booking procedures by network users;
- (59) ‘virtual interconnection point’ means two or more interconnection points which connect the same two adjacent entry-exit systems, integrated together for the purposes of providing a single capacity service;
- (60) ‘market participant’ means a natural or legal person who buys, sells or produces gases or who is an operator of storage services including through the placing of orders to trade in one or more gas markets including balancing markets;
- (61) ‘contract termination fee’ means a charge or penalty imposed on customers by suppliers or market participants, for terminating a gas supply or service contract;
- (62) ‘switching-related fee’ means a charge or penalty for changing suppliers or market participants, including contract termination fees, that is directly or indirectly imposed on customers by suppliers, market participants or system operators;
- (63) ‘billing information’ means the information provided on a final customer's bill, apart from a request for payment;
- (64) ‘conventional meter’ means an analogue or electronic meter with no capability to both transmit and receive data;
- (65) ‘smart metering system’ means an electronic system that is capable of measuring gas fed into the grid or gas consumed from the grid, providing more information than a conventional meter, and that is capable of transmitting and receiving data for information, monitoring and control purposes, using a form of electronic communication;
- (66) ‘interoperability’ means, in the context of smart metering, the ability of two or more energy or communication networks, systems, devices, applications or components to interwork to exchange and use information in order to perform required functions;
- (67) ‘most recent available’ means, in the context of smart metering data, that it is provided within a period matching the shortest settlement period in the national market;

- (68) ‘best available techniques’ means, in the context of data protection and security in a smart metering environment, the most effective, advanced and practically suitable techniques for providing, in principle, the basis for complying with the Union data protection and security rules;
- (69) ‘energy poverty’ means *a household’s inability linked to the non-affordability to meet its basic energy supply needs and lack of access to essential energy services as to guarantee basic levels of comfort and health, a decent standard of living, including adequate heating and cooling, lighting, and energy to power appliances, in the relevant national context, existing social policy and other relevant policies, as a result of an insufficient disposable income, high energy expenditures and poor energy efficiency of homes.*
- ~~(70) ‘citizen energy community’ means a legal entity that:~~
- ~~(a) is based on voluntary and open participation and is effectively controlled by members or shareholders that are natural persons, local authorities, including municipalities, or small enterprises;~~
  - ~~(b) has for its primary purpose to provide environmental, economic or social community benefits to its members or shareholders or to the local areas where it operates rather than to generate financial profits; and~~
  - ~~(c) engages in production, distribution, supply, consumption, or storage of renewable gas in the natural gas system, or provides energy efficiency services or maintenance services to its members or shareholders;~~
- (71) ‘active customer’ means a final natural gas customer, or a group of jointly acting final natural gas customers, who consumes or stores renewable gas, produced within its premises located within confined boundaries or, where permitted by a Member State, within other premises, or who sells self-produced renewable gas using the natural gas system, or participates in energy efficiency schemes, provided that those activities do not constitute its primary commercial or professional activity;
- (71 a) *‘energy efficiency first’ means ‘energy efficiency first’ as defined in Article 2, point (18) of Regulation (EU) 2018/1999;*
- (71 b) *‘dedicated hydrogen asset’ means an asset as defined Article 2, point (17) of Regulation 2022/869;*
- (71c) *‘repurposing’ means repurposing as defined Article 2, point (18) of Regulation 2022/869;*

## Chapter II

### General rules for the organisation of the market

#### Article 3

#### Competitive, ~~customer consumer~~-centred, flexible and non-discriminatory markets for gases

1. Member States shall ensure that all customers are free to purchase gases from the supplier of their choice and shall ensure that all customers are free to have more than

one supply contract for natural gas or hydrogen at the same time, provided that the required connection and metering points are established **and do not discriminate against non gaseous heating or cooling solutions.**

2. Member States shall ensure that their national law ~~does~~ **promotes a highly energy efficient and renewables based market, does** not unduly hamper cross-border trade in gases, the functioning and emergence of liquid trading for gases, consumer participation, investments into, in particular, renewable and low carbon gases, or energy storage between Member States, and shall ensure that prices for gases reflect actual demand and supply.

**Member States shall ensure that liquid trading for gases is subject to transparency obligations, in particular with regard to commercial contracts, and adequate price building mechanisms.**

3. Member States shall ensure that no undue barriers exist within the internal market for gases as regards market entry and exit, trading and operation.
4. Member States shall ensure that energy undertakings are subject to transparent, proportionate and non-discriminatory rules, fees and treatment, in particular with ~~regard respect to~~ **connection to the network**, access to wholesale markets, access to data, switching processes and billing regimes and, where applicable, licensing.
5. Member States shall ensure that market participants from third countries, when operating within the internal market for gases, comply with applicable Union and national law.
- 5a. **Member States shall ensure a customer centred and energy efficient approach in the hydrogen market. The use of renewable and low-carbon fuels in the hydrogen network shall, be prioritised for industrial customers in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential, where more energy and cost efficient options are not available, including in hard to abate transport, such as maritime and aviation.**

#### *Article 3a new*

##### ***EU indicative greenhouse gas intensity reduction target of the 2030 gas supply***

1. ***By ... [6 months of the date of entry into force of this Directive] the Commission shall present a report that investigates the effect of current energy and climate legislation in delivering renewable and low carbon gases especially to end-users in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential where no other more energy and cost efficient options are available, compatibly with the capacities as identified in the network development plans as set out in Article 51 and distribution network development plans as set out in Article 52b and assess wheather further measures at Union level are needed to ensure that sufficient volumes of renewable and low carbon gases come to the market to meet the demand by 2030, while contributing to the intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.***

2. *Based on the report, the Commission shall, at the latest 6 months after its publication, where appropriate, put forward a legislative proposal to introduce measures, such as an indicative EU level target for the reduction of the greenhouse gas intensity of gases consumed in the Union by 2030. The use of dedicated hydrogen networks shall be considered. Without prejudice to the prioritisation of renewable gases, the target shall be considered as addition to all relevant provisions in Directive [RED II and RED III] and Directive [EED], consistent with all relevant energy and climate legislations and take into account security of supplies and quality requirements for cross-border transmission of gases. When calculating the target, the gradual phase-out of fossil gas and the assumed reduction of demand for gases in sectors other than hard-to-decarbonise sectors where no other more energy or cost efficient options are available shall be taken into account. The Commission shall accompany the proposal with a Delegated Act specifying the methodology for calculating and certifying the achievement of such target.*
3. *The Commission shall also specify the way Member States shall collectively aim at ensuring that the EU indicative greenhouse gas intensity reduction target is met, also by differentiated sectoral approaches, and how it shall be integrated in their National Energy and Climate Plan.*

#### *Article 4*

##### **Market based supply prices**

1. Suppliers shall be free to determine the price at which they supply gases to customers. Member States shall take appropriate actions to ensure effective competition between **supply undertakings** suppliers and to avoid abuses of dominant positions **as well as** speculative and manipulative behaviours, **to ensure fair prices for the final customers, as well as ensure a level playing field between gases, electricity and thermal renewables.**
- 1 a. *If there is evidence of market abuse in the retail market, the relevant national Authority shall intervene immediately, including a proposal that limits the margins and profits.*
2. Member States shall ensure the protection of energy poor, ~~and~~ vulnerable household customers **and persons at risk of or affected by energy poverty** pursuant to Articles 25 by social policy or by other means than public interventions in the price setting for the supply of gases.
3. By way of derogation from paragraphs 1 and 2, Member States may apply public interventions in the price setting for the supply of natural gas to energy poor or vulnerable household customers. Such public interventions shall be subject to the conditions set out in paragraphs 4, **4a** and 5.
4. Public interventions in the price setting for the supply of natural gas shall:
  - (a) pursue a general economic interest and not go beyond what is necessary to achieve that general economic interest;
  - (b) be clearly defined, transparent, non-discriminatory and verifiable;
  - (c) guarantee equal access for Union natural gas undertakings to customers;
  - (d) be limited in time and proportionate as regards their beneficiaries;
  - (e) not result in additional costs for market participants in a discriminatory way.

- (ea) *not hamper the transition to an integrated, highly energy efficient and renewable based energy system in accordance with the relevant Union targets, legislation and strategies.*
- 4 a. *When applying public interventions in price setting for the supply of natural gas in accordance with paragraph 3 or 6, Member States shall provide all of the following:*
- (a) *financial and administrative support to beneficiaries for the purpose of investing in energy efficiency and renewable energy technologies;*
  - (b) *decent and affordable social housing;*
  - (c) *housing which complies with minimum energy performance standards;*
  - (d) *access to information and advice*
5. Any Member State applying public interventions in the price setting for the supply of natural gas in accordance with paragraph 3 of this Article shall also comply with of Article 3(3), point (d) and with Article 24 of Regulation (EU) 2018/1999., regardless of whether the Member State concerned has a significant number of households in energy poverty. *An adequate regulatory and financial support framework shall be in place to effectively address energy poverty and risk of to energy poverty prior to the removal of public interventions in the price setting for the supply of natural gas.*
6. For the purpose of a *transitional* period to establish effective competition for natural gas supply contracts between suppliers, and to achieve fully effective market-based *and affordable* retail pricing of gas in accordance with paragraph 1, Member States may apply public interventions in the price setting for the supply of natural gas to household customers and to microenterprises that do not benefit from public interventions pursuant to paragraph 3, *as well as, in extraordinary circumstances, to other limited number of customer groups, such as protected customers as defined in Regulation (EU) 2017/1938, in order to avoid significant impact on the economy and society.*
7. Public interventions pursuant to paragraph 6 shall comply with the criteria set out in paragraphs 4 *and 4a* and shall:
- (a) be accompanied by a set of measures to achieve effective competition and a methodology for assessing progress with regard to those measures;
  - (b) be set using a methodology that ensures non-discriminatory treatment of suppliers;
  - (c) be set at a price that is above cost, at a level where effective price competition can occur;
  - (d) be designed to minimise any negative impact on the wholesale natural gas market;
  - (e) ensure that all beneficiaries of such public interventions have the possibility to choose competitive market offers and are directly informed at least every quarter of the availability of offers and savings in the competitive market, and shall ensure that they are provided with assistance to switch to a market-based offer;
  - (f) ensure that, pursuant to Articles 18 and 19, all beneficiaries of such public interventions are entitled to, and are offered to, have smart meters installed at no extra upfront cost to the customer, are directly informed of the possibility of installing smart meters and are provided with necessary assistance;



- (g) not lead to direct cross-subsidisation between customers supplied at free market prices and those supplied at regulated supply prices.
8. Member States shall notify the measures taken in accordance with paragraphs 3 and 6 to the Commission within one month after their adoption and may apply them immediately. The notification shall be accompanied by an explanation of why other instruments were not sufficient to achieve the objective pursued, of how the requirements set out in paragraphs 4, **4a**, **5** and 7 are fulfilled and of the effects of the notified measures on competition. The notification shall describe the scope of the beneficiaries, ***in particular the vulnerable households customers and persons affected by energy poverty, as well as potential other beneficiaries***, the duration of the measures and the number of household customers affected by the measures, and shall explain how the regulated prices have been determined.
9. From 15 March 2025, and every two years thereafter, as part of the integrated national energy and climate progress reports, Member States shall submit reports to the Commission on the implementation of this Article, the necessity and proportionality of public interventions under this Article, and an assessment of the progress towards achieving effective competition between suppliers and the transition to market-based prices. Member States that apply regulated prices in accordance with paragraph 6 shall report on the compliance with the conditions set out in paragraph 7, including on compliance by suppliers that are required to apply such interventions, as well as on the impact of regulated prices on the finances of those suppliers.
10. The Commission shall review and submit a report to the European Parliament and to the Council on the implementation of this Article for the purpose of achieving market-based retail pricing of natural gas, together with or followed by a legislative proposal, if appropriate. ***Theat report shall, where appropriate, include an assessment of the impact of these measures on the progress in achieving the Union’s climate neutrality objective and the other energy and climate objectives laid down in applicable Union energy law.*** This report may be combined with the report on the implementation of Article 5 of Directive (EU) 2019/944. That legislative proposal may include an end date for regulated prices.

#### Article 5

##### Public service obligations

1. Member States shall ensure, on the basis of their institutional organisation and with due regard to the principle of subsidiarity, that, without prejudice to paragraph 2, natural gas and hydrogen undertakings are operated in accordance with the principles of this Directive with a view to achieving a competitive, secure and environmentally sustainable market in gases, and shall not discriminate between those undertakings as regards their rights or obligations ***and not discriminate between undertakings providing the same services on the basis of renewables or by means of electrification directly from renewables.***
2. Having full regard to the relevant provisions of the TFEU, in particular Article 106 thereof, Member States may impose on natural gas and hydrogen undertakings, in the general economic interest, public service obligations which may relate to security, including security of supply, regularity, ~~and~~ quality ***and price*** of supplies,

and environmental protection, including energy efficiency, energy from renewable sources and climate protection **and existing mandates to reduce or switch from fossil gas consumption**. Such obligations shall be clearly defined, transparent, non-discriminatory, verifiable and shall guarantee equality of access for natural gas undertakings and hydrogen undertakings of the Union to national consumers. **Public service obligations which concern public interventions in the price setting for the supply of gases shall comply with the requirements set out in Article 4. As regards the security of supply, energy efficiency/demand-side management and for the fulfilment of environmental goals and goals for energy from renewable sources, as referred to in this paragraph, Member States may introduce the implementation of long-term planning, taking into account the possibility of third parties seeking access to the system.**

3. Public service obligations related to the security of gas supply shall not go beyond what is necessary to ensure compliance **of natural gas undertakings** with the gas supply standards pursuant to Article 6 of Regulation (EU) 2017/1938 and shall be coherent with the results of the national risk assessments carried out pursuant to Article 7(3), as detailed in the Preventive Action Plans prepared pursuant to Article 9(1), points (c),(d) and (k) of the same Regulation.
4. Where financial compensation or other forms of compensation are granted by a Member State for the fulfilment of the obligations set out in this Article, it shall be done in a non-discriminatory and transparent way.
5. Member States shall, upon implementation of this Directive, inform the Commission of all measures adopted to fulfil public service obligations, including consumer and environmental protection, and their possible effect on national and international competition, whether or not such measures require a derogation from the provisions of this Directive. They shall notify the Commission subsequently every two years of any changes to such measures, whether or not they require a derogation from this Directive.
  - 5 a. **Any measure adopted to fulfil public service obligations pursuant to this Article shall also promote the energy efficiency first principle, further energy system integration, contribute to the prudent and rational use of natural resources, contribute to achieving the Union's climate and energy targets and the Member State's integrated national energy and climate plan and long-term strategy adopted under Regulation (EU) 2018/1999.**
  - 5 b. **Member States shall consult relevant stakeholders when imposing or adopting a measure to fulfil public service obligations pursuant to this Article. Without prejudice to other consultation or transparency provisions laid down in Union or national laws, those consultations shall take place at an early stage and in an open, inclusive and transparent manner. The participation in consultations shall be is voluntary and all relevant stakeholders shall be invited, including regulatory authorities, the transmission and distribution system operator, associations and undertakings involved in production, supply and consumption of electricity, gas and hydrogen markets, heating and cooling, independent aggregators, demand-response operators, organisations involved in energy efficiency solutions, energy consumer associations, civil society representatives, research organisations and universities, where appropriate.**

**The consultations shall aim to identify the views and proposals of all relevant stakeholders during the decision-making process as well as informing involved stakeholders about the objectives of the measure referred to in the first subparagraph,**

*why it is necessary and how it contributes to achieving the Union's climate and energy targets.*

*All official documents related to the consultations and documents used for development of the measure shall be made public while taking into consideration commercially sensitive information and data protection.*

*To ensure early and effective participation in the consultations of the stakeholders referred to in the first subparagraph, Member States shall publish a draft decision or measure in a timely adequate manner prior to its~~the~~ adoption, to allow the stakeholders provide their comments.*

## Article 6

### Promotion of regional cooperation and integration

1. Member States as well as the regulatory authorities shall cooperate with each other for the purpose of integrating their national markets at one and more regional levels, towards the creation of regional markets, where Member States as well regulatory authorities so decided, and further towards the creation of a fully liberalised internal market. In particular, the regulatory authorities where Member States have so provided or Member States shall promote and facilitate the cooperation of natural gas transmission system operators and hydrogen network operators at a regional level, including on cross-border issues **and on the decommissioning of assets**, with the aim of **ensuring cost-effective decarbonisation and**, creating a competitive internal market for gases, foster the consistency of their legal, regulatory and technical framework and facilitate integration of isolated systems forming gas islands that persist in the Union. The geographical areas covered by such regional cooperation shall include cooperation in geographical areas defined in accordance with Article 28(3) of Regulation (EC). Such cooperation may cover other geographical areas. Where the Commission considers that the rules at Union level are relevant for the regional integration of markets for gases, it shall provide appropriate guidance taking into account the specificities of these markets and the impact on neighbouring markets.
2. The Agency for the Cooperation of Energy Regulators ('ACER') shall cooperate with regulatory authorities and transmission system operators to ensure the compatibility of regulatory frameworks between and within the regions with the aim of creating a competitive internal market in gases **that is compatible with the Union's climate neutrality objective**. Where ACER considers that binding rules on such cooperation are required, it shall make appropriate recommendations.
3. Where vertically integrated transmission system operators participate in a joint undertaking established for implementing such cooperation, the joint undertaking shall establish and implement a compliance programme which sets out the measures to be taken to ensure that discriminatory and anticompetitive conduct is excluded. That compliance programme shall set out the specific obligations of employees to meet the objective of excluding discriminatory and anticompetitive conduct. It shall be subject to the approval of ACER. Compliance with the programme shall be independently monitored by the compliance officers of the vertically integrated transmission system operators.

## Article 7

### Authorisation procedure

1. In circumstances where an authorisation (for example, a licence, permission, concession, consent or approval) is required for the construction, or–operation of natural gas facilities, hydrogen production facilities and hydrogen system infrastructure, the Member States or any competent authority they designate shall grant authorisations to build and/or operate such facilities, infrastructure, pipelines and associated equipment on their territory, in accordance with paragraphs 2 to 11. Member States or any competent authority they designate may also grant authorisations on the same basis for the supply of gases and for wholesale customers.
2. Where Member States have a system of authorisation, they shall lay down objective and non-discriminatory criteria, **and transparent procedures as referred to in Articles 51(8a) and 52b(2)** which shall be met **when** by an undertaking applying for an authorisation to supply gases or to construct and/or operate natural gas facilities, hydrogen, production facilities or hydrogen system infrastructure. The non-discriminatory criteria and procedures for the granting of authorisations shall be made publicly **available**. Member States shall ensure that authorisation procedures for such facilities, infrastructure, pipelines and associated equipment take into account the importance of the project for the internal market for gases where appropriate.
  - 2 a. **Member States shall ensure that any national rules concerning the authorisation procedure referred to in this Article, are proportionate and necessary and contribute to the implementation of the energy efficiency first principle and contribute to achieving the Union’s climate and energy targets and the Member State’s integrated national energy and climate plan as well as to their long-term strategies adopted under Regulation (EU) 2018/1999.**
3. The authorisation procedures for the activities referred to in paragraph 1 shall not exceed two years, including all relevant procedures of competent authorities, **without prejudice to the rules applicable under [COM/2022/222]**. Where duly justified on the grounds of extraordinary circumstances, that two-year period may be extended by up to one year
4. Member States shall assess which legislative and non-legislative measures are necessary to streamline authorisation procedures, including, **without hampering**, any procedural steps related to environmental impact assessment procedures **and public consultations**. Member States shall report to the European Commission on the results of such an assessment as part of their integrated national energy and climate plans as referred to in, and in accordance with, the procedure set out in Article 3 and Articles 7 to 12 of Regulation (EU) 2018/1999, and as part of their integrated national energy and climate progress reports pursuant to Article 17 of Regulation (EU) 2018/1999.
5. The deadlines established in paragraph 3 shall apply without prejudice to obligations under applicable Union environmental **and energy law, such as [COM/2022/222]**, to judicial appeals, remedies and other proceedings before a court or tribunal, and to alternative dispute resolution mechanisms, including complaints procedures, non-judicial appeals and remedies, and may be extended for the duration of such procedures.
6. Member States shall set up or designate one or more contact points. Those contact points shall, upon request by the applicant, and free of charge, guide through and

facilitate the entire authorisation procedure for the activities referred to in paragraph 1 up to the delivery by the responsible authorities at the end of the procedure. The applicant shall not be required to contact more than one contact point for the entire process.

7. Member States shall ensure that authorisations under national law for the construction and operation of natural gas pipelines and other network assets used for the transport of natural gas shall apply also to pipelines and network assets for the transport of hydrogen.
8. Member States shall ensure that existing contractual land-use rights for the construction and operation of natural gas pipelines and other network assets shall be understood as encompassing also pipelines and other network assets for the transport of hydrogen.
9. Member States shall ensure that the reasons for any refusal to grant an authorisation are objective and non-discriminatory and that they are given to the applicant. Reasons for such refusals shall be notified to the Commission for information. Member States shall establish a procedure enabling the applicant to appeal against such refusals.
10. For the development of newly supplied areas and efficient operation generally, and without prejudice to Article 30, Member States *shall* decline to grant a further authorisation to build and operate distribution pipeline systems for natural gas in any particular area *unless established in the distribution network development plan referred to in Article 52b or the capacity was identified in the network development plan referred to in Article 51* once such pipeline systems have been or are authorised to be built in that area and if existing or proposed capacity is not saturated.

#### *Article 8*

##### **Certification of renewable and low carbon fuels**

1. Renewable gases, *as defined in Article 2 point (2)*, shall be certified in accordance with Article 29 and 30 of Directive (EU) 2018/2001 *and Article 29a [Amending directive RED 2021/XX]*.
2. In order to ensure that the greenhouse gas emissions savings from the use of low carbon fuels and low carbon hydrogen are at least 70% in accordance with the definitions in Article 2, points (10) and (12) under Article 2, Member States shall require economic operators to show that this threshold and the requirements established in the methodology referred to in paragraph 5 of this Article have been complied with. For those purposes, they shall require economic operators to use a mass balance system in line with Article 30 (1) and (2) of Directive (EU) 2018/2001.
3. Member States shall ensure that economic operators submit reliable information regarding the compliance with the 70% greenhouse gas emissions savings threshold set in paragraph 2 and with the greenhouse gas emissions saving methodology referred to in paragraph 5, and that economic operators make available to the relevant Member State the data that were used to develop the information. Member States shall require economic operators to put in place an adequate standard of independent auditing of the information submitted, and to provide evidence that this has been done. The auditing shall verify that the systems used by economic operators are accurate, reliable and protected against fraud.

4. The obligations laid down in paragraph 2 shall apply regardless of whether low carbon fuels are produced within the Union or are imported. Information about the geographic origin, ***recognition that the energy content is derived from non-renewable sources, the level of the GHG emissions reduction achieved*** and feedstock type of low carbon fuels or low carbon hydrogen per fuel supplier shall be made available to consumers on the websites of operators, suppliers or the relevant competent authorities and shall be updated on an annual basis.
5. ~~By 31 December 2024~~ ***By ... [6 months of the date of entry into force of this Directive]***, the Commission shall adopt delegated acts in accordance with Article 83 to supplement this Directive by specifying the methodology for assessing greenhouse gas emissions savings from low carbon fuels, ***except for recycled carbon fuels as defined in Article 2 of Directive (EU) 2018/2001***. The ***greenhouse gas emission savings from the use of low carbon fuels shall be at least 70% relative to a fossil fuel comparator with a threshold of 94 gCO<sub>2</sub>eq/MJ and based on their life-cycle emissions taking into account the methodology used to determine the greenhouse gas emissions reductions in accordance with Article 25(2) and Article 28(5) of Directive (EU) 2018/2001***. ***To ensure comparable GHG emission reduction across sectors, the Commission may after an impact assessment differentiate between fossil fuel comparators in order to distinguish between end-use sectors. capture—The methodology shall define For upstream clear, credible, science-based and realistic minimum carbon capture rates and upstream methane emissions performance standards that are in line with account the relevant provisions referred to in the [Methane Regulation 2021/0423 (COD)] and take into account best available performance standards and industry initiatives which aim to eliminate its methane footprint and how low carbon fuels shall comply with them***. The methodology shall ensure that credit for avoided emissions is not given for carbon dioxide the capture of which has already received an emission credit under other provisions of law.
  - 5a. ***The Commission may adopt delegated acts in accordance with Article 83 to amend this Directive by adapting the threshold referred to in paragraph 5 for low carbon fuels produced in installations starting operations from 1 January 2031. The Commission avoid the double counting of recycled carbon fuels.***
  - 5b. ***By [6 months of the date of entry into force of this Directive] the Commission shall present a report that investigates hydrogen leakage, including environmental and climate risks, technical specificities and adequate maximum hydrogen leakage rates. Based on the report, the Commission shall, if appropriate, put forward a legislative proposal to introduce measures to minimise possible risks of hydrogen leakage, set maximum hydrogen leakage rates and compliance mechanisms. Respective maximum hydrogen leakage rates shall be included in the methodology set out in accordance with paragraph 5.***
6. The Commission may decide that voluntary national or international schemes setting standards for the production of low carbon fuels or low carbon hydrogen provide accurate data on greenhouse gas emission savings for the purposes of this Article and demonstrate compliance with the methodology referred to in paragraph 5 of this Article.
7. Where an economic operator provides evidence or data obtained in accordance with a scheme that has been the subject of a recognition pursuant to paragraph 6, a Member State shall not require the economic operator to provide further evidence of compliance with the criteria for which the scheme has been recognised by the Commission.

8. Competent authorities of the Member States shall supervise the operation of certification bodies that are conducting independent auditing under a voluntary scheme. Certification bodies shall submit, upon the request of competent authorities, all relevant information necessary to supervise the auditing, including the exact date, time and location of audits. Where Member States find issues of non-conformity, they shall inform the voluntary scheme without delay.
9. At the request of a Member State, which may be based on the request of an economic operator, the Commission shall, on the basis of all available evidence, examine whether the greenhouse gas emissions saving criteria laid down in this Article, the methodology developed in line with paragraph 5 of this Article, and the greenhouse gas emissions savings thresholds set in Article 2, points (9) and (10) have been met. Within six months of receipt of such a request, the Commission shall decide whether the Member State concerned may:
  - (a) accept the evidence already provided to show compliance with the greenhouse gas emissions saving criteria for low carbon fuels; or
  - (b) by way of derogation from paragraph 7, require suppliers of the source of low carbon fuels to provide further evidence of their compliance with the greenhouse gas emissions saving criteria and the 70% greenhouse gas emissions savings threshold.
10. Member States shall also require the relevant economic operators to enter into the Union database information on the transactions made and the sustainability characteristics of low carbon in line with the requirements established in Article 28 of Directive (EU) 2018/2001 *and Article 31a [Amending directive RED 2021/XX]. The interconnected gas system shall be considered to be a single mass balance system. Information about injection and withdrawal shall be provided in the Union Database. The Union database shall be implemented as soon as possible and in any event by ... [the date of entry into force of this Directive].*

#### *Article 9*

#### **Technical rules**

The regulatory authorities where Member States have so provided or Member States shall ensure that technical safety criteria are defined and that technical rules establishing the minimum technical design and operational requirements for the connection to the system of LNG facilities, storage facilities, other transmission or distribution systems, direct lines, as well as to the hydrogen system, are developed and made public. Those technical rules shall ensure the interoperability of systems and shall be objective and non-discriminatory. ACER may make appropriate recommendations towards achieving compatibility of those rules, where appropriate. Those rules shall be notified to the Commission in accordance with Article 5 of Directive (EU) 2015/1535 of the European Parliament and of the Council<sup>22</sup>.

Where relevant, Member States shall require transmission system operators, distribution system operators and hydrogen network operators in their territory to publish technical rules in

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<sup>22</sup> Directive (EU) 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (OJ L 241, 17.9.2015, p. 1).

accordance with Article 9, in particular regarding network connection rules that include gas quality, gas odourisation and gas pressure requirements. Member States shall also require transmission and distribution system operators to publish the connection tariffs to connect gas from renewable sources based on objective, transparent and non-discriminatory criteria.

## CHAPTER III

### CONSUMER EMPOWERMENT AND PROTECTION AND RETAIL MARKETS

#### *Article 10*

#### **Basic contractual rights**

1. Member States shall ensure that all final customers are entitled to have gases provided by a supplier, subject to the supplier's agreement, regardless of the Member State in which the supplier is registered, provided that the supplier follows the applicable trading and balancing rules. In that regard, Member States shall take all measures necessary to ensure that administrative procedures do not discriminate against suppliers already registered in another Member State.
2. Without prejudice to Union rules on consumer protection, in particular Directive 2011/83/EU of the European Parliament and of the Council and Council Directive 93/13/EEC, Member States shall ensure that final customers have the rights provided for in paragraphs 3 to 12 of this Article.
3. Final customers shall have the right to a contract with their supplier that specifies:
  - (a) the identity and address of the supplier *and its contact details (phone number, email address and contact details of customer service)*;
  - (b) the services provided, the service quality levels offered, as well as the time for the initial connection;
  - (c) the types of maintenance service offered;
  - (d) the means by which up-to-date information on all applicable tariffs, maintenance charges and bundled products or services may be obtained;
  - (e) the duration of the contract, the conditions for renewal and termination of the contract and services, including products or services that are bundled with those services, and whether terminating the contract without charge is permitted;
  - (f) any compensation and the refund arrangements which apply if contracted service quality levels are not met, including inaccurate or delayed billing;
  - (fa) product name and main features, including, where the environmental impact is promoted as an essential feature of the offer, a description of this environmental impact, at least in respect of CO<sub>2</sub> emissions resulting from the gases supplied by the supplier over the preceding year;*
  - (g) the method of initiating an out-of-court dispute settlement procedure in accordance with Article 24;
  - (h) information relating to consumer rights, including *clear and understandable* information on complaint handling, *including how and where a complaint*



*should be submitted* and all the information referred to in this paragraph, clearly communicated on the bill or the hydrogen or natural gas undertaking's web site.

***(ha) information on the provider and the price of additional services, where relevant, such as insurance and energy efficiency services.***

Conditions shall be fair and well known in advance. In any case, the information shall be provided ***in consumer friendly, clear and unambiguous language***, prior to the conclusion or confirmation of the contract. Where contracts are concluded through intermediaries, the information referred to points (a) to (f) shall also be provided prior to the conclusion of the contract.

Final customers shall be provided with a summary of the key contractual conditions in a prominent manner ***in one document*** and in concise and simple language.

***Member States shall ensure, through their National Regulatory Authorities, the use of common terminology agreed at national level.***

4. Final customers shall be given adequate notice of any intention to modify contractual conditions and shall be informed about their right to terminate the contract when the notice is given. Suppliers shall notify their final customer directly and in a transparent and comprehensible manner, of any adjustment in the supply price and of the reasons and preconditions for the adjustment and its scope, no later than two weeks, or no later than one month in the case of household customers, before the adjustment comes into effect. Member States shall ensure that final customers are free to terminate contracts if they do not accept the new contractual conditions or adjustments in the supply price notified to them by their supplier.
5. Suppliers shall provide final customers with transparent information on applicable prices, ~~and tariffs, and on~~ standard terms and conditions, in respect of access to and use of gases services, ***especially on whether the price is fixed or variable and, if relevant, on possible promotions or discounts, and additional products and/or services bundled with the gas services.***
- 5a. Member States, through their National Regulatory Authorities, shall ensure that key contractual information is identified and highlighted within the offers provided by the suppliers to the consumers and shall monitor and report on transparency of market offers.***
6. Suppliers shall offer final customers a wide choice of payment methods. Such payment methods shall not ~~unduly~~ discriminate between customers. Any difference in charges related to payment methods or prepayment systems shall be objective, non-discriminatory and proportionate and shall not exceed the direct costs borne by the payee for the use of a specific payment method or a prepayment system, in accordance with Article 62 of Directive (EU) 2015/2366 of the European Parliament and of the Council<sup>23</sup>.
7. Household customers who have access to prepayment systems shall not be placed at a disadvantage by the prepayment systems.
8. Suppliers shall offer final customers fair and transparent general terms and conditions, which shall be provided in plain and unambiguous language and shall not include non-contractual barriers to the exercise of customers' rights, such as excessive contractual

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<sup>23</sup> Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015).

documentation. Customers shall be protected against unfair or misleading selling methods.

9. Final customers shall have the right to a good standard of service and complaint handling by their suppliers. Suppliers shall handle complaints in a simple, fair and prompt manner.
10. Suppliers shall provide natural gas household customers with adequate information on alternative measures to disconnection sufficiently in advance of any planned disconnection. Such alternative measures ~~may include~~ **shall include** information about sources of support to avoid disconnection, prepayment systems, energy audits, energy consultancy services, alternative payment plans, debt management advice or disconnection moratoria and shall not entail an extra cost to the customers facing disconnection.

***Disconnections in the case of vulnerable and energy poor household customers using natural gas for heating shall be prohibited during winter times. Member States may extend this prohibition to disconnect during winter times to other household customers as well.***

***Member States shall ensure that disconnections are prohibited during ongoing judicial or out-of-court disputes between the supplier and customers for a period of 8 weeks.***

11. Suppliers shall provide final customers with a final closure account after any switch of supplier no later than six weeks after such a switch has taken place

#### *Article 11*

##### **Right to switch and rules on switching-related fees**

1. Customers shall have the right to switch gases suppliers or market participants. ***Switching supplier or market participant shall be carried out within the shortest possible time, and in any case not later than three weeks from the date of the request.*** Member States shall ensure that a customer wishing to switch suppliers or market participants, while respecting contractual conditions, is entitled to such a switch within a maximum of three weeks from the date of the request. By 2026 at the latest, the technical process of switching supplier or market participant shall take no longer than 24 hours and shall be possible on any working day.
2. Member States shall ensure that the right to switch supplier or market participant is granted to ***all*** customers in a non-discriminatory manner as regards cost, effort and time.
3. Member States shall ensure that at least household customers, ***including the ones who signed up for a gas offer which is bundled with the provision of related equipment or services, and micro*** and small enterprises are not charged any switching-related fees for gases. However Member States may allow suppliers or market participants to charge customers contract termination fees where those customers voluntarily terminate fixed-term, fixed-price supply contracts before their maturity, provided that such fees:
  - (a) are part of a contract that the customer has voluntarily entered into; and
  - (b) are clearly communicated to the customer before the contract is entered into.

Such fees shall be proportionate and shall not exceed the direct economic loss to the supplier or the market participant resulting from the customer's termination of the contract, including the costs of any bundled investments or services that have already been provided to the customer as part of the contract. The burden of proving the direct economic loss shall be on the supplier or market participant. The permissibility of contract termination fees shall be monitored by the regulatory authority, or by another competent national authority.

4. Household customers for gases shall be entitled to participate in collective switching schemes. Member States shall remove all regulatory or administrative barriers for collective switching, and provide a framework that ensures the consumer protection to avoid any abusive practices.
- 4a. *Member States should ensure that user-friendly information is provided to citizens in relation to the rules and process for switching suppliers in their respective Member State along with any relevant information about the switching as appropriate, including through the single points of contact referred to in Article 23 of this Directive.*

#### *Article 11a new*

##### *Fuel switch*

1. *Where final customers are required to switch from heating with natural gas to alternative heat sources or district heating, including a decision stemming from a Member State, based on the local heating and cooling plans as set out in Article 52a or the distribution network development plans according to Article 52b, Member States shall ensure that final customers that are directly impacted by that decision are fully informed by the distribution system operators and suppliers of those fuel switches sufficiently in advance of any planned switch.*
- 1a. *Likewise, Member states shall ensure that final customers are fully informed about mandatory switches from non-gaseous fossil fuels by the respective organisation or authority.*
2. *Member states shall supported by the relevant operators and suppliers to provide final customers with a roadmap for the transfer from heating with natural gas to alternative heat sources or district heating, including the procedure how this will be done, what steps are foreseen, and the respective timeline.*
3. *Member States shall ensure that final customers receive information on options to prepare or adapt their homes, commercial or industrial properties and processes and on advisory, financial or any support available to manage the changes and costs associated with the planned fuel switch or a district heating connection. This information should be delivered by unique points of contact as established under Article 21 of the of Directive (EU) .../... [recast EED], Article 26 of the Directive (EU) .../... [recast EPBD] and Article X of the Directive (EU) .../...[recast RED].*
4. *Discrimination and cross-subsidisation between different categories of customers and between energy carriers shall be avoided when carrying out a fuel switch or a district heating connection.*
5. *Member States shall ensure that measures are put in place to mitigate and resolve any inequities resulting from policies to achieve an energy efficient and climate neutral energy system.*

6. *Member States shall take all measures necessary to ensure that fuel switches or a district heating connections implemented pursuant to this Article have no adverse effect on final customers, vulnerable customers, people affected by or at risk of energy poverty and people living in social housing. Where applicable, Member States shall make the best possible use of funding, including public funding and funding facilities established at Union level, with the aim of removing adverse effects and ensuring a just and inclusive energy transition.*

## *Article 12*

### **Comparison tools**

1. Member States shall ensure that at least natural gas household customers, *small* and microenterprises, have access, free of charge, to at least one tool comparing the offers of suppliers, including bundled offers. Customers shall be informed of the availability of such tools in or together with their bills or by other means. The tools shall meet at least the following requirements:
- (a) they shall be independent from market participants and ensure that gas undertakings are given equal treatment in search results;
  - (b) they shall clearly disclose their owners and the natural or legal person operating and controlling the tools, as well as information on how the tools are financed;
  - (c) they shall set out clear and objective criteria on which the comparison is to be based, including services, and disclose them;
  - (d) they shall use plain and unambiguous language;
  - (e) they shall provide accurate and up-to-date information and state the time of the last update on the information;
  - (f) they shall be accessible to persons with disabilities, by being perceivable, operable, understandable and robust;
  - (g) they shall provide an effective procedure for reporting incorrect information on published offers;
  - (h) they shall perform comparisons, while limiting the personal data requested to that strictly necessary for the comparison.

Member States shall ensure that at least one tool covers the entire ~~natural~~ gas market. Where multiple tools cover the market, those tools shall include, as complete as practicable, a range of gas offers covering a significant part of the market and, where those tools do not completely cover the market, a clear statement to that effect, before displaying results.

2. The tools may be operated by any entity, including private companies and public authorities or bodies.
3. Member States ~~may~~ *shall* require comparison tools referred to in paragraph 1 to include comparative criteria relating to the nature of the services offered by the suppliers, *including on whether the price is fixed or variable, the contract length, the single unit price, including all charges and taxes, and discounts, in order to allow final customers to identify the cheapest offer, and in case the environmental impact is promoted as an essential feature of the offer, a description of the environmental impact.*

***When establishing these criteria, Member States shall consult relevant stakeholders, including organisations representing consumer's interests.***

4. Member States shall appoint a competent authority to be responsible for issuing trust marks for comparison tools that meet the requirements set out in paragraph 1, and for ensuring that comparison tools bearing a trust mark continue to meet those requirements. ***In order to enable the competent authorities to issue trust marks, suppliers and relevant intermediaries shall provide them with all available current and past offers. In particular, competent authorities shall carry out regular reviews of price comparison tools bearing a trust mark to ensure that the requirements of paragraphs 1 and 3 are continually being met.*** That authority shall be independent of any market participants and comparison tool operators.
5. Any tool comparing the offers of market participants shall be eligible to apply for a trust mark in accordance with this Article on a voluntary and non-discriminatory basis.
6. By way of derogation from paragraphs 4 and 5, Member States may choose not to provide for the issuance of trust marks to comparison tools if a public authority or body provides a comparison tool that meets the requirements set out in paragraph 1.

### *Article 13*

#### **Active customers**

1. Member States shall ensure that final customers, ***especially from agricultural or public sector, while maintaining their rights as final customers as established in this Directive,*** are entitled to act as active customers without being subject to disproportionate or discriminatory technical requirements, administrative requirements, procedures and charges, and to network charges that are not cost-reflective. ***Member States shall ensure that active customers comply with applicable sustainability and greenhouse gas emissions savings criteria under Article 29 of Directive 2018/2001 and the relevant provisions on methane emissions in the Methane Regulation.***
2. Member States shall ensure that active customers are:
  - (a) entitled to operate directly;
  - (b) entitled to sell self-produced renewable natural gases using the natural gas system
  - (c) entitled to participate in energy efficiency schemes;
  - (d) entitled to delegate to a third party the management of the installations required for their activities, including installation, operation, data handling and maintenance, without that third party being considered to be an active customer;
  - (e) subject to cost-reflective, transparent and non-discriminatory network charges, ensuring that they contribute in an adequate and balanced way to the overall cost sharing of the system;
  - (f) are financially responsible for the imbalances they cause in the natural gas system or shall delegate their balancing responsibility in accordance with Article 3 (e) of [recast Gas Regulation as proposed in COM(2021) xxx].
3. Member States may have different provisions applicable to individual and jointly-acting active customers in their national law, provided that all rights and obligations

under this Article apply to all active customers. Any difference in the treatment of jointly-acting active customers shall be proportionate and duly justified.

4. Member States shall ensure that **renewable natural gas** active customers that own facilities that **produce or** store renewable gas:
  - (a) have the right to a grid connection within a reasonable time after they made a request to that effect, provided that all necessary conditions, such as balancing responsibility, are fulfilled;
  - (b) are not subject to any double charges, including network charges, for stored renewable gas remaining within their premises;
  - (c) are not subject to disproportionate licensing requirements or fees;
  - (d) are allowed to provide several services simultaneously, if technically feasible.

#### *Article 14*

#### **Citizen energy communities**

- ~~1. Member States shall provide an enabling regulatory framework for citizen energy communities ensuring that:
  - ~~(a) participation in a citizen energy community is open and voluntary;~~Member States or regulatory authorities shall ensure that final hydrogen customers have the right to a grid connection to a hydrogen network within reasonable time after receipt of a notification submitted to the hydrogen network operator. In case of refusal of access and connection, Member States or regulatory authorities shall ensure that measures or alternative solutions are taken to make the investments needed to accommodate the new demand and ensure the security of supply.~~
  - ~~(b) members or shareholders of a citizen energy community are entitled to leave the community, in which case Article 11 applies;~~
  - ~~(c) members or shareholders of a citizen energy community do not lose their rights and obligations as household customers or active customers;~~
  - ~~(d) subject to fair compensation as assessed by the regulatory authority, relevant distribution system operators cooperate with citizen energy communities to facilitate transfers of renewable natural gases within citizen energy communities;~~
  - ~~(e) citizen energy communities are subject to non-discriminatory, fair, proportionate and transparent procedures and charges, including with respect to grid connection, registration and licensing, and to transparent, non-discriminatory and cost-reflective network charges, ensuring that they contribute in an adequate and balanced way to the overall cost sharing of the natural gas system system.~~
- ~~2. Member States may provide in the enabling regulatory framework that citizen energy communities:
  - ~~(a) are open to cross-border participation;~~
  - ~~(b) are entitled to own, establish, purchase or lease distribution networks and to autonomously manage them subject to conditions set out in paragraph 4 of this Article;~~
  - ~~(c) are subject to the exemptions provided for in Article 28(2);~~~~

- ~~3. Member States shall ensure that citizen energy communities:~~
- ~~(a) are able to access all natural gas markets in a non-discriminatory manner;~~
  - ~~(b) are treated in a non-discriminatory and proportionate manner with regard to their activities, rights and obligations as final customers, producers, suppliers or distribution system operators or market participants;~~
  - ~~(c) are financially responsible for the imbalances they cause in the natural gas system or shall delegate their balancing responsibility in line with Article 3 (e) of [recast Gas Regulation as proposed in COM(2021) xxx];~~
  - ~~(d) are treated like active customers in accordance with point (e) of paragraph 2 and points (a)(c) and (d) of Paragraph 4 of Article 13 [Active Customers];~~
  - ~~(e) are entitled to arrange within the citizen energy community the sharing of renewable gas that are produced by the production units owned by the community, subject to other requirements laid down in this Article and subject to the community members retaining their rights and obligations as final customers.~~

~~For the purposes of the first subparagraph, point (e), where renewable natural gases are shared, this shall be without prejudice to applicable network charges, tariffs and levies, in accordance with a transparent cost-benefit analysis of distributed energy resources developed by the competent national authority.~~

- ~~4. Member States may decide to grant citizen energy communities the right to manage distribution networks in their area of operation and establish the relevant procedures, without prejudice to Chapter VI or to other rules and regulations applying to distribution system operators.~~

~~Where such a right is granted, Member States shall ensure that citizen energy communities:~~

- ~~(a) are allowed to transport non-renewable gases where such gas is for a natural gas customer who is not a member of the citizen energy community or is necessary for secure system operation;~~
- ~~(b) are entitled to conclude an agreement on the operation of their network with the relevant distribution system operator or transmission system operator to which their network is connected;~~
- ~~(c) are subject to appropriate network charges at the connection points between their network and the distribution network outside the citizen energy community;~~
- ~~(d) do not discriminate or harm customers who remain connected to the distribution system.~~

### *Article 15*

#### **Bills and billing information**

1. Member States shall ensure that bills and billing information are accurate, easy to understand, clear, concise, user-friendly and presented in a manner that facilitates comparison by final customers and that they fulfil the minimum requirements set out in Annex I. On request, final customers shall receive a clear and understandable explanation of how their bill was derived, especially where bills are not based on actual consumption.

2. Member States shall ensure that final customers receive all their bills and billing information free of charge.
3. Member States shall ensure that final customers are offered the option of electronic bills and billing information and are offered flexible arrangements for the actual payment of the bills.
4. Where the contract provides for a future change of the product or price, or a discount, this shall be indicated on the bill together with the date on which the change takes place.
5. Member States shall consult consumer organisations when they consider changes to the requirements for the content of bills.

### *Article 16*

#### **Smart metering systems in the natural gas system**

1. In order to ~~promote~~ **complement** energy efficiency **measures adopted pursuant to Directive (EU) .../... of the European Parliament and of the Council<sup>24</sup> and Directive (EU) .../... of the European Parliament and of the Council<sup>25</sup>** and to **further** empower final customers), Member States or, where a Member State has so provided, the regulatory authority shall strongly recommend that natural gas undertakings optimise the use of natural gas, inter alia, by providing energy management services, **after a positive cost-benefit assessment**, and introducing smart metering systems that are interoperable, in particular with consumer energy management systems and with smart grids, in accordance with the applicable Union data protection rules.
2. Member States shall ~~ensure~~ **proceed with** the deployment in their territories of smart metering systems **that assist the active participation of customers only after a positive** ~~Such deployment may be subject to a cost-benefit assessment~~ **which clearly assesses and specifies the benefits to customers that arise from the use of smart meters and of signing up for smart meter-enabled offers. The cost-benefit assessment** ~~which~~ shall be undertaken in accordance with the principles laid down in Annex II. The cost-benefit ~~assessment~~ **analysis** shall also assess a deployment of smart metering systems only for industrial customers. (Greens)
3. Member States that proceed with the deployment of smart metering systems shall adopt and publish the minimum functional and technical requirements for the smart metering systems to be deployed in their territories, in accordance with Article 18 and Annex II. Member States shall ensure the interoperability of those smart metering systems, as well as their ability to provide output for consumer energy management

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<sup>24</sup> **Directive (EU) .../... of the European Parliament and the Council of ... on energy efficiency (OJ L ...).**

<sup>+</sup> **OJ: Please insert in the text the number of the Directive contained in document PE-CONS .../... (2021/0203(COD)) and insert the number, date, title and OJ reference of that Directive in the footnote.**

<sup>25</sup> **Directive (EU) .../... of the European Parliament and the Council of ... on energy performance of buildings (OJ L ...).**

<sup>+</sup> **OJ: Please insert in the text the number of the Directive contained in document PE-CONS .../... (2021/0426(COD)) and insert the number, date, title and OJ reference of that Directive in the footnote.**



systems. In that respect, Member States shall have due regard to the use of the relevant available standards, including those enabling interoperability, to best practices and to the importance of the development of smart grids and the development of the internal market for natural gas.

**3a. Member States that proceed with the deployment of smart metering systems shall develop guidelines for regarding the provision of clear and understandable information and advice to customers about the benefits of smart meters. Member States shall develop those guidelines after consulting consumer bodies and other relevant organisations. Those guidelines shall at least:**

- (a) include advice on how customer groups can use their smart metering system to improve their energy efficiency;**
- (b) establish industry wide standards to address the specific needs of vulnerable customers, such as persons with a visual or hearing impaired, and persons with low levels of literacy;**
- (c) include local engagement strategies to encourage ~~entire~~ support of authorities and support services to explain how smart appliances can benefit vulnerable customers and customers affected by or at risk of energy poverty.**

4. Member States that proceed with the deployment of smart metering systems shall ensure that final customers contribute to the associated costs of the deployment in a transparent and non-discriminatory manner, while taking into account the long-term benefits to the whole value chain. Member States or, where a Member State has so provided, the designated competent authorities, shall regularly monitor such deployment in their territories to track the delivery of benefits to *customers*. ***Benefits to network operations in accordance to the cost-benefit assessment, for example, in terms of savings, in particular due to better network management, more efficient fault clearing, more precise planning and the identification of network losses, shall be subtracted when calculating customers' contribution.***

~~5. Where the deployment of smart metering systems has been negatively assessed as a result of the cost-benefit assessment referred to in paragraph 2, Member States shall ensure that the assessment is revised at least every four years in response to significant changes in the underlying assumptions and in response to technological and market developments. Member States shall notify to the Commission the outcome of their updated cost-benefit assessment as it becomes available.~~

6. The provisions in this Directive concerning smart metering systems shall apply to future installations and to installations that replace older smart meters. Smart metering systems that have already been installed, or for which the 'start of works' began, before [date of entry into force], may remain in operation over their lifetime. However, smart metering systems that do not meet the requirements of Article 20 and Annex II, shall not remain in operation after [12 years after entering into force of this Directive].

7. For the purpose of paragraph 6, 'start of works' means either the start of construction works on the investment or the first firm commitment to order equipment or other commitment that makes the investment irreversible, whichever is the first in time. Buying of land and preparatory works such as obtaining permits and conducting preliminary feasibility studies shall not be considered as start of works. For take-overs, 'start of works' means the moment of acquiring the assets directly linked to the acquired establishment.

## *Article 17*

### **Smart metering systems in the hydrogen system**

- ~~1. Member States shall ensure the deployment of smart metering systems that can accurately measure consumption, provide information on actual time of use, and are capable to transmit and receive data for information, monitoring and control purposes, using a form of electronic communication.~~
- ~~2. Member States shall ensure the security of the metering systems and respective data communication, and the privacy of final customers, in compliance with relevant Union data protection and privacy legislation, as well as their interoperability and having regard to the use of appropriate standards.~~
- ~~3. The Commission shall adopt, by means of implementing acts, interoperability requirements for smart metering and procedures to ensure, for those eligible, access to data coming from those metering systems. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 4 of Regulation (EU) No 182/2011.~~

## *Article 18*

### **Functionalities of smart metering systems in the natural gas system**

Where the deployment of smart metering systems is positively assessed as a result of the cost-benefit assessment referred to in Article 16(2), ~~or where smart metering systems are systematically deployed after [date of entry into force],~~ Member States shall deploy those systems in accordance with European standards, the following requirements, and Annex II:

- (a) the smart metering systems shall accurately measure actual natural gas consumption and shall be capable of providing to final customers information on actual time of use, including validated historical consumption data which shall be made easily and securely available and visualised to final customers on request and at no additional cost, and non -validated most recent available consumption data which shall also be made easily and securely available to final customers at no additional cost, through a standardised interface or through remote access, in order to support automated energy efficiency programmes, and other services;
- (b) the security of the smart metering systems and data communication shall comply with relevant Union security rules, having due regard to the best available techniques for ensuring the highest level of cybersecurity protection while bearing in mind the costs and the principle of proportionality;
- (c) the privacy of final customers and the protection of their data shall comply with relevant Union data protection and privacy rules;
- (d) if final customers request it, their natural gas consumption data shall be made available to them, in accordance with the implementing acts adopted pursuant to Article 23, through a standardised communication interface or through remote access, or to a third party acting on their behalf, in an easily understandable format allowing them to compare offers on a like-for-like basis;
- (e) appropriate advice and information shall be given to final customers prior to or at the time of installation of smart meters, in particular concerning their full potential with regard to the management of meter reading and the monitoring of energy consumption,

and concerning the collection and processing of personal data in accordance with the applicable Union data protection rules;

- (f) smart metering systems shall enable final customers to be metered and settled at the same time resolution as the shortest settlement period in the national market.

For the purposes of point (d) of the first subparagraph, it shall be possible for final customers to retrieve their metering data or transmit them to another party at no additional cost and in accordance with their right to data portability under Union data protection rules.

#### *Article 19*

##### **Entitlement to a smart meter for natural gas for industrial customers**

1. Where the deployment of smart metering systems has been negatively assessed as a result of the cost-benefit assessment referred to in Article 16(2) ~~and where smart metering systems are not systematically deployed~~, Member States shall ensure that every **industrial** customer is entitled, on request, while bearing the associated costs, to have installed or, where applicable, to have upgraded, under fair, reasonable and cost-effective conditions, a smart meter that:
  - (a) is equipped, where technically feasible, with the functionalities referred to in Article 18, or with a minimum set of functionalities to be defined and published by Member States at national level in accordance with Annex II;
  - (b) is interoperable and able to deliver the desired connectivity of the metering infrastructure with consumer energy management systems.
2. Where a industrial customer requests a smart meter pursuant to paragraph 1, Member States or, where a Member State has so provided, the designated competent authorities shall:
  - (a) ensure that the offer to the **industrial** customer requesting the installation of a smart meter explicitly states and clearly describes:
    - (i) the functions and interoperability that can be supported by the smart meter and the services that can be provided as well as the benefits that can be realistically attained by having that smart meter at that moment in time;
    - (ii) any associated costs to be borne by the **industrial** customer;
  - (b) ensure that the smart meter is installed within a reasonable time, and in any case no later than four months after the **industrial** customer's request;
  - (c) regularly, and at least every two years, review and make publicly available the associated costs, and trace the evolution of those costs as a result of technology developments and potential metering system upgrades.

#### *Article 20*

##### **Conventional meters for natural gas**

1. Where final natural gas customers do not have smart meters, Member States shall ensure that, *in so far as it is technically possible, financially reasonable and proportionate to the potential energy savings* final customers are provided with individual conventional meters that accurately measure their actual consumption.

2. Member States shall ensure that final natural gas customers are able to easily read their conventional meters, either directly or indirectly through an online interface or through another appropriate interface.

### *Article 21*

#### **Data management**

1. When laying down the rules regarding the management and exchange of data, Member States or, where a Member State has so provided, the designated competent authorities shall specify the rules on the access to data of the final customer by eligible parties in accordance with this Article and the applicable Union legal framework. For the purpose of this Directive, data shall be understood to include metering and consumption data as well as data required for customer switching, and other services.

2. Member States shall organise the management of data in order to ensure efficient and secure data access and exchange, as well as data protection and data security.

Independently of the data management model applied in each Member State, the parties responsible for data management shall provide access to the data of the final customer to any eligible party, in accordance with paragraph 1. Eligible parties shall have the requested data at their disposal in a non-discriminatory manner and simultaneously. Access to data shall be easy and the relevant procedures for obtaining access to data shall be made publicly available.

3. The rules on access to data and data storage for the purpose of this Directive shall comply with the relevant Union law.

The processing of personal data within the framework of this Directive shall be carried out in accordance with Regulation (EU) 2016/679.

4. Member States or, where a Member State has so provided, the designated competent authorities, shall authorise and certify or, where applicable, supervise the parties responsible for the data management, in order to ensure that they comply with the requirements of this Directive.

Without prejudice to the tasks of the data protection officers under Regulation (EU) 2016/679, Member States may decide to require that parties responsible for the data management appoint compliance officers who shall be responsible for monitoring the implementation of measures taken by those parties to ensure non-discriminatory access to data and compliance with the requirements of this Directive.

Member States may appoint compliance officers or bodies referred to in point (d) of Article 44(2) of this Directive to fulfil the obligations under this paragraph.

5. No additional costs shall be charged to final customers for access to their data or for a request to make their data available.

Member States shall be responsible for setting the relevant charges for access to data by eligible parties.

Member States or, where a Member State has so provided, the designated competent authorities shall ensure that any charges imposed by regulated entities that provide data services are reasonable and duly justified.

## Article 22

### Interoperability requirements and procedures for access to data

1. In order to promote competition in the natural gas retail market and to avoid excessive administrative costs for the eligible parties, Member States shall facilitate the full interoperability of energy services within the Union.
2. The Commission shall adopt, by means of implementing acts, interoperability requirements and non-discriminatory and transparent procedures for access to data referred to in Article 21(1). Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 4 of Regulation (EU) No 182/2011.
3. Member States shall ensure that natural gas undertakings apply the interoperability requirements and procedures for access to data referred to in paragraph 2. Those requirements and procedures shall be based on existing national practices.

## Article 23

### Single points of contact

*Each Member State shall ensure that **one** single **point** of contact **is** established to provide customers with all necessary information concerning their rights, the applicable law and dispute settlement mechanisms available to them in the event of a dispute. Such single points of contact may be part of general consumer information points and may be the same entities as the single contact points for electricity referred to in Article 26 of Directive 2019/944/EU [on common rules for the internal market in electricity] **or one-stop-shops established under [RED, EED, EPBD XX/XX], provided that such entities ensure access to both energy and consumer knowledge and information.***

*The single point of contact shall also provide clear and complete information about available support measures, including those targeted to vulnerable customers, such as temporary income support mechanism, support for energy efficiency measures, building renovations, alternative renewables based heating and cooling systems and access to renewable energy production, self-consumption, sale and storage.*

*Member States shall ensure that final customers are informed about where to find the national single point of contact.*

*Member States shall ensure that information on certified comparison tools are provided to consumers through the national single point of contact, as well as ensure access to at least one accessible comparison tool to customers that request it, including those without internet access.*

## Article 24

### Right to out-of-court dispute settlement

1. Member States shall ensure that final customers have access to simple, fair, transparent, independent, effective and efficient out-of-court mechanisms for the settlement of disputes concerning rights and obligations established under this Directive, through an independent mechanism such as an energy ombudsman or a consumer body, or through a regulatory authority. Where the final customer is a consumer within the meaning of Directive 2013/11/EU of the European Parliament and of the Council<sup>(23)</sup>, such out-of-court dispute settlement mechanisms shall comply

with the quality requirements of that Directive and shall provide, where warranted, for systems of reimbursement and compensation.

2. Where necessary, Member States shall ensure that alternative dispute resolution entities cooperate to provide simple, fair, transparent, independent, effective and efficient out-of-court dispute settlement mechanisms for any dispute that arises from products or services that are tied to, or bundled with, any product or service falling under the scope of this Directive.
3. The participation of gas undertakings in out-of-court dispute settlement mechanisms for household customers shall be mandatory unless the Member State concerned demonstrates to the Commission that other mechanisms are equally effective.
- 3a. Member States shall regularly assess the functioning of the out-of-court dispute settlement mechanisms, especially with regard to the participation and compliance of energy service providers, intermediaries and distribution system operators.**

#### Article 25

#### **Vulnerable customers and customers affected by or at risk of energy poverty**

Member States shall ~~take appropriate measures to~~ protect final customers, and shall, in particular, ensure that there are adequate safeguards to protect vulnerable customers **and customers affected by or at risk of energy poverty**. In this context, ~~each Member State shall define the concept of~~ **the term vulnerable customers is defined in accordance with the Electricity Market Directive**.

**For the purpose of adopting a comparable definition of customers affected by or at risk of** ~~which may refer to energy poverty,~~ **the definition provided in the Energy Efficiency Directive shall be the reference. In order to operationalise the definition, in addition to the indicators and guidance illustrated in the Commission Recommendation on Energy Poverty,<sup>26</sup> Member States shall take into account at least the following in their definition, namely the proportion of people whose:**

- (a) share of energy costs in proportion to disposable income, after deduction of housing costs, is more than double the national median share;**
- (b) share of disposable income spent on energy services is above the national median and the disposable income after energy and housing costs is equal to or below the “risk of poverty” threshold;**
- (c) absolute energy expenditure is lower than half the national median energy expenditure.**

Measures to **address energy poverty and to protect vulnerable consumers and customers customers affected by or at risk of energy poverty may include support to ensure the necessary energy supply, to deploy renewable energy and improve energy efficiency, including building renovations, to sustainably overcome energy poverty and vulnerability.** Measures may also include, inter alia, the prohibition of disconnection to such customers in critical times, **and in any event during winter.**

In particular, Member States shall take appropriate measures to protect final customers in remote areas who are **already** connected to the natural gas **system** or hydrogen systems.

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<sup>26</sup> C(2020) 9600 final COMMISSION RECOMMENDATION of 14.10.2020 on energy poverty

Member States ~~may~~ **shall** appoint a supplier of last resort for household customers, and, where Member States deem it to be appropriate, small enterprises considered to be vulnerable customers connected to the *natural gas or hydrogen* systems. **Member States shall take appropriate measures if vulnerable customers or customers affected by or at risk of energy poverty are unable to pay the supplier of last resort.** They ~~shall ensure high levels of~~ **Member States shall ensure** consumer protection, particularly with respect to transparency regarding contractual terms and conditions, general information and dispute settlement mechanisms.

**For final vulnerable customers or customers affected by or at risk of energy poverty, including those who are not connected to the natural gas or hydrogen systems, Member States shall, without delay, adopt measures to ensure their energy security, prioritizing the most energy efficient and sustainable options.**

**The measures laid down in this Article shall not impede the effective opening of the market set out in Article 4 or market functioning. Member States shall notify the measures adopted to implement this Article to the Commission, where relevant, in accordance with Article 5. Such notifications may also include measures taken within the general social security system.**

#### *Article 25a*

##### *Energy poverty and energy security monitoring*

**Without prejudice to the reporting framework set out in ~~the Governance Regulation (EU)2018/1999~~, by ... [two years after the date of entry into force of this Directive] and every two years thereafter, the Commission shall adopt and make publicly available a report mapping the level of energy poverty and risk of energy poverty in each Member State and per NUTS3 level.**

**The report shall include ~~provide~~ at least the following elements:**

- (a) an assessment of the situation and developments of energy prices in the Union and the Member States and the impact on households affected by or at risk of energy poverty and on how energy prices impact their energy security, including an assessment of whether changes in retail energy prices are due to an ineffective implementation of this Directive and of the lack of adequate market conditions, including insufficient competition between suppliers or anti-competitive conducts;**
- (b) an assessment of the underlying conditions for the emergence of energy poverty, including an assessment of whether energy poverty is due to lack of infrastructure capacity, income situations or housing conditions;**
- (c) a detailed mapping of social instruments and measures implemented in Member States to address energy poverty including measures referred to in Article 25.**

**The Commission shall use, inter alia, the criteria set out in Article 25, in addition to the indicators and guidance illustrated in the Commission Recommendation on energy poverty, to identify and report on the number of households that are affected by or at risk of energy poverty.**

# Chapter IV

## Third party access to infrastructure

### SECTION I

#### ACCESS TO NATURAL GAS INFRASTRUCTURE

##### *Article 26*

##### **Market access for renewable and low carbon gases**

Member States shall enable the access of renewable and low carbon gases to the market and infrastructure regardless whether the renewable and low carbon gases production facilities are connected to distribution or transmission networks, ***provided that such access is considered to be beneficial in line with the ten-year network development plan referred to in Article 52.***

##### *Article 27*

##### **Third-party access to natural gas distribution and transmission and LNG terminals**

1. Member States shall ensure the implementation of a system of third party access to the transmission and distribution system, and LNG facilities based on published tariffs, applicable to all customers, including supply undertakings, and applied objectively and without discrimination between system users. Member States shall ensure that those tariffs, or the methodologies underlying their calculation, are approved prior to their entry into force in accordance with Article 72 by a regulatory authority referred to in Article 70 and that those tariffs — and the methodologies, where only methodologies are approved — are published prior to their entry into force.
2. The provisions of this Directive shall not prevent the conclusion of long-term contracts for renewable and low carbon gases in so far as they comply with Union competition rules and contribute to decarbonisation. No long-term contracts for supply of unabated fossil gas shall be concluded with a duration beyond the end of year 2049. ***The end-date may be revised in order to align with relevant changes in the Union's energy and climate objectives, taking into account the security of supply and without prejudice to long-term contracts that have been concluded.***
- ~~3. This Article shall also apply to citizen energy communities that manage distribution networks.~~

##### *Article 28*

##### **Access to upstream natural gas pipeline networks**

1. Member States shall take the necessary measures to ensure that natural gas undertakings and eligible customers, wherever they are located, are able to obtain access to upstream pipeline networks, including facilities supplying technical services incidental to such access, in accordance with this Article, except for the parts of such networks and facilities which are used for local production operations at the site of a field where the gas is produced. The measures shall be notified to the Commission in accordance with the provisions of Article 88.



2. The access referred to in paragraph 1 shall be provided in a manner determined by the Member State in accordance with the relevant legal instruments. Member States shall apply the objectives of fair and open access, achieving a competitive market in natural gas and avoiding any abuse of a dominant position, taking into account security and regularity of supplies, capacity which is or can reasonably be made available, and environmental protection. The following needs may be taken into account:
  - (a) the need to refuse access where there is an incompatibility of technical specifications which cannot reasonably be overcome;
  - (b) the need to avoid difficulties which cannot reasonably be overcome and could prejudice the efficient, current and planned future production of hydrocarbons, including that from fields of marginal economic viability;
  - (c) the need to respect the duly substantiated reasonable needs of the owner or operator of the upstream pipeline network for the transport and processing of gas and the interests of all other users of the upstream pipeline network or relevant processing or handling facilities who may be affected; and
  - (d) the need to apply their laws and administrative procedures, in conformity with Union law, for the grant of authorisation for production or upstream development.
3. Member States shall ensure that they have in place dispute-settlement arrangements, including an authority independent of the parties with access to all relevant information, to enable disputes relating to access to upstream pipeline networks to be settled expeditiously, taking into account the criteria in paragraph 2 and the number of parties which may be involved in negotiating access to such networks.
4. In the event of cross-border disputes, the dispute-settlement arrangements for the Member State having jurisdiction over the upstream pipeline network which refuses access shall be applied. Where, in cross-border disputes, more than one Member State covers the network concerned, the Member States concerned shall consult each other with a view to ensuring that the provisions of this Directive are applied consistently. Where the upstream pipeline network originates from a third country and connects to at least one Member State, the Member States concerned shall consult each other and the Member State where the first entry point to the Member States' network is located shall consult the third country concerned where the upstream pipeline network originates, with a view to ensuring, as regards the network concerned, that this Directive is applied consistently in the territory of the Member States.

#### *Article 29*

##### **Access to storage of natural gas**

1. For the organisation of access to storage facilities and linepack when technically or economically necessary for providing efficient access to the system for the supply of customers, as well as for the organisation of access to ancillary services, Member States may choose either or both of the procedures referred to in paragraphs 3 and 4. Those procedures shall operate in accordance with objective, transparent and non-discriminatory criteria.

When choosing the procedure for access to storage under this Article, Member States shall take into account the results of the common and national risk assessments carried out under Article 7 of Regulation (EU) 2017/1938.

The regulatory authorities shall define and publish criteria according to which the access regime applicable to storage facilities and linepack may be determined. They shall make public, or oblige storage and transmission system operators to make public, which storage facilities, or which parts of those storage facilities, and which linepack is offered under the different procedures referred to in paragraphs 3 and 4.

2. Paragraph 1 shall not apply to ancillary services and temporary storage that are related to LNG facilities and are necessary for the re-gasification process and subsequent delivery to the transmission system.
3. In the case of negotiated access, , the regulatory authorities shall take the necessary measures for undertakings and eligible customers either inside or outside the territory covered by the interconnected system to be able to negotiate access to storage facilities and linepack, when technically and/or economically necessary for providing efficient access to the system, as well as for the organisation of access to other ancillary services. The parties shall be obliged to negotiate access to storage, linepack and other ancillary services in good faith.

Contracts for access to storage, linepack and other ancillary services shall be negotiated with the relevant storage system operator . The regulatory authorities shall require storage system operators and natural gas undertakings to publish their main commercial conditions for the use of storage, linepack and other ancillary services on an annual basis .

When developing those conditions , storage operators shall consult system users.

4. In the case of regulated access, the regulatory authorities shall take the necessary measures to give natural gas undertakings and eligible customers either inside or outside the territory covered by the interconnected system a right to access to storage, linepack and other ancillary services, on the basis of published tariffs or other terms and obligations for use of that storage and linepack, when technically or economically necessary for providing efficient access to the system, as well as for the organisation of access to other ancillary services. The regulatory authorities shall consult system users when developing those tariffs or the methodologies for those tariffs. The right of access for eligible customers may be given by enabling them to enter into supply contracts with competing undertakings other than the owner or operator of the system or a related undertaking.

### *Article 30*

#### **Direct lines for natural gas**

1. Member States shall take the necessary measures to enable:
  - (a) undertakings established within their territory to supply the eligible customers through a direct line; and
  - (b) any such customer within their territory to be supplied through a direct line by natural gas undertakings.
2. In circumstances where an authorisation for example, licence, permission, concession, consent or approval is required for the construction or operation of direct lines, the Member States or any competent authority they designate shall lay down the criteria for the grant of authorisations for the construction or operation of such lines in their territory. Those criteria shall be objective, transparent and non-discriminatory.

3. Member States may issue an authorisation to construct a direct line subject either to the refusal of system access on the basis of Article 34 or to the opening of a dispute-settlement procedure under Article 73.

## SECTION II

### ACCESS TO HYDROGEN INFRASTRUCTURE

#### *Article 31*

##### **Third-party access to hydrogen networks**

1. Member States shall ensure the implementation of a system of regulated third party access to hydrogen networks based on published tariffs and applied objectively and without discrimination between any hydrogen network users. *In case there is less capacity than potential users, network operators shall, in cooperation with both relevant regulatory authorities and potential users, give priority access to users who can demonstrate the highest potential of greenhouse gas abatement per tonne of consumed hydrogen and where no other, more energy and cost efficient, options are available. This paragraph shall not apply to access to the hydrogen network that has already been granted.*
2. Member States shall ensure that those tariffs, or the methodologies underlying their calculation, are approved prior to their entry into force in accordance with Article 72 by a regulatory authority referred to in Article 70 and that those tariffs — and the methodologies, where only methodologies are approved — are published prior to their entry into force.
3. Hydrogen network operators shall, where necessary for the purpose of carrying out their functions, including in relation to cross-border network transport of hydrogen, have access to the network of other hydrogen network operators.
4. Until 31 December 2030, a Member State may decide not to apply paragraph 1. In such case, the Member State shall ensure the implementation of a system of negotiated third party access to hydrogen networks in accordance with objective, transparent and non-discriminatory criteria. The regulatory authorities shall take the necessary measures for hydrogen network users to be able to negotiate access to hydrogen networks. The parties shall be obliged to negotiate access to hydrogen networks in good faith.
5. Where negotiated access is used, regulatory authorities shall provide guidance to hydrogen network users on how negotiated tariffs will be affected when regulated third party access is introduced.

#### *Article 32*

##### **Third-party access to hydrogen terminals**

1. Member States shall ensure the implementation of a system of third party access to hydrogen terminals based on negotiated access in an objective, transparent and non-discriminatory manner, whereby the regulatory authorities shall take the necessary measures for hydrogen terminal users to be able to negotiate access to such terminals. The parties shall be obliged to negotiate access in good faith.

2. Regulatory authorities shall monitor conditions for third party access to hydrogen terminals and their impact on hydrogen markets and, where necessary in order to safeguard competition, take measures to improve access in line with the criteria set out in paragraph 1.

*Article 33*

**Access to hydrogen storage**

Member States shall ensure the implementation of a system of regulated third party access to hydrogen storage, and line pack when technically and/or economically necessary for providing efficient access to the system for the supply of customers, as well as for the organisation of access to ancillary services, based on published tariffs and applied objectively and without discrimination between any hydrogen system users. Member States shall ensure that those tariffs, or the methodologies underlying their calculation, are approved prior to their entry into force in accordance with Article 72 by the regulatory authority.

**SECTION III**

**REFUSAL OF ACCESS, ~~AND CONNECTION~~ OR DISCONNECTION (*GREENS 668*)**

*Article 34*

**Refusal of access and connection**

1. Natural gas and hydrogen undertakings may refuse access or connection to the natural gas or hydrogen system on the basis of lack of capacity, *grade of purity*. Duly substantiated reasons shall be given for any such a refusal.
2. Taking into account national and Union ~~decarbonisation~~ *energy and climate* objectives *and existing mandates to reduce or switch from fossil gas consumption* Member States shall, *without delay*, take appropriate measures to ensure that the natural gas or hydrogen undertaking refusing access or connection to the natural gas system or hydrogen system on the basis of lack of capacity or a lack of connection makes the necessary enhancements as far as it is economic to do so or when a potential customer is willing to pay for them.
  - 2a *Natural gas undertakings shall ensure that the disconnection of final customers in line with Article 11a taking into account existing mandates to reduce or switch from fossil gas consumption and the relevant local heating and cooling plans prepared pursuant to Article 52a.*
3. Access to the system for renewable and low carbon gases may only be refused subject to the provisions of Article 18 and 33 of [recast Gas Regulation as proposed in COM(2021) xxx].

## Chapter V

# Rules applicable to transmission, storage and system operators of natural gas

### Article 35

#### Tasks of transmission, storage or LNG system operators

1. Each transmission, storage or LNG system operator shall:
  - (a) operate, maintain, ~~and~~ develop **and decommission** under economic conditions secure, reliable and efficient transmission, storage or LNG facilities to secure an open market, with due regard to the environment, **Union and national energy and climate objectives**, the obligations laid down in [Regulation (EU) 2022/ ... (Methane Regulation)] ensure adequate means to meet service obligations;
  - (b) not discriminate between system users or classes of system users, specifically in favour of its related undertakings;
  - (c) provide to any other transmission system operator, any other storage system operator, any other LNG system operator or any distribution system operator, sufficient information to ensure that the transport and storage of natural gas may take place in a manner compatible with the secure and efficient operation of the interconnected system;
  - (d) provide system users with the information they need for efficient access to the system.
2. Each transmission system operator shall build sufficient cross-border capacity to integrate European transmission infrastructure accommodating all economically reasonable and technically feasible demands for capacity and taking into account security of gas supply.
3. Transmission system operators shall cooperate with distribution system operators to ensure the effective participation of market participants connected to the grid in retail, wholesale and balancing market.
4. Transmission system operators shall ensure efficient gas quality management in their facilities in line with applicable gas quality standards **in order to consider the quality requirements of different end-user applications**.
5. Rules adopted by transmission system operators for balancing the gas transmission system shall be objective, transparent and non-discriminatory, including rules for the charging of system users of their networks for energy imbalance. Terms and conditions, including rules and tariffs, for the provision of such services by transmission system operators shall be established pursuant to a methodology compatible with Article 72 (7) in a non-discriminatory and cost-reflective way and shall be published.
6. The regulatory authorities where Member States have so provided or Member States may require transmission system operators to comply with minimum standards for the maintenance and development of the transmission system, including interconnection capacity.
7. Member States may provide that one or several responsibilities listed in paragraph 1 are assigned to a transmission system operator other than the one which owns the

transmission system to which the responsibilities concerned would otherwise be applicable. The transmission system operator to which the tasks are assigned shall be certified under the ownership unbundling, the independent system operator or the independent transmission system operator model and fulfil the requirements provided for in Article 54, but shall not be required to own the transmission system it is responsible for.

8. The transmission system operator shall fulfil the requirements provided for in Chapter IX and be certified in accordance with Article 57. This shall be without prejudice to the possibility for transmission system operators which are certified under the ownership unbundling, the independent system operator or the independent transmission system operator model to delegate, on their own initiative and under their supervision, certain tasks to other transmission system operators which are certified under the ownership unbundling, the independent system operator or the independent transmission system operator model, where the delegation of tasks does not endanger the effective and independent decision-making rights of the delegating transmission system operator.
9. LNG, and storage system operators shall cooperate, within one Member State and regionally, to ensure the most efficient use of facilities capacities and synergies between these facilities, taking into account system integrity and operation **and minimised methane leakage inter alia by prioritising co located uses.**
10. Transmission system operators shall procure the energy they use for the carrying out of their functions according to transparent, non-discriminatory and market based procedures.

#### *Article 36*

#### **Confidentiality for transmission system operators and transmission system owners**

1. Without prejudice to Article 68 or any other legal duty to disclose information, each transmission, storage or LNG system operator, and each transmission system owner, shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory manner. ~~In particular,~~ ***If the transmission, storage or LNG system operator, or the transmission system owner is part of a vertically integrated undertaking, it shall not disclose, in particular, any commercially sensitive information to the remaining parts of the vertically integrated undertaking other than transmission system operators, distribution system operators or hydrogen network operators, unless this is necessary for carrying out a business transaction. In order to ensure the full respect of the rules on information unbundling, Member States shall ensure that, where the transmission system operator is unbundled in accordance with the rules on the independent system operator for natural gas set out in Section 2 of Chapter IX, the transmission system owner including, in the case of a combined operator, the distribution system operator, and the remaining part of the vertically integrated undertaking other than transmission system operators, distribution system operators or hydrogen network operators undertaking do not use joint services, such as joint legal services, apart from purely administrative or IT functions.***
2. Transmission, storage or LNG system operators shall not, in the context of sales or purchases of natural gas by related undertakings, misuse commercially sensitive

information obtained from third parties in the context of providing or negotiating access to the system.

3. Information necessary for effective competition and the efficient functioning of the market shall be made public. That obligation shall be without prejudice to protecting commercially sensitive information.

#### *Article 37*

### **Decision-making powers regarding the connection of new production facilities for renewable and low carbon gases to the transmission system**

1. The transmission system operator shall establish and publish transparent and efficient procedures for non-discriminatory connection of new production installations of renewable and low carbon gases ***in line with the capacities identified in the ten-year network development plan referred to in Article 51***. Those procedures shall be subject to approval by the regulatory authorities.
  2. The transmission system operators shall not be entitled to refuse economically reasonable and technically ***feasible*** connection requests of a new ***or an existing, but not yet connected*** production facility installation for renewable and low carbon gases ***in line with the capacities identified in the ten-year network development plan set out in Article 51. Production facilities installations for renewable gas shall have priority to connect over facilities for low carbon gases.***
- 2 a. *For the purpose of the swift implementation of grid connection of renewable gas production, Member States shall ensure that:***
- (a) the transmission system operator complies with reasonable time limits to assess the requests for injection of renewable gases, make an offer and implement the connection, under the monitoring of the regulatory authorities conducted in accordance with Article 72(1), point (t);***
  - (b) permitting procedures for the implementation of the connection are not hampered by a lack of administrative capacity and do not create a hurdle to the achievement of the national renewable energy target.***

#### *Article 38*

### **Decision-making powers regarding the connection to the transmission system and the hydrogen network**

1. The transmission system operator and the hydrogen network operator shall establish and publish transparent and efficient procedures and tariffs for non-discriminatory connection of natural gas and hydrogen storage facilities, LNG regasification facilities, hydrogen terminals and industrial customers to the transmission system and the hydrogen network ***in line with the capacities identified in the ten-year network development plan referred to in Article 51***. Those procedures shall be subject to approval by the regulatory authority.
2. The transmission system operator and the hydrogen network operator shall not be entitled to refuse the connection of a new natural gas or hydrogen storage facility, LNG regasification facility, hydrogen terminal or industrial customer on the grounds of possible future limitations to available network capacities or additional costs linked with necessary capacity increase. The transmission system operator and hydrogen

network operator shall ensure sufficient entry and exit capacity for the new connection.

## Chapter VI

### Distribution system operation of natural gas

#### *Article 39*

##### **Designation of distribution system operators and hydrogen distribution network operator**

***Following a transparent procedure***, Member States shall designate, or shall require undertakings which own or are responsible for distribution systems ***or hydrogen distribution networks*** to designate, for a period of time to be determined by Member States, having regard to considerations of efficiency, ***the Union's climate and energy targets*** and economic balance, one or more distribution system operators ***or hydrogen distribution network operators*** and shall ensure that those operators act in accordance with Articles 40, 42 and 43.

#### *Article 40*

##### **Tasks of distribution system operators**

1. Each distribution system operator shall be responsible for ensuring the long-term ability of the system to meet reasonable demands for the distribution of gas ***in accordance with Article 51 and 52b***, and for operating, maintaining ~~and~~ developing ***and decommissioning*** under economic conditions a secure, reliable and efficient system in its area, with due regard for the environment the obligations laid down in [Regulation (EU) 2022/ ... (Methane Regulation)] and energy efficiency. ***This also includes biogas and biomethane assets.***
2. When so decided by regulatory authorities, distribution system operators may be responsible for ensuring efficient gas quality management in their facilities in line with applicable gas quality standards, where necessary for system management due to the injection of renewable and low-carbon gases.
3. In any event, the distribution system operator shall not discriminate between system users or classes of system users, particularly in favour of its related undertakings.
4. Each distribution system operator shall provide any other distribution, transmission, LNG, and/or storage system operator with sufficient information to ensure that the transport and storage of natural gas takes place in a manner compatible with the secure and efficient operation of the interconnected system.
5. Each distribution system operator shall provide system users with the information they need for efficient access to, including use of, the system.
6. Where a distribution system operator is responsible for balancing the distribution system, rules adopted by it for that purpose shall be objective, transparent and non-discriminatory, including rules for the charging of system users for energy imbalance. Terms and conditions, including rules and tariffs, for the provision of such services by distribution system operators shall be established pursuant to a methodology compatible with Article 72(7) in a non-discriminatory and cost-reflective way and shall be published.



7. Distribution system operators shall cooperate with transmission system operators to ensure the effective participation of market participants connected to their grid in retail, wholesale and balancing market in the entry-exit system to which the distribution system belongs to.
8. The distribution system operators shall establish and publish transparent and efficient procedures for non-discriminatory connection of new production installations of renewable and low carbon gases. Those procedures shall be subject to approval by the regulatory authorities.
9. The distribution system operators shall not be entitled to refuse economically reasonable and technically feasible connection requests of a new *or existing, but not yet connected* production facility *installation* for renewable and low carbon gases *in accordance with the Union energy and climate objectives and the capacities identified in the distribution network plans referred to in Article 52b. Production facilities for renewable gases shall have priority to connect over production facilities for low carbon gases.*

#### *Article 41*

#### **Decision-making powers regarding the connection of new production facilities for renewable and low carbon gases to the distribution system**

Regulatory authorities shall oblige the distribution system operator to publish transparent and efficient procedures for non-discriminatory connection of new production installations of renewable and low carbon gases. Those procedures shall be subject to approval by the regulatory authorities.

*1a. For the purpose of the swift implementation of network connection of renewable gas production, Member States shall ensure that:*

- (a) the distribution system operator complies with reasonable time limits to assess the requests for injection of renewable gases, make an offer and implement the connection, under the monitoring of the regulatory authorities conducted in accordance with Article 72(1), point (t);*
- (b) permitting procedures for the implementation of the connection are not hampered by lack of administrative capacity and that do not create a hurdle to the achievement of the national renewable energy target.*

#### *Article 42*

#### **Unbundling of distribution system operators and hydrogen distribution network operators**

1. Where the distribution system operator *or the hydrogen distribution network operator* is part of a vertically integrated undertaking, it shall be independent at least in terms of its legal form, organisation and decision making from other activities not relating to distribution. Those rules shall not create an obligation to separate the ownership of assets of the distribution system *or the hydrogen distribution network* from the vertically integrated undertaking.
2. In addition to the requirements under paragraph 1, where the distribution system *operator or the hydrogen distribution network* operator is part of a vertically

integrated undertaking, it shall be independent in terms of its organisation and decision-making from the other activities not related to distribution. In order to achieve this, the following minimum criteria shall apply:

- (a) the persons responsible for the management of the distribution system **operator or the hydrogen distribution network operator** shall not participate in company structures of the integrated natural gas **undertaking or the vertically integrated undertaking** responsible, directly or indirectly, for the day-to-day operation of the production, transmission, transportation and supply of gases;
- (b) appropriate measures shall be taken to ensure that the professional interests of persons responsible for the management of the distribution system **operator or the hydrogen distribution network operator** are taken into account in a manner that ensures that they are capable of acting independently;
- (c) the distribution system **operator or the hydrogen distribution network operator** shall have effective decision-making rights, independent from the integrated natural gas **undertaking or the vertically integrated undertaking**, with respect to assets necessary to operate, maintain or develop the network; in order to fulfil those tasks, the distribution system **operator or the hydrogen distribution network operator** shall have at its disposal the necessary resources including human, technical, financial and physical resources; this shall not prevent the existence of appropriate coordination mechanisms to ensure that the economic and management supervision rights of the parent company in respect of return on assets, regulated indirectly in accordance with Article 72(7) in a subsidiary are protected; in particular, this shall enable the parent company to approve the annual financial plan, or any equivalent instrument, of the distribution system **operator or the hydrogen distribution network operator** and to set global limits on the levels of indebtedness of its subsidiary; it shall not permit the parent company to give instructions regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of distribution lines, that do not exceed the terms of the approved financial plan, or any equivalent instrument;
- (d) the distribution system **operator or the hydrogen distribution network operator** shall establish a compliance programme, which sets out measures taken to ensure that discriminatory conduct is excluded, and ensure that observance of it is adequately monitored; the compliance programme shall set out the specific obligations of employees to meet that objective; an annual report, setting out the measures taken, shall be submitted by the person or body responsible for monitoring the compliance programme, the compliance officer of the distribution system **operator or the hydrogen distribution network operator**, to the regulatory authority referred to in Article 70(1) and shall be published; the compliance officer of the distribution system **operator or the hydrogen distribution network operator** shall be fully independent and shall have access to all the necessary information of the distribution system **operator or hydrogen distribution network operator** and any affiliated undertaking to fulfil his task.

3. Where the distribution system **operator or the hydrogen distribution network operator** is part of a vertically integrated undertaking, the Member States shall ensure that the activities of the distribution system **operator or the hydrogen distribution network operator** are monitored by regulatory authorities or other competent bodies so that it

cannot take advantage of its vertical integration to distort competition. In particular, vertically integrated distribution system operators *or the hydrogen distribution network operators* shall not, in their communication and branding, create confusion in respect of the separate identity of the supply branch of the vertically integrated undertaking.

**3a** *The distribution system operator and the hydrogen distribution network operator shall comply with Article 64 and 69 of this Directive.*

4. Member States may decide not to apply paragraphs 1, 2 and 3 to integrated natural gas undertakings serving less than 100 000 connected customers.

#### *Article 43*

##### **Confidentiality obligations of distribution system operators**

1. Without prejudice to Article 68 or any other legal duty to disclose information, each distribution system operator shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its business, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory manner.
2. Distribution system operators shall not, in the context of sales or purchases of natural gas by related undertakings, abuse commercially sensitive information obtained from third parties in the context of providing or negotiating access to the system.

#### *Article 44*

##### **Closed distribution systems of natural gas**

1. Member States may provide for regulatory authorities or other competent authorities to classify a system which distributes natural gas within a geographically confined industrial, commercial or shared services site and does not, without prejudice to paragraph 4, supply household customers, as a closed distribution system if:
  - (a) for specific technical or safety reasons, the operations or the production process of the users of that system are integrated; or
  - (b) that system distributes natural gas primarily to the owner or operator of the system or to their related undertakings.
2. Member States may provide for regulatory authorities to exempt the operator of a closed natural gas distribution system from the requirement under Article 27(1) that tariffs, or the methodologies underlying their calculation, are approved prior to their entry into force in accordance with Article 72.
3. Where an exemption is granted under paragraph 2, the applicable tariffs, or the methodologies underlying their calculation, shall be reviewed and approved in accordance with Article 72 upon request by a user of the closed natural gas distribution system.
4. Incidental use by a small number of households with employment or similar associations with the owner of the distribution system and located within the area served by a closed distribution system shall not preclude an exemption under paragraph 2 being granted.

5. Closed distribution systems shall be considered as distribution systems for the purposes of this Directive.

*Article 45*

**Combined operator**

Article 44 (1) shall not prevent the operation of a combined transmission **system, hydrogen network, LNG system, hydrogen terminal, natural gas and hydrogen** storage and distribution system operator provided that the operator complies with **Articles 64 and 69 as well as** Article 54 (1), or Articles 55 and 56, or Chapter IX **or Article 62**.

## **Chapter VII**

### **Rules applicable to the dedicated hydrogen networks**

*Article 46*

**Tasks of hydrogen network, storage and terminal operators**

1. Each operator of hydrogen networks, storage or terminal shall be responsible for:
- (a) operating, maintaining, developing, **including repurposing**, under economic conditions a secure and reliable infrastructure for hydrogen transport or storage with due regard to the environment, in close cooperation with connected and neighbouring hydrogen network operators **and based on the ten-year network development plan set out on Article 51**;
  - (b) ensuring the long-term ability of the hydrogen system to meet **identified** reasonable demands for the transport and storage of hydrogen **in accordance with the ten-year network development plan set out on Article 51**;
  - (c) ensuring adequate means to meet its obligations;
  - (d) providing to the operator of other networks or systems with which its system is interconnected sufficient information, **including on hydrogen quality**, to ensure the secure and efficient operation, coordinated development and interoperability of the interconnected system;
  - (e) not discriminating between system users or classes of infrastructure users, specifically in favour of its related undertakings; and
  - (f) providing system users with the information they need for efficient access to the infrastructure;
  - (g) taking all **necessary** measures available to prevent and minimise hydrogen emissions in their operations and carrying out, at regular intervals, a hydrogen leak detection and repair survey of all relevant components under the operator responsibility;
  - (h) submitting a hydrogen leak detection report and, where necessary, a repair or replacement programme to the competent authorities. **Data on leaks and repairs shall be made publicly available**;

*(h b) coordinate with other hydrogen network operators in order to optimise co-location of production and usage of hydrogen.*

2. Each hydrogen network operator shall build sufficient cross-border capacity to integrate European hydrogen infrastructure accommodating, *where it is* economically reasonable and technically feasible, all demands *along the* capacity *identified in the ten-year network development plan as set out in Article 51 and the Union-wide network development plan as set out in Article 23 of Regulation* and taking into account security of hydrogen supply. *This paragraph shall not apply to hydrogen distribution network operators unless they operate cross-border infrastructure.*
3. Hydrogen network operators ~~may~~ *shall* be responsible for ensuring efficient hydrogen quality management in their networks in line with applicable hydrogen quality standards, *to meet the quality requirements of different end-use applications* ~~where necessary for system management~~ and subject to the approval of the regulatory authority.
- 3 a. *Hydrogen network operators shall be required to ensure stable hydrogen quality for end-users, especially in hard-to-decarbonise sectors, by applying applicable hydrogen quality standards.*

#### Article 47

##### Existing hydrogen networks

1. Member States may decide to grant a derogation from the requirements of Articles 31, ~~42~~, 62, ~~63~~ and 64 of this Directive, and Articles 6 and 47 of [recast Gas Regulation as proposed in COM(2021) xxx] to hydrogen networks that belonged to a vertically integrated undertaking on [date of entry into force]. The derogation shall be limited in scope to the network capacity in operation on [date of entry into force].
2. The derogation shall be limited in time and shall expire:
  - (a) where the vertically integrated undertaking submits a request to the regulatory authority to end the derogation and such request is approved by the regulatory authority;
  - (b) where the hydrogen network benefitting from the derogation is connected to another hydrogen network;
  - (c) where the hydrogen network benefitting from the derogation or its capacity is expanded;
  - (d) at the latest on 31 December 2030.

#### Article 48

##### Geographically confined hydrogen networks

1. Member States may provide for regulatory authorities to grant a derogation from Article ~~42~~ or 62 for hydrogen networks which transport hydrogen from one entry point to a limited number of exit points within a geographically confined, industrial or commercial area. *Before granting a derogation pursuant to the first subparagraph, the regulatory authorities shall take into account the connection to the hydrogen network of especially end-users in hard-to decarbonise sectors with the highest greenhouse gas abatement potential where no other more energy or cost efficient alternatives are available.*

2. The derogations under paragraph 1 shall apply at least until 31 December 2030. As from 1 January 2031, the derogation shall expire when one of the conditions below is fulfilled:
  - (a) where a competing renewable hydrogen producer wants to get access to the network;
  - (b) where the exempted hydrogen network becomes connected to another hydrogen network.

Member States shall take the necessary measures to ensure that access requests referred to in point (a) of this paragraph are notified to the regulatory authority ***and information on derogations, type of end-users served, type and extension of the geographically confined area are made publicly available, with due regard of commercially sensitive information.***

#### *Article 49*

##### **Hydrogen interconnectors with third countries**

1. Hydrogen interconnectors between Member States and third countries shall be subject to the rules applicable to hydrogen networks as set out in this Directive and in [recast Gas Regulation as proposed in COM(2021) xxx]. Member States shall ensure that the enforcement of these rules takes into account their effective application on Union territory and the integrated nature of the interconnector.
2. For the purpose of implementing the requirements set out in paragraph 1, the Union shall, for each hydrogen interconnector, conclude prior to its operation an intergovernmental agreement with the connected third country, or third countries, setting out the operating rules for the hydrogen interconnector concerned where the Commission has determined that such an agreement is necessary to ensure compliance with the rules referred to in paragraph 1.
3. Such intergovernmental agreement ~~may~~ ***shall*** contain, ~~as appropriate,~~ rules specifying the implementation of the requirements of third-party access, tariff regulation and on the unbundling of the operator of the hydrogen interconnector, as well as rules on the certification of renewable and low-carbon hydrogen, including rules ensuring the collection of required data and the application of the criteria for accounting hydrogen produced from renewable electricity as renewable hydrogen ***as well as guidelines on social and environmental cooperation.***

#### *Article 49a new*

##### ***Smart metering systems in the hydrogen system for industrial customers***

1. ***Member States shall ensure the deployment of smart metering systems for industrial customers that can accurately measure consumption, provide information on actual time of use, and are capable to transmit and receive data for information, monitoring and control purposes, using a form of electronic communication.***
2. ***Member States shall ensure the security of the metering systems and respective data communication, and the privacy of final customers, in compliance with relevant Union data protection and privacy legislation, as well as their interoperability and having regard to the use of appropriate standards.***
3. ***The Commission shall adopt, by means of implementing acts, interoperability requirements for smart metering and procedures to ensure, for those eligible, access***

*to data coming from those metering systems. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 4 of Regulation (EU) No 182/2011.*

#### Article 50

### **Confidentiality for operators of hydrogen networks, hydrogen storage facilities and hydrogen terminals**

1. Without prejudice to legal duties to disclose information, each operator of a hydrogen network, hydrogen storage facility or hydrogen terminal, and each owner of a hydrogen network, shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory manner. ~~In particular,~~ if the operator of a hydrogen network, hydrogen storage facility or hydrogen terminal, or the owner of a hydrogen network is part of a vertically integrated undertaking, it shall, *in particular*, not disclose any commercially sensitive information to the remaining parts of the *vertically integrated* undertaking *other than transmission system operators, distribution system operators or hydrogen network operators*, unless this is necessary for carrying out a business transaction.
2. The operator of a hydrogen network, hydrogen storage facility or hydrogen terminal shall not, in the context of sales or purchases of hydrogen by related undertakings, misuse commercially sensitive information obtained from third parties in the context of providing or negotiating access to the system.
3. Information necessary for effective competition and the efficient functioning of the market shall be made public. That obligation shall be without prejudice to protecting commercially sensitive information.

## **Chapter VIII**

### **Integrated network planning**

#### Article 51

#### **Network development and powers to make investment decisions**

1. At least every two years, all transmission system operators, *hydrogen transmission network operators and electricity transmission system operator in accordance with Article 51 of Directive (EU) 2019/944* shall submit to the relevant regulatory authority a ten-year network development plan based on existing and forecast supply and demand after having consulted all relevant stakeholders *in accordance with paragraph 8 of this article*. There shall be at least one single network development plan per Member State *for natural gas, hydrogen and electricity*. ~~Infrastructure operators, including LNG terminal operators, storage operators, distribution system operators, as well as district heating infrastructure and electricity operators shall be required to provide and exchange all relevant information to the transmission system operators and the for developing the single plan.~~ The single network development plan shall contain efficient measures in order to *promote energy system integration in line with the ‘system efficiency’ principle (EED Art. 2 3a) and the energy efficiency first*

*principle in accordance with the European Commission Recommendation on Energy Efficiency First (C(2021) 7014 final), it shall contribute to climate neutrality and guarantee the adequacy of the natural gas system and the hydrogen system as well as the security of supply, in particular the compliance with the infrastructure standards under Regulation (EU) 2017/1938. The ten-year network development plan, and the information which the transmission system operator and the hydrogen transmission network operator considered in developing the ten-year network development plan, shall be published and accessible on a website.*

2. The ten-year network development plan shall, in particular:

- (a) contain the main infrastructure that needs to be built or upgraded over the next ten years *and taking into account infrastructure developed by distribution system operators to enable reverse flows to the transmission network;*
- (b) contain all the investments *and demand-side solutions not requiring new infrastructure investments* already decided and identify new *investments and demand-side solutions not requiring new infrastructure* investments which have to be executed in the next three years, *including investments with regard to the decommissioning and repurposing of infrastructure;*
- (c) include information on infrastructure that can or will be decommissioned *or repurposed for the [transmission] of hydrogen, especially to rapidly deliver hydrogen to end-users in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential per tonne of consumed hydrogen and where no other more energy and cost efficient options are available, (c a) identify the most relevant and cost-efficient network connections and network reinforcements for renewable gases, including renewable hydrogen;*(d) provide for a time frame for all investment and decommissioning or projects *and all demand-side solutions not requiring new infrastructure investments;*
- (d a) *include information on capacity needs, both in volume and duration, as negotiated between network users and hydrogen transmission network operators as well as forecasted supply and demand for hydrogen, specifically taking into account end-users in hard-to-decarbonise sectors, which have the highest greenhouse gases emissions abatement potential per tonne of consumed hydrogen and where no other more energy and cost efficient options are available;*(d b) *identify investment gaps, in particular with respect to cross-border capacities, that are needed for the establishment of an integrated European hydrogen market enabling hydrogen to move freely across borders, taking into account the hydrogen storage development and the integration of hydrogen imports;*
- (e) be based on a joint scenario framework developed between the relevant infrastructure operators, including relevant distribution system operators, of at least gas, *including hydrogen, and electricity and district heating and the regulatory authorities. The joint scenario framework shall incorporate reasonable assumptions for the evolution of production, consumption and trade of energy and shall be developed with input from all relevant stakeholders as referred to in paragraph 8 of this Article. Evolution of biomethane production incorporated in the joint scenario framework shall be based on the regional maps referred to in paragraph 1 of Article 17a of Regulation [recast Gas Regulation as proposed in COM(2021)xxx]. The joint scenario framework shall include a long-term perspective, with intermediate*



*steps, until 2050 in line with point (g) and take into account the joint scenario framework from the Union-wide ten-year network development plan;*

- (e a) be developed in a close cooperation between gas, hydrogen and electricity operators based on the identification of coordinated priority corridors for renewable electricity and renewable gases in consistency with the joint scenarios developed under point (e) of this Article;*
  - (f) be consistent with the results of the common and national risk assessments under Article 7 of Regulation 2017/1938;*
  - (g) ~~be in line with~~ **contribute to achieving** the integrated national energy and climate plan and its updates, and ~~with~~ the integrated national energy climate reports **and long-term strategies** submitted in accordance with Regulation (EU) 2018/1999 and support the **GHG emissions reductions and climate-neutrality objectives** objective set out in ~~Articles 2(1) and 4(1) Article 2(1),~~ of Regulation (EU) 2021/1119 **and relevant national decarbonisation objectives;***
  - (g a) be in line with and contribute to the latest Union energy and climate objectives for 2030 as defined under targets agreed in Directive (EU) .../...[recast EED], Article 26 of the Directive (EU) .../... [recast EPBD] and Article X of the Directive (EU) .../... [recast RED]*
  - (g b) be consistent with the Union-wide ten-year network development plan as set out in Article 29 and Article 43 of Regulation ... [recast Gas Regulation as proposed in COM(2021)xxx].*
  - (g c) while taking into account the distribution network development plans as set out in article 52b.*
3. When elaborating the ten-year network development plan, the transmission system **operator and the hydrogen transmission network** operator shall fully take into account the potential for alternatives to system expansion, ~~for instance the use of demand response,~~ **in particular decommissioning or repurposing of infrastructure** as well as **demand-side solutions not requiring new natural gas or hydrogen infrastructure, and** expected consumption following the application of the energy efficiency first principle, trade with other countries and the Union-wide network development plan. **The prioritisation of the end-users in hard-to-decarbonise sectors, which have the highest greenhouse gases emissions abatement potential per tonne of consumed hydrogen and where no other more energy and cost efficient options are available, shall be considered. The transmission system operator and hydrogen transmission network operator** shall assess how to address, where possible, a need across electricity, **heat** and gases systems including information on the optimal location and size of energy storage, ~~and~~ power to gas assets **and hydrogen-ready plants as well as planning for colocation of future production and use sites, where possible. The hydrogen transmission network operator shall include information on the location of end-users in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential per tonne of consumed hydrogen. The transmission system operator and hydrogen transmission network operator shall make reasonable assumptions about the evolution of production, supply and consumption of gases and electricity.**
4. The regulatory authority shall consult all actual or potential system users **and all relevant stakeholders in accordance with paragraph 8**, on the ten-year network development plan in an open and transparent manner. Persons or undertakings

claiming to be potential system users may be required to substantiate such claims. The regulatory authority shall publish the result of the consultation process, **including in particular possible needs for investments, decommissioning of assets and demand-side solutions not requiring new infrastructure investments.**

5. The regulatory authority shall examine whether the ten-year network development plan **complies with the provisions set out in paragraph (1) to (3)**, covers all investment needs identified during the consultation process, **whether it promotes energy system integration and is in line with the energy efficiency first principle, the national energy and climate plan and its updates, with the integrated national energy climate reports and long-term strategies submitted in accordance with Regulation (EU) 2018/1999**, and whether it is consistent with the most recent Union wide simulation of disruption scenarios carried out by the ENTSO [G&H] for Gas under Article 7 of Regulation (EU) 2017/1938, with the regional and national risk assessments, **the Union-wide ten-year network development plans referred to in Article 29 and Article 43 of Regulation ... [recast Gas Regulation as proposed in COM(2021)]** and the non-binding Union -wide ten-year network development plan ( Union -wide network development plan) referred to in Article 30(1), point (b), of Regulation (EU) 2019/943 . If any doubt arises as to the consistency with the Union -wide network development plan, the regulatory authority shall consult ACER . **The European Scientific Advisory Board on Climate Change may give an opinion on the draft ten-year network development plan.** The regulatory authority ~~may~~ **shall publish a decision, including a report, whether to approve, amend or** require the transmission system operator **and the hydrogen transmission network operator** to amend its ten-year network development plan **to resolve any identified inconsistencies with the provisions set out in paragraph (1) to (3)** .

~~The competent national authorities shall examine the consistency of the ten-year network development plan with the national energy and climate plan and its updates and with the integrated national energy climate reports submitted in accordance with Regulation (EU) 2018/1999.~~

6. The regulatory authority shall monitor and evaluate the implementation of the ten-year network development plan. **Such monitoring and evaluation shall be made publicly available.**
- 6 a. **The regulatory authority shall take the examination of network development plan for hydrogen into account in its approval of dedicated charges within the meaning of Article 4 of [recast Gas Regulation as proposed in COM(2021)xxx].**
7. In circumstances where the independent system operator or independent transmission operator, **or hydrogen transmission network operators unbundled in accordance with the rules on the aforementioned operator**, other than for overriding reasons beyond its control, does not execute an investment **in line with paragraph 2, point (b)**, which, under the ten-year network development plan, was to be executed in the following three years, Member States shall ensure that the regulatory authority is required to take at least one of the following measures to ensure that the investment in question is made if such investment is still relevant on the basis of the most recent ten-year network development plan:
  - (a) to require the transmission system **operator or the hydrogen transmission network operator** to execute the investments in question;

- (b) to organise a tender procedure open to any investors for the investment in question;
- (c) to oblige the transmission system *operator or the hydrogen transmission network operator* to accept a capital increase to finance the necessary investments and allow independent investors to participate in the capital.

Where the regulatory authority has made use of its powers under point (b) the first subparagraph, it may oblige the transmission system operator *or the hydrogen transmission network operator* to agree to one or more of the following:

- (a) financing by any third party;
- (b) construction, *repurposing or decommissioning* by any third party;
- (c) building the new assets *or decommission or repurpose existing assets* concerned itself;
- (d) operating the new assets concerned itself.

The transmission system *operator or the hydrogen transmission network operator* shall provide the investors with all information needed to realise the investment, shall connect new assets to the transmission network and shall generally make its best efforts to facilitate the implementation of the investment project.

The relevant financial arrangements shall be subject to approval by the regulatory authority.

- 8. Where the regulatory authority has made use of its powers under paragraph 7, the relevant tariff regulations shall cover the costs of the investments in question.

**8 a.** *Without prejudice to other consultation or transparency provisions set forth elsewhere in Union or the relevant Member States' laws, including this Directive and the Regulation [recast Gas Regulation as proposed in COM(2021)xxx], when engaging in stakeholder consultations set forth in paragraphs 1, 2(e) and 4 of this Article, the transmission system operator, the hydrogen transmission network operator and the regulatory authority shall comply with the following:*

*a. The consultations shall be effective and extensive and shall take place at an early stage prior to the development of the ten-year network development plan and in an open, inclusive and transparent manner. The participation is voluntary and all relevant stakeholders shall be invited, including the distribution system operator and hydrogen distribution system operators, associations involved in electricity, gas and hydrogen markets, heating and cooling, supply and production undertakings, independent aggregators, demand-response operators, organisations involved in energy efficiency solutions, energy consumer associations, civil society representatives, research organisations and universities, where appropriate.*

*aa. In derogation of point a, infrastructure operators, including LNG terminal operators, storage operators, **hydrogen storage and terminal operators**, distribution system operators, **hydrogen distribution system operators** as well as district heating infrastructure and electricity operators shall be required to provide and exchange all relevant information to the transmission system operators and the hydrogen transmission network operators **required** for developing the single plan. **End-users in hard-to-decarbonise sectors with the highest greenhouse gas abatement potential per tonne of consumed hydrogen and***

*where no other more energy and cost efficient options are available shall be required to provide and exchange all relevant information to the hydrogen transmission network operators. Their views shall be fully taking into account without prejudice to paragraph (1) to (3).*

- b. All official documents related to the consultations and documents used for development of the draft plan and the final plan shall be made public while taking into consideration commercially sensitive information and data protection.*
- c. Before the transmission system operator and the hydrogen transmission network operator submit the ten-year network development plan to the regulatory authority for approval, and in the case of the regulatory authority before the regulatory authority issues its decision approving or ordering amendments to the plan, the transmission system operator and the regulatory authority, as the case may be, shall be able to duly justify all instances where observations have not been taken into account, or have only partially been taken into account.*
- d. To ensure early and effective participation, the transmission system operator shall publish its draft network development plan in a timely adequate manner prior to the submission to the regulatory authority, for comments by the stakeholders referenced above.*

#### Article 52

##### **Hydrogen network development reporting**

- ~~1. Hydrogen network operators shall submit to the regulatory authority at regular intervals as determined by that authority, an overview of the hydrogen network infrastructure they aim to develop. That overview shall in particular:
  - ~~(a) include information on capacity needs, both in volume and duration, as negotiated between network users and hydrogen network operators;~~
  - ~~(b) include information on the extent to which repurposed natural gas pipelines will be used for the transport of hydrogen;~~
  - ~~(c) be in line with the integrated national energy and climate plan and its updates, and with the integrated national energy and climate reports submitted in accordance with Regulation (EU) 2018/1999, and support the climate neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119.~~~~
- ~~2. Hydrogen storage and terminal operators shall provide and exchange all relevant information required for developing the overview with the hydrogen network operators.~~
- ~~3. The regulatory authority shall examine the overview. It shall take the overall energy-economic necessity of the hydrogen network into account in this examination as well as the joint scenarios framework developed under Article 51 (2), point e).~~
- ~~4. The regulatory authority shall take the examination of the overview into account in its approval of dedicated charges within the meaning of Article 4 of [recast Gas Regulation as proposed in COM(2021)xxx].~~

- ~~5. Hydrogen network operators shall publish on a regular basis a joint report on the development of the hydrogen system based on the overview submitted to the regulatory authority. They shall take the examination of the regulatory authority under paragraph 4 into account.~~
- ~~6. Member States may decide to apply the requirements pursuant to Article 51 to hydrogen network operators.~~

#### *Article 52a new*

##### *Local heating and cooling planning*

- 1. Member States shall ensure that regional and local authorities prepare local heating and cooling plans at least in municipalities having a total population of at least 35.000 and encourage municipalities with a lower population to prepare such plans. Those plans shall support the comprehensive heating and cooling assessment in accordance with Article 23(1) of Directive ... [recast of the directive on energy efficiency 2021/0203 (COD)]. Each Members States shall complement the comprehensive heating and cooling assessment with a national strategy aiming at the reduction of the use of gases for the heating and cooling of buildings on distribution level in line with the national energy and climate plan and its updates, with the integrated national energy climate reports and long-term strategies submitted in accordance with Regulation (EU) 2018/1999 and taking into account the availability of more energy and cost-efficient alternatives in accordance with the comprehensive heating and cooling assessment.**
- 2. Those plans shall at least:**
  - (aa) be built upon (Greens) the local heating and cooling plans referred to in Article 23(6) of Directive ... [recast of the directive on energy efficiency 2021/0203(COD)];**
  - (a) represent the result of a thorough assessment of a specific area's current and future demand for heating and cooling, including the energy demand of final customers in industry, SMEs, buildings and transport, and analyse the potential of decarbonisation by taking into account local and ~~or~~ regional renewable energy sources, including non-gaseous renewable energy sources (Greens) and the potential of biomethane based on the regional maps referred to in paragraph 1 of Article 17a of Regulation [recast Gas Regulation as proposed in COM(2021)xxx], energy savings and energy efficiency measures as well as the potential of system efficiency through sector integration and the capacity for seasonal storage at local or regional level;**
  - (b) be in line with the national building renovation plan referred to in Article 3 of Directive ... [recast of the directive on the energy performance of buildings 2021/0462 (COD)], the integrated multilevel mapping and planning and Go-to areas in accordance with Article 15b of Directive [RED IV] as well as the joint scenario framework as referred to in Article 51(2), point (e) of this Directive;**
  - (ba) take into account the national strategy in accordance with paragraph 1;**
  - (c) include a strategy that fully considers the strategy set out under Article 23(6), point (b) of Directive ... [recast of the directive on energy efficiency**

*2021/0203(COD)] and is based on points (a) to (ba). The strategy shall establish requirements for the infrastructure necessary on distribution level, including decommissioning and repurposing, to meet the current and future demand for heating and cooling of a specific area in the most energy and cost-efficient way and in consistency with the ten-year network development plan developed under Article 51. The strategy shall implement the priority use of the most energy and cost-efficient sustainable technology in a specific residential area taking into account the building stock, including the potential of high efficiency district heating expansion contributing to emissions reduction from existing buildings*

- (de) create a reliable timeframe and investment-friendly environment for private and public actors to meet a specific area's heating and cooling needs, including the decommissioning and repurposing of assets, based on that strategy;*
  - (da) include a trajectory to achieve the goals of the plans in line with climate neutrality and the monitoring of the progress of implementation of policies and measures identified;*
  - (e) be prepared with the involvement of all relevant infrastructure operators on distribution level, of at least gas, including hydrogen, electricity and district heating, as well as all relevant regional or local stakeholders and ensure the participation of the public.*
- 3. Member States shall ensure that all relevant parties, including public and relevant private stakeholders, are given the opportunity to participate in the preparation of local network plans, the comprehensive assessment and the policies and measures. Member States shall ensure that final customers are fully informed about mandatory fuel switches and alternatives in accordance with Article 11a.*
- For that purpose, Member States shall develop recommendations supporting the regional and local authorities to implement policies and measures in renewable energy based heating and cooling at regional and local level utilising the potential identified. Member States shall support regional and local authorities to the utmost extent possible by any means including financial support and technical support schemes.*
- 3a. Local heating and cooling plans may be carried out jointly by a group of several neighbouring local authorities provided that the geographical and administrative context as well as the heating and cooling infrastructure is appropriate.*
  - 3b. Implementation of local heating and cooling plans shall be verified and assessed by a competent authority. Where implementation is deemed to be insufficient, based on the trajectory and the monitoring pursuant to paragraph 2, point (ea), the competent authority shall propose measures to close the implementation gap.*

*Article 52b new*

*Distribution network development plans*

1. *All distribution system operators or hydrogen distribution network operators shall submit a distribution network development plan to the regulatory authority for approval at least [every four years] in due time for being considered in the drafting of the network development plans under Article 51. The distribution network development plan shall set out the planned investments for the next five-to-ten years, including main distribution infrastructure which is required to transport renewable gases from new production facilities as well as the infrastructure which will be decommissioned and repurposed. Distribution system operators and hydrogen distribution system operators that are active in the same regional area may opt to develop one single joint network development plan. Distribution network development plans shall:*
  - (a) be aligned with the Member State's national energy and climate plan, national energy and climate report and long-term strategy submitted under Regulation (EU) 2018/1999, and contribute to the achievement of regional and national climate and energy targets for 2030 and 2050;*
  - (a a) be based on all relevant strategies set out in Article 52a(2), point (c) that establish requirements for the infrastructure on distribution level, including parts that may require decommissioning, aiming at the reduction of the use of gases in buildings in case more energy and cost-efficient sustainable technologies are available;*
  - (a b) be based on reasonable assumptions about the evolution of production, injection, supply and consumption of gases while taking into account the relevant strategies of the local authorities for the heating and cooling of new residential areas as well as requests from final customers to switch fuels;*
  - (a c) be consistent with the ten-year network development plan in accordance with Article 51;*
  - (b) promote priority use of renewable and low carbon gases in hard-to-decarbonise sectors where no other more energy and cost efficient options are available;*
  - (c) contain all investments, including demand-side solutions not requiring new infrastructure investments, energy storage facilities or other available energy system resources as an alternative to system expansion where doing so is more efficient as well as grid reinforcement for the injection of biomethane as well as;*
  - (c a) include information on infrastructure that could be decommissioned, where alternatives are available, or repurposed for the transport of hydrogen, including to rapidly deliver hydrogen to end-users in hard-to-decarbonise sectors, which have the highest greenhouse gases emissions abatement potential per tonne of consumed hydrogen and where no other more energy and cost efficient options are available.*
24. *The distribution system operator or the hydrogen distribution network operator shall conduct a public consultation on the draft distribution network development plan. The participation is voluntary and all relevant stakeholders shall be invited, including the transmission system operator and hydrogen transmission system operator, as well as district heating infrastructure and electricity operators, associations involved in electricity, gas and hydrogen markets, heating and cooling, supply and production undertakings, independent aggregators, demand-response operators, organisations involved in energy efficiency solutions, industrial end-*

*users, energy consumer associations, civil society representatives, research organisations and universities, where appropriate. To ensure early and effective participation, the distribution system operator or the hydrogen distribution system operator shall publish a draft of the network development plan in advance for comments.*

- 35.** *The distribution system operator or the hydrogen distribution system operator shall make public the results of the consultation processes along with the draft distribution network development plan.*
- 46.** *The regulatory authority shall approve or reject the distribution network plan and may request amendments to the plan, based on its consistency or inconsistency with the requirements in paragraph 1, before approval.*
- 5 a** *Member States may decide not to apply the obligations set out in paragraph 1 to 4 to distribution system operator which serve less than 35 000 connected customers by [date of entry into force of this directive].*
- 68.** *Where the strategy set out in Article 52a(2) or the distribution network development plan developed under this Article identifies that parts of the distribution system may require decommissioning, especially before the end of their originally projected useful life, and will not be repurposed for the transport of hydrogen, Member States shall ensure regulatory guidance from the regulatory authorities and financial support for distribution system operators. Support measures shall reflect on security of supply, affordable network tariffs and environmental requirements. Complementary, the distribution system operator shall propose interventions to the regulatory authority to equitably allocate the efficient costs of the assets over their remaining life until they are decommissioned. To this end, the regulatory authority may in coordination with the distribution system operator set up guidelines for a structural approach to the depreciation of assets. Such interventions could include, for example, adjusting the depreciation profile or timeline of the assets. The regulatory authority in coordination with the system operator shall decide whether such assets should be decommissioned before the end of their originally projected useful life and, if so, whether any of the interventions proposed by the distribution system operator, or any alternative interventions, shall be implemented to equitably allocate the efficient costs of the assets over their remaining lifetime until decommissioning. The repurposing of assets for the transport of hydrogen in accordance with paragraph 2, point (c a) shall be taken into account. The distribution system operator shall implement the interventions decided by the regulatory authority.*

#### *Article 53*

##### **Financing cross-border hydrogen infrastructure**

- 1.** *Without prejudice to Article 4 of Regulation [recast Gas Regulation as proposed in COM(2021)xxx], there shall be no cross-subsidisation between current gas grid users and the users of the future hydrogen network.*
- 1.** *Where a hydrogen interconnector project is included in the EU-wide ten-year network development plan as referred to in Article 29 of [recast Gas Regulation as proposed in COM(2021)xxx] and is not a project of common interest as referred to in [Chapter II and Annex I point 3 of Regulation xxx on Guidelines for trans-European energy infrastructure], adjacent and affected hydrogen network operators shall design a*



project plan, including a request for cross-border cost allocation, and submit it jointly to the concerned regulatory authorities for a joint approval.

2. The project plan and request for cross-border cost allocation shall be accompanied by a project-specific cost-benefit analysis, taking into account benefits beyond the borders of Member States concerned, and by a business plan evaluating the financial viability of the project, which shall include a financing solution and specify whether the hydrogen network operators involved agree on a substantiated proposal for a cross-border cost allocation.
3. The concerned regulatory authorities shall, after consulting the hydrogen network operators, take coordinated decisions on the allocation of investment costs to be borne by each network operator for the project.
4. Where the concerned regulatory authorities cannot reach an agreement on the request within six months, ACER shall take a decision, following the process pursuant to Article 6(10) in Regulation (EU) 2019/942.
5. After 31 December 2030, all affected hydrogen network operators shall negotiate a system of financial compensation to ensure financing for cross-border hydrogen infrastructure ***in the event that no tariffs are charged for access to hydrogen networks at interconnection points between Member States pursuant to Article 6(7), of Regulation [recast Gas Regulation as proposed in COM(2021)xxx].*** ~~When~~ developing that ***system***, hydrogen network operators shall conduct an extensive consultation process involving all relevant market participants ***and shall take into account any decision of the regulatory authorities concerned or of ACER to charge tariffs for access to hydrogen networks at interconnection points between Member States adopted pursuant to Article 6(7), of Regulation [recast Gas Regulation as proposed in COM(2021)xxx].***
6. The hydrogen network operators concerned shall agree on the system of financial compensation within 3 years and by 31 December 2033 ***and submit it to the regulatory authorities concerned for their joint approval.*** If no agreement is reached within that period, the involved regulatory authorities shall decide jointly within 2 years. Where the relevant regulatory authorities cannot reach a joint agreement within 2 years, ACER shall take a decision, following the process pursuant to Article 6(10) in Regulation (EU) 2019/942.
7. The system of financial compensation shall be implemented in line with Article 72(1), point (b).
8. For the transition to a system of financial compensation mechanism, existing capacity contracts shall not be affected by the established financial compensation mechanism.
9. Further details required to implement the process set out in this Article, including required processes and time frames, process for reviewing and if necessary amending the compensation mechanism allowing taking into account tariff evolution and the development of the hydrogen networks, shall be set in a network code established on the basis of Article 54 of [recast Gas Regulation as proposed in COM(2021)xxx].
- 9a. ***Paragraphs 1 to 9 shall not apply to hydrogen distribution network operators unless they operate cross-border infrastructure.***

# Chapter IX

## Unbundling of transmission system operators

### SECTION 1 OWNERSHIP UNBUNDLING

#### *Article 54*

#### **Unbundling of transmission systems and transmission system operators**

1. Member States shall ensure that :
  - (a) each undertaking which owns a transmission system acts as a transmission system operator;
  - (b) the same person or persons are entitled neither:
    - (i) directly or indirectly to exercise control over an undertaking performing any of the functions of production or supply, and directly or indirectly to exercise control or exercise any right over a transmission system operator or over a transmission system; nor
    - (ii) directly or indirectly to exercise control over a transmission system operator or over a transmission system, and directly or indirectly to exercise control or exercise any right over an undertaking performing any of the functions of production or supply;
  - (c) the same person or persons are not entitled to appoint members of the supervisory board, the administrative board or bodies legally representing the undertaking, of a transmission system operator or a transmission system, and directly or indirectly to exercise control or exercise any right over an undertaking performing any of the functions of production or supply;
  - (d) the same person is not entitled to be a member of the supervisory board, the administrative board or bodies legally representing the undertaking, of both an undertaking performing any of the functions of production or supply and a transmission system operator or a transmission system.
2. The rights referred to in paragraph 1, points (b) and (c), shall include, in particular:
  - (a) the power to exercise voting rights;
  - (b) the power to appoint members of the supervisory board, the administrative board or bodies legally representing the undertaking; or
  - (c) the holding of a majority share.
3. For the purpose of paragraph 1, point (b), the term ‘undertaking performing any of the functions of production or supply’ shall be understood as including ‘undertaking performing any of the functions of generation and supply’ within the meaning of Directive (EU) 2019/944 of the European Parliament and of the Council<sup>27</sup>, and the

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<sup>27</sup> Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).

terms ‘transmission system operator’ and ‘transmission system’ shall be understood as including ‘transmission system operator’ and ‘transmission system’ within the meaning of that Directive.

4. Member States may allow for derogations from paragraph 1, points (b) and (c) provided that transmission system operators are not part of a vertically integrated undertaking.
5. The obligation set out in paragraph 1, point (a), of this Article shall be deemed to be fulfilled in a situation where two or more undertakings which own transmission systems have created a joint venture which acts as a transmission system operator in two or more Member States for the transmission systems concerned. No other undertaking may be part of the joint venture, unless it has been approved under Article 55 as an independent system operator or as an independent transmission operator for the purposes of Section 3.
6. For the implementation of this Article, where the person referred to in points (b), (c) and (d) of paragraph 1 is the Member State or another public body, two separate public bodies exercising control over a transmission system operator or over a transmission system on the one hand, and over an undertaking performing any of the functions of production or supply on the other, shall be deemed not to be the same person or persons.
7. Member States shall ensure that neither commercially sensitive information referred to in Article 36 held by a transmission system operator which was part of a vertically integrated undertaking, nor the staff of such a transmission system operator, is transferred to undertakings performing any of the functions of production and supply.
8. Where on 3 September 2009 the transmission system belonged to a vertically integrated undertaking, a Member State may decide not to apply paragraph 1. As regards the part of the transmission system connecting a Member State with a third country between the border of that Member State and the first connection point with that Member State's network, where on 23 May 2019 the transmission system belongs to a vertically integrated undertaking, a Member State may decide not to apply paragraph 1.

In such case, the Member State concerned shall either:

- (a) designate an independent system operator in accordance with Article 55, or
  - (b) comply with the provisions of Section 3.
9. Where on 3 September 2009 the transmission system belonged to a vertically integrated undertaking and arrangements are in place which guarantee more effective independence of the transmission system operator than the provisions of Section 3., a Member State may decide not to apply paragraph 1 of this Article.

As regards the part of the transmission system connecting a Member State with a third country between the border of that Member State and the first connection point with that Member State's network, where on 23 May 2019 the transmission system belongs to a vertically integrated undertaking and arrangements are in place which guarantee

more effective independence of the transmission system operator than the provisions of Section 3., that Member State may decide not to apply paragraph 1 of this Article.

10. Before an undertaking is approved and designated as a transmission system operator under paragraph 9 of this Article, it shall be certified in accordance with the procedures laid down in Article 65(4), (5) and (6) of this Directive and in Article 3 of Regulation (EC) No 715/2009. After that, the Commission shall verify that the arrangements in place clearly guarantee more effective independence of the transmission system operator than the provisions of Section 3.
11. Vertically integrated undertakings which own a transmission system shall not in any event be prevented from taking steps to comply with paragraph 1.
12. Undertakings performing any of the functions of production or supply shall not in any event be able to directly or indirectly take control over or exercise any right over unbundled transmission system operators in Member States which apply paragraph 1.

## **SECTION 2**

### **INDEPENDENT SYSTEM OPERATORS**

#### *Article 55*

#### **Independent system operators**

1. Where on 3 September 2009 the transmission system belonged to a vertically integrated undertaking, a Member State may decide not to apply Article 56 (1) and to designate an independent system operator upon a proposal from the transmission system owner.

As regards the part of the transmission system connecting a Member State with a third country between the border of that Member State and the first connection point with that Member State's network, where on 23 May 2019 the transmission system belonged to a vertically integrated undertaking, that Member State may decide not to apply Article 59(1) and to designate an independent system operator upon a proposal from the transmission system owner.

The designation of an independent system operator shall be subject to approval by the Commission.

2. The Member State may approve and designate an independent system operator only where:
  - (a) the candidate operator has demonstrated that it complies with the requirements of Article 54 (1), points (b), (c) and (d);
  - (b) the candidate operator has demonstrated that it has at its disposal the required financial, technical, physical and human resources to carry out its tasks under Article 35;
  - (c) the candidate operator has undertaken to comply with a ten-year network development plan monitored by the regulatory authority;
  - (d) the transmission system owner has demonstrated its ability to comply with its obligations under paragraph 5., to which end , it shall provide all the draft

- contractual arrangements with the candidate undertaking and any other relevant entity;
- (e) the candidate operator has demonstrated its ability to comply with its obligations under [recast Gas regulation as proposed in COM(2021) xxx] including the cooperation of transmission system operators at European and regional level.
3. Undertakings which have been certified by the regulatory authority as having complied with the requirements of Article 66 and of paragraph 2 of this Article shall be approved and designated as independent system operators by Member States. The certification procedure in either Article 65 of this Directive and Article 3 of Regulation (EC) No 715/2009 or in Article 66 of this Directive shall be applicable.
4. Each independent system operator shall be responsible for granting and managing third-party access, including the collection of access charges and congestion charges, for operating, maintaining and developing the transmission system, as well as for ensuring the long-term ability of the system to meet reasonable demand through investment planning. When developing the transmission system the independent system operator shall be responsible for planning (including the authorisation procedure), construction and commissioning of the new infrastructure. For this purpose, the independent system operator shall act as a transmission system operator in accordance with this Chapter. The transmission system owner shall not be responsible for granting and managing third-party access, nor for investment planning.
5. Where an independent system operator has been designated, the transmission system owner shall:
- (a) provide all the relevant cooperation and support to the independent system operator for the fulfilment of its tasks, including in particular all relevant information;
- (b) finance the investments decided by the independent system operator and approved by the regulatory authority, or give its agreement to financing by any interested party including the independent system operator; the. The relevant financing arrangements shall be subject to approval by the regulatory authority; prior. Prior to such approval, the regulatory authority shall consult the transmission system owner together with other interested parties;
- (c) provide for the coverage of liability relating to the network assets, excluding the liability relating to the tasks of the independent system operator;
- (d) provide guarantees to facilitate financing any network expansions with the exception of those investments where, pursuant to point (b), it has given its agreement to financing by any interested party including the independent system operator.
6. In close cooperation with the regulatory authority, the relevant national competition authority shall be granted all relevant powers to effectively monitor compliance of the transmission system owner with its obligations under paragraph 5.

#### *Article 56*

### **Unbundling of transmission system owners, storage system and hydrogen storage operators**

A transmission system and hydrogen network owners, where an independent system operator or an independent hydrogen network has been appointed, and storage system operators or hydrogen storage facility operators which are part of vertically integrated undertakings shall be independent at least in terms of their legal form, organisation and decision making from other activities not relating to transmission, distribution, transport and storage of gases.

This Article shall apply only to natural gas storage facilities that are technically and/or economically necessary for providing efficient access to the system for the supply of customers pursuant to Article 29.

In order to ensure the independence of the transmission system or hydrogen network owner and storage system or hydrogen storage operator referred to in paragraph 1, the following minimum criteria shall apply:

- (a) persons responsible for the management of the transmission system or hydrogen network owner and storage system or hydrogen storage operator shall not participate in company structures of the integrated natural gas undertaking responsible, directly or indirectly, for the day-to-day operation of the production and supply of gases;
- (b) appropriate measures shall be taken to ensure that the professional interests of persons responsible for the management of the transmission system or hydrogen network owner and storage system or hydrogen storage operator are taken into account in a manner that ensures that they are capable of acting independently;
- (c) the storage system or hydrogen storage operator shall have effective decision-making rights, independent from the integrated natural gas undertaking, with respect to assets necessary to operate, maintain or develop the storage facilities; this shall not preclude the existence of appropriate coordination mechanisms to ensure that the economic and management supervision rights of the parent company in respect of return on assets regulated indirectly in accordance with Article 72(7) in a subsidiary are protected; it shall enable in particular the parent company to approve the annual financial plan, or any equivalent instrument, of the storage system or hydrogen storage operator and to set global limits on the levels of indebtedness of its subsidiary; it shall not permit the parent company to give instructions regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of storage facilities, that do not exceed the terms of the approved financial plan, or any equivalent instrument;
- (d) the transmission system or hydrogen network owner and the storage system or hydrogen storage operator shall establish a compliance programme, which shall set out measures taken to ensure that discriminatory conduct is excluded, and ensure that observance of it is adequately monitored; it shall also set out the specific obligations of employees to meet those objectives; an annual report, setting out the measures taken, shall be submitted by the person or body responsible for monitoring the compliance programme to the regulatory authority and shall be published.

The Commission is empowered to adopt delegated acts in accordance with Article 83 supplementing this Directive in order to set guidelines to ensure full and effective compliance of the transmission system or hydrogen network owner and of the storage system or hydrogen storage operator with paragraph 2 of this Article.

## SECTION 3

### INDEPENDENT TRANSMISSION OPERATORS

#### *Article 57*

##### **Assets, equipment, staff and identity**

1. Transmission system operators shall be equipped with all human, technical, physical and financial resources necessary for fulfilling their obligations under this Directive and carrying out the activity of gas transmission, in particular:
  - (a) assets that are necessary for the activity of gas transmission, including the transmission system, shall be owned by the transmission system operator;
  - (b) personnel necessary for the activity of gas transmission, including the performance of all corporate tasks, shall be employed by the transmission system operator;
  - (c) leasing of personnel and rendering of services, to and from any other parts of the vertically integrated undertaking shall be prohibited. A transmission system operator may, however, render services to the vertically integrated undertaking as long as:
    - (i) the provision of those services does not discriminate between system users, is available to all system users on the same terms and conditions and does not restrict, distort or prevent competition in production or supply;
    - (ii) the terms and conditions of the provision of those services are approved by the regulatory authority;
  - (d) without prejudice to the decisions of the Supervisory Body under Article 60, appropriate financial resources for future investment projects or for the replacement of existing assets shall be made available to the transmission system operator in due time by the vertically integrated undertaking following an appropriate request from the transmission system operator.
2. The activity of gas transmission shall include at least the following tasks in addition to those listed in Article 35:
  - (a) the representation of the transmission system operator and contacts to third parties and the regulatory authorities;
  - (b) the representation of the transmission system operator within the European Network of Transmission System Operators for Gas (ENTSO for Gas);
  - (c) granting and managing third-party access on a non-discriminatory basis between system users or classes of system users;
  - (d) the collection of all the transmission system related charges including access charges, balancing charges for ancillary services such as gas treatment, purchasing of services (balancing costs, energy for losses);
  - (e) the operation, maintenance and development of a secure, efficient and economic transmission system;

- (f) investment planning ensuring the long-term ability of the system to meet reasonable demand and guaranteeing security of supply;
  - (g) the setting up of appropriate joint ventures, including with one or more transmission system operators, gas exchanges, and the other relevant actors pursuing the objective to develop the creation of regional markets or to facilitate the liberalisation process;
  - (h) all corporate services, including legal services, accountancy and IT services.
3. Transmission system operators shall be organised in a legal form as referred to in Article 1 of Directive 2009/101/EC of the European Parliament and of the Council<sup>28</sup>.
  4. The transmission system operator shall not, in its corporate identity, communication, branding and premises, create confusion in respect of the separate identity of the vertically integrated undertaking or any part thereof.
  5. The transmission system operator shall not share IT systems or equipment, physical premises and security access systems with any part of the vertically integrated undertaking, nor use the same consultants or external contractors for IT systems or equipment, and security access systems.
  6. The accounts of transmission system operators shall be audited by an auditor other than the one auditing the vertically integrated undertaking or any part thereof.

#### *Article 58*

#### **Independence of the transmission system operator**

1. Without prejudice to the decisions of the Supervisory Body under Article 60, the transmission system operator shall have:
  - (a) effective decision-making rights, independent from the vertically integrated undertaking, with respect to assets necessary to operate, maintain or develop the transmission system;
  - (b) the power to raise money on the capital market in particular through borrowing and capital increase.
2. The transmission system operator shall at all times act so as to ensure it has the resources it needs in order to carry out the activity of transmission properly and efficiently and develop and maintain an efficient, secure and economic transmission system.
3. Subsidiaries of the vertically integrated undertaking performing functions of production or supply shall not have any direct or indirect shareholding in the transmission system operator. The transmission system operator shall neither have any direct or indirect shareholding in any subsidiary of the vertically integrated undertaking performing functions of production or supply, nor receive dividends or any other financial benefit from that subsidiary.

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<sup>28</sup> Directive 2009/101/EC of the European Parliament and of the Council of 16 September 2009 on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent (OJ L 258, 1.10.2009, p. 11).



4. The overall management structure and the corporate statutes of the transmission system operator shall ensure effective independence of the transmission system operator in compliance with this Chapter. The vertically integrated undertaking shall not determine, directly or indirectly, the competitive behaviour of the transmission system operator in relation to the day to day activities of the transmission system operator and management of the network, or in relation to activities necessary for the preparation of the ten-year network development plan developed pursuant to Article 51.
5. In fulfilling their tasks listed in Article 35 and Article 57(2) of this Directive, and in complying with Article 15(1), Article 5(1)(a), Article 9(2), (3) and (5), Article 30(6) and Article 12(1) of [recast Gas Regulation as proposed in COM(2021) xxx] , transmission system operators shall not discriminate against different persons or entities and shall not restrict, distort or prevent competition in production or supply.
6. Any commercial and financial relations between the vertically integrated undertaking and the transmission system operator, including loans from the transmission system operator to the vertically integrated undertaking, shall comply with market conditions. The transmission system operator shall keep detailed records of such commercial and financial relations and make them available to the regulatory authority upon request.
7. The transmission system operator shall submit for approval by the regulatory authority all commercial and financial agreements with the vertically integrated undertaking.
8. The transmission system operator shall inform the regulatory authority of the financial resources, referred to in Article 57(1), point (d), available for future investment projects or for the replacement of existing assets.
9. The vertically integrated undertaking shall refrain from any action impeding or prejudicing the transmission system operator from complying with its obligations in this Chapter and shall not require the transmission system operator to seek permission from the vertically integrated undertaking in fulfilling those obligations.
10. An undertaking which has been certified by the regulatory authority as being in compliance with the requirements of this Chapter shall be approved and designated as a transmission system operator by the Member State concerned. The certification procedure in either Article 65 of this Directive and Article 13 of Regulation (EC) No 715/2009 or in Article 66 of this Directive shall apply.
11. The transmission system operator shall make public detailed information regarding the quality of the gases transported in its networks, based on Articles 16 and 17 of Regulation (EU) 2015/703

#### *Article 59*

#### **Independence of the staff and the management of the transmission system operator**

1. Decisions regarding the appointment and renewal, working conditions including remuneration, and termination of the term of office, of the persons responsible for the management or members of the administrative bodies of the transmission system operator shall be taken by the Supervisory Body of the transmission system operator appointed in accordance with Article 60.

2. The identity of, and the conditions governing the term, the duration and the termination of office of, the persons nominated by the Supervisory Body for appointment or renewal as persons responsible for the executive management and/or as members of the administrative bodies of the transmission system operator, and the reasons for any proposed decision terminating such term of office, shall be notified to the regulatory authority. Those conditions and the decisions referred to in paragraph 1 shall become binding only if the regulatory authority has raised no objections within three weeks of the notification.

The regulatory authority may object to the decisions referred to in paragraph 1 where:

- (a) doubts arise as to the professional independence of a nominated person responsible for the management and/or member of the administrative bodies; or
  - (b) in the case of premature termination of a term of office, doubts exist regarding the justification of such premature termination.
3. No professional position or responsibility, interest or business relationship, directly or indirectly, with the vertically integrated undertaking or any part of it or its controlling shareholders other than the transmission system operator shall be exercised for a period of three years before the appointment of the persons responsible for the management or members of the administrative bodies of the transmission system operator who are subject to this paragraph.
  4. The persons responsible for the management and/or members of the administrative bodies, and employees of the transmission system operator shall have no other professional position or responsibility, interest or business relationship, directly or indirectly, with any other part of the vertically integrated undertaking or with its controlling shareholders.
  5. The persons responsible for the management or members of the administrative bodies, and employees of the transmission system operator shall hold no interest in or receive any financial benefit, directly or indirectly, from any part of the vertically integrated undertaking other than the transmission system operator. Their remuneration shall not depend on activities or results of the vertically integrated undertaking other than those of the transmission system operator.
  6. Effective rights of appeal to the regulatory authority shall be guaranteed for any complaints by the persons responsible for the management or members of the administrative bodies of the transmission system operator against premature terminations of their term of office.
  7. After termination of their term of office in the transmission system operator, the persons responsible for its management or members of its administrative bodies shall have no professional position or responsibility, interest or business relationship with any part of the vertically integrated undertaking other than the transmission system operator, or with its controlling shareholders for a period of not less than four years.
  8. Paragraph 3 shall apply to the majority of the persons responsible for the management or members of the administrative bodies of the transmission system operator.

The persons responsible for the management or members of the administrative bodies of the transmission system operator who are not subject to paragraph 3 shall have exercised no management or other relevant activity in the vertically integrated undertaking for a period of at least six months before their appointment.

The first subparagraph of this paragraph and paragraphs 4 to 7 shall be applicable to all the persons belonging to the executive management and to those directly reporting to them on matters related to the operation, maintenance or development of the network.

#### *Article 60*

### **Supervisory Body**

1. The transmission system operator shall have a Supervisory Body which shall be in charge of taking decisions which may have a significant impact on the value of the assets of the shareholders within the transmission system operator, in particular decisions regarding the approval of the annual and longer-term financial plans, the level of indebtedness of the transmission system operator and the amount of dividends distributed to shareholders. The decisions falling under the remit of the Supervisory Body shall exclude those that are related to the day to day activities of the transmission system operator and management of the network, and in relation to activities necessary for the preparation of the ten-year network development plan developed pursuant to Article 51.
2. The Supervisory Body shall be composed of members representing the vertically integrated undertaking, members representing third party shareholders and, where the relevant legislation of a Member State so provides, members representing other interested parties such as employees of the transmission system operator.
3. Article 59(2), first subparagraph, and Article 59 (3) to (7) shall apply to at least half of the members of the Supervisory Body minus one.

Article 59(2), second subparagraph, point (b), shall apply to all the members of the Supervisory Body.

#### *Article 61*

### **Compliance programme and compliance officer**

1. Member States shall ensure that transmission system operators establish and implement a compliance programme which sets out the measures taken in order to ensure that discriminatory conduct is excluded, and ensure that the compliance with that programme is adequately monitored. The compliance programme shall set out the specific obligations of employees to meet those objectives. It shall be subject to approval by the regulatory authority. Without prejudice to the powers of the national regulator, compliance with the program shall be independently monitored by a compliance officer.
2. The compliance officer shall be appointed by the Supervisory Body, subject to the approval by the regulatory authority. The regulatory authority may refuse the approval of the compliance officer only for reasons of lack of independence or professional capacity. The compliance officer may be a natural or legal person. Article 59(2) to (8) shall apply to the compliance officer.
3. The compliance officer shall be in charge of:
  - (a) monitoring the implementation of the compliance programme;

- (b) elaborating an annual report, setting out the measures taken in order to implement the compliance programme and submitting it to the regulatory authority;
  - (c) reporting to the Supervisory Body and issuing recommendations on the compliance programme and its implementation;
  - (d) notifying the regulatory authority on any substantial breaches with regard to the implementation of the compliance programme;
  - (e) reporting to the regulatory authority on any commercial and financial relations between the vertically integrated undertaking and the transmission system operator.
4. The compliance officer shall submit the proposed decisions on the investment plan or on individual investments in the network to the regulatory authority. This shall occur at the latest when the management or the competent administrative body of the transmission system operator submits them to the Supervisory Body.
  5. Where the vertically integrated undertaking, in the general assembly or through the vote of the members of the Supervisory Body it has appointed, has prevented the adoption of a decision with the effect of preventing or delaying investments, which under the ten-year network development plan, was to be executed in the following three years, the compliance officer shall report this to the regulatory authority, which then shall act in accordance with Article 51.
  6. The conditions governing the mandate or the employment conditions of the compliance officer, including the duration of its mandate, shall be subject to approval by the regulatory authority. Those conditions shall ensure the independence of the compliance officer, including by providing it with all the resources necessary for fulfilling its duties. During its mandate, the compliance officer shall have no other professional position, responsibility or interest, directly or indirectly, in or with any part of the vertically integrated undertaking or with its controlling shareholders.
  7. The compliance officer shall report regularly, either orally or in writing, to the regulatory authority and shall have the right to report regularly, either orally or in writing, to the Supervisory Body of the transmission system operator.
  8. The compliance officer may attend all meetings of the management or administrative bodies of the transmission system operator, and those of the Supervisory Body and the general assembly. The compliance officer shall attend all meetings that address the following matters:
    - (a) conditions for access to the network, as defined in [recast Gas Regulation as proposed in COM(2021)xxx] , in particular regarding tariffs, third party access services, capacity allocation and congestion management, transparency, balancing and secondary markets;
    - (b) projects undertaken in order to operate, maintain and develop the transmission system, including investments in new transport connections, in expansion of capacity and in optimisation of existing capacity;
    - (c) energy purchases or sales necessary for the operation of the transmission system.
  9. The compliance officer shall monitor the compliance of the transmission system operator with Article 36.

10. The compliance officer shall have access to all relevant data and to the offices of the transmission system operator and to all the information necessary for the fulfilment of his task.
11. After prior approval by the regulatory authority, the Supervisory Body may dismiss the compliance officer. It shall dismiss the compliance officer for reasons of lack of independence or professional capacity upon request of the regulatory authority.
12. The compliance officer shall have access to the offices of the transmission system operator without prior announcement.

## SECTION 4

### UNBUNDLING OF DEDICATED HYDROGEN NETWORK OPERATORS

#### *Article 62*

#### **Unbundling of hydrogen *transmission* (Rapporteur 90) network operators**

1. Member States shall ensure that from [entry of transposition period+1year] hydrogen ***transmission*** network operators are unbundled in accordance with the rules for natural gas transmission system operators set out in *Article 54(1) to (3)*
2. For the purpose of this Article, of Articles 42 and 54, and of Articles 35 and 43 of Directive (EU) 2019/944, ‘production or supply’ shall include production and supply of hydrogen, and ‘transmission’ shall include transport of hydrogen ***through a network which mainly contains high-pressure pipelines***.
3. Where on [entry into force] the hydrogen network belonged to a vertically integrated undertaking, a Member State may decide not to apply paragraph 1. In such case, the Member State concerned shall designate an independent hydrogen ***transmission*** network operator unbundled in accordance with the rules on independent system operators for natural gas set out Article 55. Hydrogen ***transmission*** network operators and transmission system operators for gas unbundled in accordance with Article 54(1) can act as independent hydrogen ***transmission*** network operator, ~~subject to the requirements pursuant to Article 63.~~
4. ~~Until 31 December 2030, Member State may designate an integrated hydrogen ***transmission*** network operator unbundled in accordance with the rules on independent transmission operators for natural gas set out in Section 3 of Chapter IX, Such designation shall expire by 31 December 2030 at the latest. ***independently from the unbundling models adopted in natural gas and electricity sectors by Member States before the entry into force of this Directive and without prejudice to those models. The provisions set out in Section 3 Chapter IX shall only apply in relation to the parts of the vertically integrated undertaking other than natural gas or electricity transmission or distribution system operator.***~~
5. The rules applicable to transmission system operators set out in Article 65 and 66 shall apply to hydrogen ***transmission*** network operators.

#### ~~*Article 63*~~

#### ~~**Horizontal unbundling of hydrogen network operators**~~

~~Where a hydrogen network operator is part of an undertaking active in transmission or distribution of natural gas or electricity, it shall be independent at least in terms of its legal form.~~

#### *Article 64*

### **Unbundling of accounts for hydrogen *network system* operators**

Member States shall ensure that the accounts of hydrogen *network system* operators are kept in accordance with Article 69.

## **SECTION 5**

### **DESIGNATION AND CERTIFICATION OF NATURAL GAS AND HYDROGEN NETWORK OPERATORS**

#### *Article 65*

### **Designation and certification of transmission system operators and hydrogen network operators**

1. Before an undertaking is approved and designated as transmission system operator or hydrogen network operator, it shall be certified according to the procedures laid down in paragraphs 4, 5 and 6 of this Article and in Article 13 of [recast Gas Regulation proposed by COM(2021) xxx].
2. Undertakings which have been certified by the regulatory authority as having complied with the requirements of Article 54 or 62, pursuant to the certification procedure, shall be approved and designated as transmission system operators or hydrogen network operators by Member States. The designation of transmission system operators and hydrogen network operators shall be notified to the Commission and published in the *Official Journal of the European Union*.
3. Certified undertakings shall notify to the regulatory authority any planned transaction which may require a reassessment of their compliance with the requirements of Article 54 or Article 62.
4. The regulatory authorities shall monitor the continuing compliance of certified undertakings with the requirements of Article 54 or Article 62. They shall open a certification procedure to ensure such compliance:
  - (a) upon notification by the of certified undertaking pursuant to paragraph 3;
  - (b) on their own initiative where they have knowledge that a planned change in rights or influence over certified undertakings or transmission system owners may lead to an infringement of Article 54 or Article 62 or where they have reason to believe that such an infringement may have occurred; or
  - (c) upon a reasoned request from the Commission.
5. The regulatory authorities shall adopt a decision on the certification of a natural gas transmission system operator or a hydrogen network operator within 100 working days from the date of the notification by the natural gas transmission system operator or the hydrogen network operator or from the date of the Commission

request. After expiry of that period, the certification shall be deemed to be granted. The explicit or tacit decision of the regulatory authority shall become effective only after the conclusion of the procedure set out in paragraph 6.

6. The explicit or tacit decision on the certification shall be notified without delay to the Commission by the regulatory authority, together with all the relevant information with respect to that decision. The Commission shall act in accordance with the procedure laid down in Article 13 of [recast Gas Regulation proposed by COM(2021) xxx] .
7. The regulatory authorities and the Commission may request from transmission system operators, hydrogen network operators and undertakings performing any of the functions of production or supply any information relevant for the fulfilment of their tasks under this Article.
8. The regulatory authorities and the Commission shall preserve the confidentiality of commercially sensitive information.

#### *Article 66*

#### **Certification in relation to third countries**

1. Where certification is requested by a transmission system owner, a transmission system operator, a hydrogen network operator or a hydrogen network owner which is controlled by a person or persons from a third country or third countries, the regulatory authority shall notify the Commission.

The regulatory authority shall also notify to the Commission without delay any circumstances that would result in a person or persons from a third country or third countries acquiring control of a transmission system, a transmission system operator, a hydrogen network operator or a hydrogen network owner .

2. The transmission system operator or hydrogen network operator shall notify to the regulatory authority any circumstances that would result in a person or persons from a third country or third countries acquiring control of the transmission system or the transmission system operator.
3. The regulatory authority shall adopt a draft decision on the certification of a transmission system operator or hydrogen network operator within 100 working days from the date of notification by the transmission system operator. It shall refuse the certification if it has not been demonstrated:
  - (a) that the entity concerned complies with the requirements of Article 54 or Article 62 ; and
  - (b) to the regulatory authority or to another competent authority designated by the Member State that granting certification will not put at risk the security of energy supply of the Member State ~~and~~ *or* the Union . In considering that question the regulatory authority or other competent authority so designated shall take into account:
    - (i) the rights and obligations of the Union with respect to that third country arising under international law, including any agreement concluded with one or more third countries to which the Union is a party and which addresses the issues of security of energy supply;

(ii) the rights and obligations of the Member State with respect to that third country arising under agreements concluded with it, insofar as they are in compliance with Union law;

***(ii a) the track record of that third country's implementation of its obligations as energy supplier in a fair, transparent, credible and unbiased manner, as well as the track record of Union-wide sanctions against that third country;***

(iii) other specific facts and circumstances of the case and the third country concerned.

4. The regulatory authority shall notify the decision to the Commission without delay, together with all the relevant information with respect to that decision.
5. Member States shall provide for the regulatory authority or the designated competent authority referred to in paragraph 3, point (b), before the regulatory authority adopts a decision on the certification, to request an opinion from the Commission on whether:
  - (a) the entity concerned complies with the requirements of Article 54 or Article 62 ; and
  - (b) granting certification will not put at risk the security of energy supply to the Union .
6. The Commission shall examine the request referred to in paragraph 5 as soon as it is received. Within a period of 50 working days after receiving the request, it shall deliver its opinion to the regulatory authority or, if the request was made by the designated competent authority, to that authority.

In preparing the opinion, the Commission may request the views of ACER , the Member State concerned, and interested parties. In the event that the Commission makes such a request, the 50 working days period shall be extended by further 50 working days .

In the absence of an opinion by the Commission within the period referred to in the first and second subparagraphs, the Commission is deemed not to raise objections to the decision of the regulatory authority.

7. When assessing whether the control by a person or persons from a third country or third countries will put at risk the security of energy supply to the Union , the Commission shall take into account:
  - (a) the specific facts of the case and the third country or third countries concerned, ***including the track record of that third country's implementation of its obligations as energy supplier in a fair, transparent, credible and unbiased manner, as well as the track record of Union-wide sanctions against that third country;*** and
  - (b) the rights and obligations of the Union with respect to that third country or third countries arising under international law, including an agreement concluded with one or more third countries to which the Union is a party and which addresses the issues of security of supply.
8. The regulatory authority shall, within a period of 50 working days after the expiry of the period referred to in paragraph 6, adopt its final decision on the certification. In adopting its final decision the regulatory authority shall take utmost account of the Commission's opinion. In any event Member States shall have the right to refuse



certification where granting certification puts at risk the Member State's security of energy supply or the security of energy supply of another Member State. Where the Member State has designated another competent authority to assess paragraph 3, point (b), it may require the regulatory authority to adopt its final decision in accordance with the assessment of that competent authority. The regulatory authority's final decision and the Commission's opinion shall be published together. Where the final decision diverges from the Commission's opinion, the Member State concerned shall provide and publish, together with that decision, the reasoning underlying such decision.

9. Nothing in this Article shall affect the right of Member States to exercise, in compliance with Union law, national legal controls to protect legitimate public security interests.
10. The Commission is empowered to adopt delegated acts in accordance with Article 83 in order to provide guidelines setting out the details of the procedure to be followed for the application of this Article.

#### *Article 67*

### **Designation of operators of natural gas storage , hydrogen storage, LNG facilities and hydrogen terminals**

Member States shall designate, or shall require undertakings which own natural gas storage , hydrogen storage, LNG facilities and hydrogen terminals to designate, for a period of time to be determined by Member States, having regard to considerations of efficiency and economic balance, one or more operators for these infrastructure.

## **SECTION 6**

### **UNBUNDLING AND TRANSPARENCY OF ACCOUNTS**

#### *Article 68*

### **Right of access to accounts**

1. Member States or any competent authority they designate, including the regulatory authorities referred to in Article 70(1) and the dispute settlement authorities referred to in Article 24(3), shall, insofar as necessary to carry out their functions, have right of access to the accounts of natural gas and hydrogen undertakings as set out in Article 71.
2. Member States and any designated competent authority, including the regulatory authorities referred to in Article 70(1) and the dispute settlement authorities, shall preserve the confidentiality of commercially sensitive information. Member States may provide for the disclosure of such information where this is necessary in order for the competent authorities to carry out their functions.

#### *Article 69*

### **Unbundling of accounts**

1. Member States shall take the necessary steps to ensure that the accounts of natural gas and hydrogen undertakings are kept in accordance with paragraphs 2 to 5 .
2. Natural gas and hydrogen undertakings, whatever their system of ownership or legal form, shall draw up, submit to audit and publish their annual accounts in accordance with the rules of national law concerning the annual accounts of limited liability companies adopted pursuant to Directive 2013/34/EU of the European Parliament and of the Council<sup>29</sup> .

Undertakings which are not legally obliged to publish their annual accounts shall keep a copy thereof at the disposal of the public at their head office.

3. Undertakings shall, in their internal accounting, keep separate accounts for each of their transmission, distribution, LNG, hydrogen terminal, natural gas and hydrogen storage and hydrogen transport activities as they would be required to do if the activities in question were carried out by separate undertakings, with a view to avoiding discrimination, cross-subsidisation and distortion of competition. ***Infrastructure assets of the undertakings shall be clearly allocated to the respective accounts and regulated asset bases separately for natural gas, electricity or hydrogen assets and made transparent.*** They shall also keep accounts, which may be consolidated, for other activities not relating to transmission, distribution, LNG, hydrogen terminal, natural gas and hydrogen storage and hydrogen transport activities. Revenue from ownership of the transmission , distribution or hydrogen network shall be specified in the accounts. Where appropriate, they shall keep consolidated accounts for other, non-gas activities. The internal accounts shall include a balance sheet and a profit and loss account for each activity. ***The separation of accounts shall be audited in accordance with the rules in paragraph 2 and reported to the relevant Regulatory Authority.***
4. The audit referred to in paragraph 2 shall, in particular, verify that the obligation to avoid discrimination and cross-subsidies referred to in paragraph 3 is respected. ***Without prejudice to Article 4 of Regulation [recast Gas Regulation as proposed in COM(2021)xxx], there shall be no cross-subsidisation between current gas grid users and the users of the future hydrogen network.***
5. Undertakings shall specify in their internal accounting the rules for the allocation of assets and liabilities, expenditure and income as well as for depreciation, without prejudice to nationally applicable accounting rules, which they follow in drawing up the separate accounts referred to in paragraph 3. Those internal rules may be amended only in exceptional cases. Such amendments shall be mentioned and duly substantiated.
6. The annual accounts shall indicate in notes any transaction of a certain size conducted with related undertakings.

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<sup>29</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

# Chapter X

## Regulatory Authorities

### *Article 70*

#### **Designation and independence of regulatory authorities**

1. Each Member State shall designate a single regulatory authority at national level.
2. Paragraph 1 shall be without prejudice to the designation of other regulatory authorities at regional level within Member States, provided that there is one senior representative for representation and contact purposes at Union level within the Board of Regulators of ACER in accordance with Article 7(1) of Regulation (EU) 2019/942 .
3. By way of derogation from paragraph 1 , a Member State may designate regulatory authorities for small systems in a geographically separate region whose consumption, in 2008, accounted for less than 3 % of the total consumption of the Member State of which it is part. That derogation shall be without prejudice to the appointment of one senior representative for representation and contact purposes at Union level within the Board of Regulators of ACER in compliance with Article 7(1) of Regulation (EU) 2019/942 .
4. Member States shall guarantee the independence of the regulatory authority and shall ensure that it exercises its powers impartially and transparently. For this purpose, Member States shall ensure that, when carrying out the regulatory tasks conferred upon it by this Directive and related legislation, the regulatory authority:
  - (a) is legally distinct and functionally independent from any other public or private entity;
  - (b) ensures that its staff and the persons responsible for its management:
    - (i) act independently from any market *and political* interest;
    - (ii) do not seek or take direct instructions from any government or other public or private entity when carrying out the regulatory tasks. That requirement is without prejudice to close cooperation, as appropriate, with other relevant national authorities *and consumer representative bodies* or to general policy guidelines issued by the government and not related to the regulatory powers and duties under Article 72.
5. In order to protect the independence of the regulatory authority, Member States shall in particular ensure that:
  - (a) the regulatory authority can take autonomous decisions, independently from any political body;
  - (b) the regulatory authority has all the necessary human and financial resources it needs to carry out its duties and exercise its powers in an effective and efficient manner;
  - (c) the regulatory authority has a separate annual budget allocation and autonomy in the implementation of the allocated budget;

- (d) the members of the board of the regulatory authority or, in the absence of a board, the regulatory authority's top management are appointed for a fixed term of five up to seven years, renewable once.
- (e) the members of the board of the regulatory authority or, in the absence of a board, the regulatory authority's top management are appointed based on objective, transparent and published criteria, in an independent and impartial procedure, which ensures that the candidates have the necessary skills and experience for any relevant position in the regulatory authority; ;
- (f) provisions on conflict of interest are in place and confidentiality obligations extend beyond the end of the mandate of the members of the board of the regulatory authority or, in the absence of a board, the regulatory authority's top management;
- (g) the members of the board of the regulatory authority or, in the absence of a board, the regulatory authority's top management may be dismissed only based on transparent criteria in place;
- (h) Member States may provide for the ex-post control of the regulatory authorities' annual accounts by an independent auditor.

In regard to the first subparagraph, point (d), Member States shall ensure an appropriate rotation scheme for the board or the top management. The members of the board or, in the absence of a board, members of the top management may be relieved from office during their term only if they no longer fulfil the conditions set out in this Article or have been guilty of misconduct under national law.

6. By 5 July 2022 and every four years thereafter, the Commission shall submit a report to the European Parliament and the Council on the compliance of national authorities with the principle of independence set out in this Article, ***and in case of non-compliance analyse the issue and provide recommendations for resolving them. The reports shall be made publicly available.***

#### *Article 71*

#### **General objectives of the regulatory authority**

In carrying out the regulatory tasks specified in this Directive, the regulatory authority shall take all reasonable measures in pursuit of the following objectives within the framework of their duties and powers as laid down in Article 72, in close consultation with other relevant national authorities, including competition authorities and authorities from neighbouring countries, including third countries, as appropriate, and without prejudice to their competencies:

- (a) promoting, in close cooperation with regulatory authorities of other Member States, the Commission and ACER, a competitive, flexible, secure and environmentally sustainable internal market in natural gas , renewable and low-carbon gases and hydrogen within the Union , and ensuring appropriate conditions for the effective and reliable operation of natural gas and hydrogen networks, taking into account long-term objectives , thus contributing to the consistent, efficient and effective application of Union law in order to achieve the Union's climate and energy goals ;

- (b) developing competitive and properly functioning regional cross-border markets within the Union in view of the achievement of the objectives referred to in point (a);
- (c) eliminating restrictions on trade in natural gas and hydrogen between Member States, including eliminating restrictions due to differences in the quality of gases or differences in the volume of hydrogen blended into the natural gas system or to differences in the quality of hydrogen in the hydrogen system, developing appropriate cross-border transmission and/or transport capacities to meet demand and enhancing the integration of national markets ensuring the interoperability of the interconnected EU natural gas system or Union hydrogen system, which may facilitate natural gas flow across the Union ;
- (d) helping to achieve, in the most cost-effective way, the development of secure, reliable and efficient non-discriminatory systems that are consumer oriented, and promoting system adequacy and, in accordance with general energy and climate policy objectives, energy efficiency as well as the integration of large and small scale production of gas from renewable sources and distributed production in both transmission and distribution networks and facilitating their operation in relation to other energy networks of electricity and heat ;
- (e) **facilitating connection and** ~~facilitating~~ access to the network for new production capacity, in particular removing barriers that could prevent **connection and** access for new market entrants and of gas and hydrogen from renewable sources;
- (f) ensuring that system operators and system users are granted appropriate incentives, in both the short and the long term, to increase efficiencies , especially energy efficiency, in system performance and foster market integration;
- (g) ensuring that customers benefit through the efficient functioning of their national market, promoting effective competition and helping to ensure **a high level of consumer protection** in close cooperation with relevant consumer protection authorities ;
- (g a) **ensuring customers benefit from the efficient functioning of national markets, and where cross-sectorial issues arise, clarifying competencies among regulators and authorities and ensuring that solutions are cost-efficient;**
- (h) helping to achieve high standards of public service for natural gas, contributing to the protection of vulnerable customers and contributing to the compatibility of necessary data exchange processes for customer switching.
- (h a) **ensuring that customers are granted instruments to initiate complaints in cases of supply disruptions of natural gas and hydrogen;**

#### Article 72

#### Duties and powers of the regulatory authority

1. The regulatory authority shall have the following duties:
  - (a) fixing or approving, in accordance with transparent criteria, transmission or distribution tariffs or their methodologies , or both. **These shall subsequently be published by either the TSO or the regulatory authority together with the according assumptions.**
  - (a a) **fixing or approving, in accordance with transparent criteria, depreciation, tariff rules;**

- (a b) participating in drafting the scenario framework of the ten year network development plan, according to Article 51.(2.e); (b) as of 1 January 2031 or as from the date of applying Article 31(1) of this Directive, fixing or approving, in accordance with transparent criteria, , , tariffs for hydrogen network access or their methodologies, or both, and publish those tariffs or methodologies together with the according assumptions;*
- (c) fixing or approving, in accordance with transparent criteria (i) the size and duration of the dedicated charge referred in Article 4 of [recast Gas Regulation as proposed in COM(2021) xxx] or their methodologies or both (ii) the value of transferred assets and the destination of any profits and losses that may occur as a result and (iii) the allocating contributions to the dedicated charge;
- (d) ensuring compliance of transmission system operators and distribution system operators, and where relevant, system owners, hydrogen network operators as well as of any natural gas and hydrogen undertakings and other market participants, ~~including citizen energy communities~~, with their obligations under this Directive , [the recast Gas Regulation as proposed in COM(2021) xxx], the network codes and guidelines adopted pursuant Article 52 and 53 of Gas Regulation, Regulation (EU) 2017/1938 and other relevant Union legislation, including as regards cross-border issues , as well as ACER's decisions;
- (e) in close coordination with the other regulatory authorities, ensuring the compliance of the ENTSO for Gas, the EU DSO entity and the ENNOH with their obligations under this Directive [recast Gas Regulation as proposed in COM(2021) xxx], the network codes and guidelines adopted pursuant to Articles 52 to 56 of [the recast Gas Regulation proposed in COM(2021) xxx], and other relevant Union law, including as regards cross-border issues, as well as with ACER's decisions, and jointly identifying non-compliance of the ENTSO for Gas, the EU DSO entity and the ENNOH with their respective obligations; where the regulatory authorities have not been able to reach an agreement within a period of four months after the start of consultations for the purpose of jointly identifying non-compliance, the matter shall be referred to the ACER for a decision, pursuant to Article 6(10) of Regulation (EU) 2019/942;
- (f) monitoring the development of gas qualities and gas quality management by transmission system operators and where relevant by distribution system operators, including monitoring the development of costs related to the management of gas quality by system operators and the developments related to the blending of hydrogen into the natural gas system.
- (g) monitoring the development of hydrogen quality and hydrogen quality management by hydrogen network operators where relevant as referred to in Article 46, including monitoring the development of costs related to the management of hydrogen quality.
- ~~(h) examining and providing an assessment of the overview submitted by hydrogen network operators on the development of hydrogen transport infrastructure in accordance with Article 52, taking the overall energy-economic necessity of the hydrogen network into account in this examination as well as the joint scenario framework under the Article 51 (2), point (e) on network development planning;~~
- (i) taking the examination and assessment of the overview of the development of the hydrogen transport infrastructure as requested under point ~~(g)~~ into account

in its approval of dedicated charges within the meaning of Article 4 of [recast Gas Regulation as proposed in COM(2021) xxx].

- (j) cooperating with regard to cross-border issues with the regulatory authority or authorities of the Member States concerned and with the ACER, in particular through participation in the work of ACER's Board of Regulators pursuant to Article 21 of Regulation (EU) 2019/942. In respect of infrastructure to and from a third country, the regulatory authority of the Member State where the first interconnection point with the Member States' network is located may cooperate with the relevant authorities of the third country, including those of the Energy Community Contracting Parties, after consulting the regulatory authorities of other Member States concerned, aiming at, as regards that infrastructure, consistent application of this Directive in the territory of the Member States;
- (j a) ensuring an independent decision-making processes including the consultation of all relevant stakeholder in an open, inclusive and transparent manner as set out in Article 51(8);**
- (k) complying with, and implementing, any relevant legally binding decisions of ACER and of the Commission;
- (l) reporting annually on its activity and the fulfilment of its duties to the relevant authorities of the Member States, ACER and the Commission. Such reports shall cover the steps taken and the results obtained as regards each of the tasks listed in this Article;
- (m) ensuring that there are no cross-subsidies between transmission, distribution, hydrogen transport, natural gas and hydrogen storage, LNG and hydrogen terminals and natural gas and hydrogen supply activities;
- (m a) monitoring and reporting on ensure the unbundling of accounts according to Article 69 where a hydrogen network operator is part of an undertaking active in transmission or distribution of natural gas or electricity, with specific focus on which assets are transferred or reused from natural gas accounts to hydrogen accounts and what work, including, repurposing, has been done for such a transfer. The report shall be publicly available with due regards to commercially sensitive information and data protection as well as security of the energy infrastructure.**
- (n) monitoring investment plans of the transmission system **operators and hydrogen network** operators, and providing in its annual report an assessment of the investment plans of the transmission system **operators and hydrogen network** operators as regards their consistency with the Union-wide network development plan referred to in point (x) of Article 29 **and Article 43** of [recast Gas Regulation as proposed in COM(2021) xxx] ; such assessment may include recommendations to amend those investment plans;
- (o) monitoring compliance with and reviewing the past performance of network security and reliability rules and setting or approving standards and requirements for quality of service and supply or contributing thereto together with other competent authorities;

- (p) monitoring the level of transparency, including of wholesale prices, and ensuring compliance of natural gas and hydrogen undertakings with transparency obligations;
- (q) **actively** monitoring the level and effectiveness of market opening and competition at wholesale and retail levels, including on natural gas and hydrogen exchanges, prices for household customers including prepayment systems, ***price spikes and their impact on retail and consumer prices, the relationship between household prices and wholesale prices, how network costs and policy levies are passed through to customers, the evolution of supplier operational costs and margins across different final customer groups, the number of tariffs available to different consumer groups, number of offers restricted to different sales channels, number of customers on bundled contracts, satisfaction with the service provided by their supplier and complaint handling services, switching rates and switching times, including gas switches***, disconnection rates, charges for and the execution of maintenance services, ***number of disconnections and reasons for disconnections and customers in debt (in particular for those in energy poverty and vulnerable situation), number of customers in energy poverty or vulnerable situations***, and complaints by household customers, as well as any distortion or restriction of competition, including providing any relevant information, and bringing any relevant cases to the relevant competition ***or consumer*** authorities, ***share of energy efficiency measures (under Article 8 of the Energy Efficiency Directive) implemented as a priority in households affected by energy poverty and in social housing***;
- (r) monitoring the occurrence of restrictive contractual practices, including exclusivity clauses which may prevent large non-household customers from contracting simultaneously with more than one supplier or restrict their choice to do so, and, where appropriate, informing the national competition authorities of such practices;
- (s) respecting contractual freedom with regard to long-term ***supply and capacity contracts, including hydrogen long term contracts and hydrogen purchase agreements*** provided that they are compatible with Union law and consistent with Union policies and provided they contribute to decarbonisation objectives. ~~No long-term contracts for supply of unabated fossil gas shall be concluded with a duration beyond the end of year 2049 ;~~
- (t) monitoring the time taken by natural gas transmission and distribution system operators or hydrogen network operators to ***assess network connection requests by renewable gases producers, including technical studies, and to make connections and repairs for renewable gas producers and end-users***;
- (u) monitoring and reviewing the access conditions to storage, linepack and other ancillary services as provided for in Article 29 or Article 33 . In the event that the access regime to natural gas storage is defined according to Article 29 (3), that task shall exclude the reviewing of tariffs;
- (v) ~~helping to~~ ensure, together with other relevant authorities, that the consumer protection measures, including those set out in Annex I, are effective and enforced ***through proper monitoring and reporting. In light of consumer interests, the monitoring shall particularly assess:***



- i. *the level of debt, in particular for those in energy poverty and vulnerable situation, the barriers for customers to exercise their rights, including access to information on out-of-court dispute settlement, the availability and access to information with regard to energy offers, and possibility to compare them by using certified comparison tools;*
  - ii. *the existence of misleading practices and offers;*
  - iii. *the existence of barriers for customers to exercise their rights such as switching, termination of contract, and access to out-of-court dispute settlement mechanism,*
  - iv. *the existence of measures to promote energy savings and renewable energy deployment for household customers affected by energy poverty, and in particular by assessing the effectiveness of measures notified within the framework of Article 25 of this Directive;*
- (v a) *set minimum binding requirements for offers to be labelled as ‘green tariffs’, based on the ability of suppliers to substantiate the additionality of the contract by showing how consumers’ money is used to increase installed capacity of sustainable renewable energy beyond what would otherwise be installed;*
  - (w) publishing recommendations, at least annually, in relation to compliance of supply prices with Article 6, and providing those to the competition authorities, where appropriate;
  - (x) ensuring non-discriminatory access to customer consumption data, the provision for optional use, of an easily understandable harmonised format at national level for consumption data and prompt access for all customers to such data pursuant Articles 22 and 23 ;
  - (y) monitoring the *strict* implementation of rules relating to the roles and responsibilities of transmission system operators, distribution system operators, hydrogen network operators, suppliers and customers and other market parties pursuant to [recast Gas Regulation as proposed in COM(2021) xxx] *including rules requiring network operators to maintain separate regulated asset bases for gas, electricity and hydrogen assets and ensuring that financial transfers between different regulated asset bases do not take place ;*
  - (z) monitoring the correct application of the criteria that determine whether a natural gas storage facility falls under Article 29 (3) or (4); and(n) monitoring investment plans of the transmission system *operators and hydrogen transmission network* operators, and providing in its annual report an assessment of the investment plans of the transmission system *operators and hydrogen transmission network* operators as regards their consistency with the Union -wide network development plan referred to in point (x) of Article 29 *and Article 43* of [recast Gas Regulation as proposed in COM(2021) xxx] ; such assessment may include recommendations to amend those investment plans;
  - (o) monitoring compliance with and reviewing the past performance of network security and reliability rules and setting or approving standards and requirements for quality of service and supply or contributing thereto together with other competent authorities;

- (p) monitoring the level of transparency, including of wholesale prices, and ensuring compliance of natural gas and hydrogen undertakings with transparency obligations;
- (q) monitoring the level and effectiveness of market opening and competition at wholesale and retail levels, including on natural gas and hydrogen exchanges, prices for household customers including prepayment systems, ***price spikes and their impact on retail and consumer prices, the relationship between household prices and wholesale prices, how network costs and policy levies are passed through to customers, the evolution of supplier operational costs and margins across different final customer groups, the number of tariffs available to different consumer groups, number of offers restricted to different sales channels, number of customers on bundled contracts, satisfaction with the service provided by their supplier and complaint handling services, switching rates and switching times, including gas switches, disconnection rates, charges for and the execution of maintenance services, number of disconnections and reasons for disconnections and customers in debt, in particular for those in energy poverty and vulnerable situation, as well as number of customers in energy poverty or vulnerable situations***, and complaints by household customers, as well as any distortion or restriction of competition, including providing any relevant information, and bringing any relevant cases to the relevant competition ***or consumer*** authorities;
- (r) monitoring the occurrence of restrictive contractual practices, including exclusivity clauses which may prevent large non-household customers from contracting simultaneously with more than one supplier or restrict their choice to do so, and, where appropriate, informing the national competition authorities of such practices;
- (s) respecting contractual freedom with regard to long-term contracts provided that they are compatible with Union law and consistent with Union policies and provided they contribute to decarbonisation objectives. No long-term contracts for supply of unabated fossil gas shall be concluded with a duration beyond the end of year 2049;
- (t) monitoring the time taken by natural gas transmission and distribution system operators or hydrogen network operators to ***assess network connection requests by renewable gases producers, including technical studies, and to make connections and repairs***;
- (u) monitoring and reviewing the access conditions to storage, linepack and other ancillary services as provided for in Article 29 or Article 33 . In the event that the access regime to natural gas storage is defined according to Article 29 (3), that task shall exclude the reviewing of tariffs;
- (v) ~~helping to~~ ensure, together with other relevant authorities, that the consumer protection measures, including those set out in Annex I, are effective and enforced ***through proper monitoring and reporting as well as the consultation of the relevant customer organisations***;
- (w) publishing recommendations, at least annually, in relation to compliance of supply prices with Article 6, and providing those to the competition authorities, where appropriate;

- (x) ensuring non-discriminatory access to customer consumption data, the provision for optional use, of an easily understandable harmonised format at national level for consumption data and prompt access for all customers to such data pursuant Articles 22 and 23 ;
- (y) monitoring the implementation of rules relating to the roles and responsibilities of transmission system operators, distribution system operators, hydrogen network operators, suppliers and customers and other market parties pursuant to [recast Gas Regulation as proposed in COM(2021) xxx] ;
- (z) monitoring the correct application of the criteria that determine whether a natural gas storage facility falls under Article 29 (3) or (4); and
- (aa) monitoring the implementation of safeguards measures as referred to in Article 77;
- (bb) contributing to the compatibility of data exchanges processes for the most important market processes at regional level;
- (cc) implementing the network codes and guidelines adopted pursuant Article 52 through national measures or, where so required, coordinated regional or Union-wide measures;
- (dd) ensuring an *open*, transparent, and efficient *and inclusive* process for the setting up of the national network development plan in line with the requirements set out in Articles 51 and 52; *and the distribution network plan set out in Article 52b;*
- (ee) approving, amending *or requiring the transmission system operator or the hydrogen transmission operator to amend* the network development plans *as referred to in Article 51 and publish that decision, including a report;*
- (ee a) approving, rejecting or requesting to amend the distribution network development plans as referred to in Article 52b and publish that decision, including a report ;*
- (ee b) providing for the stakeholder consultations as set out in Article 51;*
- (ff) monitoring gas quality control and management by transmission system operators, distribution system operators, storage system operators and LNG facility operators;
- (gg) monitoring the implementation of the measures taken in emergency state, as provided for in Regulation (EU) 2017/1938 and laid down in the national emergency plan, including solidarity measures under its Article 13;
- (hh) monitoring the availability of comparison websites, including comparison tools that fulfil the criteria in Article 12;
- (ii) monitoring the removal of unjustified obstacles to and restrictions on the development of consumption of self-generated renewable natural gas and *renewable energy communities;*

2. Where a Member State has so provided, the monitoring duties set out in paragraph 1 may be carried out by other authorities than the regulatory authority. In such a case, the information resulting from such monitoring shall be made available to the regulatory authority as soon as possible.

While preserving their independence, without prejudice to their own specific competencies and consistent with the principles of better regulation, the regulatory

authority shall, as appropriate, consult natural gas transmission system and hydrogen network operators and, as appropriate, closely cooperate with other relevant national authorities when carrying out the duties set out in paragraph 1.

Any approvals given by a regulatory authority or the ACER under this Directive are without prejudice to any duly justified future use of its powers by the regulatory authority under this Article or to any penalties imposed by other relevant authorities or the Commission.

3. In addition to the duties conferred upon it under paragraph 1 of this Article, when an independent system operator or an independent hydrogen network operator has been designated under Article 55 or Article 62, the regulatory authority shall:
  - (a) monitor the transmission system owner's and the independent system operator's and hydrogen network owner's and independent hydrogen network operator's compliance with their obligations under this Article, and issue penalties for non compliance in accordance with paragraph 4, point (d);
  - (b) monitor the relations and communications between the independent system operator and the transmission system owner or the hydrogen network owner and the independent hydrogen network operator, so as to ensure compliance of the independent system operator or the independent hydrogen network operator with its obligations, and in particular approve contracts and act as a dispute settlement authority between the independent system operator and the transmission system owner or the hydrogen network owner and the independent hydrogen network operator in respect of any complaint submitted by either party pursuant to paragraph 11;
  - (c) without prejudice to the procedure under Article 55(2), point (c), for the first ten-year network development plan, approve the investments planning and the multi-annual network development plan presented annually by the independent system operator or the independent hydrogen network operator;
  - (d) ensure that network access tariffs collected by the independent system operator or the independent hydrogen network operator include remuneration for the network owner or network owners, which provides for adequate remuneration of the network assets and of any new investments made therein, provided they are economically and efficiently incurred;
  - (e) have the powers to carry out inspections, including unannounced inspections, at the premises of transmission system owner and independent system operator, or of the hydrogen network owner and the independent hydrogen network operator.
4. Member States shall ensure that regulatory authorities are granted the powers enabling them to carry out the duties referred to in paragraphs 1, 3 and 6 in an efficient and expeditious manner. For this purpose, the regulatory authority shall have at least the following powers:
  - (a) to issue binding decisions on natural gas and hydrogen undertakings;
  - (b) to carry out investigations into the functioning of the markets for gases, and to decide upon and impose any necessary and proportionate measures to promote effective competition and ensure the proper functioning of the markets for gases and, where appropriate, the regulatory authority shall also have the power to cooperate with the national competition authority and the financial market

regulators or the Commission in conducting an investigation relating to competition law;

- (c) to require any information from natural gas and hydrogen undertakings relevant for the fulfilment of its tasks, including the justification for any refusal to grant third-party access, and any information on measures necessary to reinforce the network;
  - (d) to impose effective, proportionate and dissuasive penalties on natural gas and hydrogen undertakings not complying with their obligations under this Directive or any relevant legally binding decisions of the regulatory authority or of ACER, or to propose to a competent court to impose such penalties, including the power to impose or propose the imposition of penalties of up to 10 % of the annual turnover of the transmission system operator or hydrogen network operator or of up to 10 % of the annual turnover of the vertically integrated undertaking on the transmission system operator or hydrogen network operator or on the vertically integrated undertaking, as the case may be, for non compliance with their respective obligations pursuant to this Directive;
  - (e) appropriate rights of investigations and relevant powers of instructions for dispute settlement under paragraphs 11 and 12.
5. The regulatory authority located in the Member State in which the ENTSO for Gas, the European Network of Network Operators for Hydrogen or the EU DSO entity has its seat shall have the power to impose effective, proportionate and dissuasive penalties on those entities where they do not comply with their obligations under this Directive, [the recast Gas Regulation proposed in COM(2021) xxx] or any relevant legally binding decisions of the regulatory authority or of ACER, or to propose that a competent court impose such penalties.
6. In addition to the duties and powers conferred on it under paragraphs 1 and 4 of this Article, when an independent transmission operator or an integrated hydrogen network operator has been designated in accordance with Chapter IX, Section 3, the regulatory authority shall be granted at least the following duties and powers:
- (a) to issue penalties in accordance with paragraph 4, point (d) for discriminatory behaviour in favour of the vertically integrated undertaking;
  - (b) to monitor communications between the transmission system operator or an integrated hydrogen network operator and the vertically integrated undertaking so as to ensure compliance of the transmission system operator or the integrated hydrogen network operator with its obligations;
  - (c) to act as dispute settlement authority between the vertically integrated undertaking and the transmission system operator or the integrated hydrogen network operator in respect of any complaint submitted pursuant to paragraph 11;
  - (d) to monitor commercial and financial relations including loans between the vertically integrated undertaking and the transmission system operator or the integrated hydrogen network operator ;

- (e) to approve all commercial and financial agreements between the vertically integrated undertaking and the transmission system operator or the integrated hydrogen network operator , on the condition that they comply with market conditions;
  - (f) to request justification from the vertically integrated undertaking when notified by the compliance officer in accordance with Article 64(4), in particular including evidence to the end that no discriminatory behaviour to the advantage of the vertically integrated undertaking has occurred;
  - (g) to carry out inspections, including unannounced inspections, on the premises of the vertically integrated undertaking and the transmission system operator or the integrated hydrogen network operator ;
  - (h) to assign all or specific tasks of the transmission system operator or the integrated hydrogen network operator to an independent system operator or an independent hydrogen network operator, appointed in accordance with Article 64 in case of a persistent breach by the transmission system operator or the integrated hydrogen network operator of its obligations under this Directive, in particular in case of repeated discriminatory behaviour to the benefit of the vertically integrated undertaking.
7. The regulatory authorities shall be responsible for fixing or approving sufficiently in advance of their entry into force at least the methodologies used to calculate or establish the terms and conditions for:
- (a) connection and access to national natural gas networks, including transmission and distribution tariffs, and terms, conditions and tariffs for access to LNG facilities , whereby tariffs or methodologies shall allow the necessary investments in the networks and LNG facilities to be carried out in a manner allowing those investments to ensure the viability of the networks and LNG facilities;
  - (b) connection and access to national hydrogen networks, including, as from 1 January 2031, the hydrogen network tariffs, and terms and conditions and tariffs for access to for hydrogen storage and hydrogen terminals, including tariffs were applicable;
  - (c) the provision of balancing services which shall be performed in the most economic manner and provide appropriate incentives for network users to balance their input and off-takes in a fair and non-discriminatory manner and be based on objective criteria;
  - (d) approving and monitoring dedicated charges in accordance with Article 4 of [recast Gas Regulation as proposed in COM(2021) xxx].
  - (e) access to cross-border infrastructures, including the procedures for the allocation of capacity and congestion management.
8. The methodologies or the terms and conditions referred to in paragraph 7 shall be published.
9. In fixing or approving the tariffs or methodologies and the balancing services, the regulatory authorities shall ensure that transmission and distribution system operators and, as from 1 January 2031, hydrogen network operators are granted appropriate incentive, over both the short and long term, to increase efficiencies, foster market integration and security of supply and support the related research activities.

10. The regulatory authorities shall monitor congestion management of national transmission networks and hydrogen networks including interconnectors, and the implementation of congestion management rules. To that end, transmission system operators, hydrogen network operators or market operators shall submit their congestion management rules, including capacity allocation, to the regulatory authorities. Regulatory authorities may request amendments to those rules. ***This paragraph shall not apply to hydrogen distribution network operators.***

### *Article 73*

#### **Decisions and complaints**

- 1 Regulatory authorities shall have the authority to require natural gas transmission, storage, LNG and distribution system operators, hydrogen storage and terminal operators, and, as from 1 January 2031, hydrogen network if necessary, to modify the terms and conditions, including tariffs and methodologies referred to in this Article, to ensure that they are proportionate and applied in a non-discriminatory manner. In the event that the access regime to storage is defined according to Article 29(3), that task shall exclude the modification of tariffs. In the event of delay in the fixing of natural gas transmission and distribution tariffs and, where appropriate, hydrogen network tariffs, regulatory authorities shall have the power to fix or approve provisional transmission and distribution tariffs or methodologies and hydrogen network tariffs and methodologies and to decide on the appropriate compensatory measures if the final tariffs or methodologies deviate from those provisional tariffs or methodologies.
- 2 Any party having a complaint against a natural gas transmission, storage, LNG or distribution system operator or a hydrogen network, storage or terminal operator in relation to that operator's obligations under this Directive may refer the complaint to the regulatory authority which, acting as dispute settlement authority, shall issue a decision within a period of two months after receipt of the complaint. That period may be extended by two months where additional information is sought by the regulatory authorities. That extended period may be further extended with the agreement of the complainant. The regulatory authority's decision shall have binding effect unless and until overruled on appeal.
- 3 Any party who is affected and who has a right to complain concerning a decision on methodologies taken pursuant to this Article or, where the regulatory authority has a duty to consult, concerning the proposed tariffs or methodologies, may, at the latest within two months, or a shorter time period as provided by Member States, following publication of the decision or proposal for a decision, submit a complaint for review. Such a complaint shall not have suspensive effect.
- 4 Member States shall create appropriate and efficient mechanisms for regulation, control and transparency so as to avoid any abuse of a dominant position, in particular to the detriment of consumers, and any predatory behaviour. Those mechanisms shall take account of the provisions of the TFEU, and in particular Article 102 thereof.
5. Member States shall ensure that the appropriate measures are taken, including administrative action or criminal proceedings in conformity with their national law, against the natural or legal persons responsible where confidentiality rules imposed by this Directive have not been respected.
- 6 Complaints referred to in paragraphs 2 and 3 shall be without prejudice to the exercise of rights of appeal under Union or national law.

- 7 Decisions taken by regulatory authorities shall be fully reasoned and justified to allow for judicial review. The decisions shall be available to the public while preserving the confidentiality of commercially sensitive information.
- 8 Member States shall ensure that suitable mechanisms exist at national level under which a party affected by a decision of a regulatory authority has a right of appeal to a body independent of the parties involved and of any government.

#### *Article 74*

#### **Regional cooperation between regulatory authorities on cross-border issues**

1. Regulatory authorities shall closely consult and cooperate with each other, and in particular within ACER, and shall provide each other and ACER with any information necessary for the fulfilment of their tasks under this Directive. In respect of the information exchanged, the receiving authority shall ensure the same level of confidentiality as that required of the originating authority.
2. Regulatory authorities shall cooperate at least at a regional level to:
  - (a) foster the creation of operational arrangements in order to enable an optimal management of the network, promote joint gas and hydrogen exchanges and the allocation of cross-border capacity, and to enable an adequate level of interconnection capacity, including through new interconnections, within the region and between regions to allow for development of effective competition and improvement of security of supply without discriminating between supply undertakings in different Member States;
  - (b) coordinate the development of all network codes for the relevant transmission system operators, hydrogen network operators and other market actors;
  - (c) coordinate the development of the rules governing the management of congestion;
  - (d) to ensure regulatory compliance of legal entities fulfilling transmission operators' and network operators' tasks at cross-border or regional level.
3. Regulatory authorities shall have the right to enter into cooperative arrangements with each other to foster regulatory cooperation.
4. The actions referred to in paragraph 2 shall be carried out, as appropriate, in close consultation with other relevant national authorities and without prejudice to their specific competencies.
5. The Commission is empowered to adopt delegated acts in accordance with Article 83 in order to supplement this Directive by establishing guidelines on the extent of the duties of the regulatory authorities to cooperate with each other and with ACER.
6. Regulatory authorities, or where appropriate other competent authorities, may consult and cooperate with the relevant authorities of third countries, including Energy Community Contracting Parties, in relation to the operation of gas and hydrogen infrastructure to and from third countries with a view to ensuring, as regards the infrastructure concerned, that this Directive is applied consistently in the territory and territorial sea of a Member State.



## *Article 75*

### **Compliance with the network codes and guidelines**

1. Any regulatory authority and the Commission may request the opinion of ACER on the compliance of a decision taken by a regulatory authority with the network codes and the guidelines referred to in this Directive or in [recast Gas Regulation as proposed in COM(2021) xxx] .
2. ACER shall provide its opinion to the regulatory authority which has requested it or to the Commission, respectively, and to the regulatory authority which has taken the decision in question within three months from the date of receipt of the request.
3. Where the regulatory authority which has taken the decision does not comply with ACER 's opinion within four months from the date of receipt of that opinion, ACER shall inform the Commission accordingly.
4. Any regulatory authority may inform the Commission where it considers that a decision relevant for cross border-trade taken by another regulatory authority does not comply with the guidelines referred to in this Directive or in [recast Gas Regulation as proposed in COM(2021) xxx] within two months from the date of that decision.
5. Where the Commission, within two months of having been informed by ACER in accordance with paragraph 3, or by a regulatory authority in accordance with paragraph 4, or on its own initiative within three months from the date of the decision, finds that the decision of a regulatory authority raises serious doubts as to its compatibility with the network codes and the guidelines referred to in this Directive or in [recast Gas Regulation as proposed in COM(2021) xxx] , the Commission may decide to examine the case further. In such a case, it shall invite the regulatory authority and the parties to the proceedings before the regulatory authority to submit observations.
6. Where the Commission takes a decision to examine the case further, it shall, within four months of the date of such decision, issue a final decision:
  - (a) not to raise objections against the decision of the regulatory authority; or
  - (b) to require the regulatory authority concerned to withdraw its decision on the basis that the network codes and the guidelines have not been complied with.
7. Where the Commission has not taken a decision to examine the case further or a final decision within the time-limits set in paragraphs 5 and 6 respectively, it shall be deemed not to have raised objections to the decision of the regulatory authority.
8. The regulatory authority shall comply with the Commission decision to withdraw its decision within a period of two months and shall inform the Commission accordingly.
9. The Commission is empowered to adopt delegated acts in accordance with Article 83 supplementing this Directive by establishing guidelines setting out the details of the procedure to be followed for the application of this Article.

## *Article 76*

### **Record keeping**

1. Member States shall require supply undertakings to keep at the disposal of the national authorities, including the regulatory authority, the national competition authorities and the Commission, for the fulfilment of their tasks, for at least five years, the relevant data relating to all transactions in natural gas and hydrogen supply contracts and natural gas and hydrogen derivatives with wholesale customers and transmission system operators, as storage and LNG operators as well as hydrogen network, storage and terminal operators .
2. The data shall include details on the characteristics of the relevant transactions such as duration, delivery and settlement rules, the quantity, the dates and times of execution and the transaction prices and means of identifying the wholesale customer concerned, as well as specified details of all unsettled natural gas and hydrogen supply contracts and natural gas and hydrogen derivatives.
3. The regulatory authority may decide to make available to market participants elements of this information provided that commercially sensitive information on individual market players or individual transactions is not released. This paragraph shall not apply to information about financial instruments which fall within the scope of Directive 2014/65/EU .
4. The Commission is empowered to adopt delegated acts supplementing this Directive in accordance with Article 83, by establishing guidelines which define the methods and arrangements for record keeping as well as the form and content of the data that shall be kept.
5. With respect to transactions in natural gas and hydrogen derivatives of supply undertakings with wholesale customers and natural gas transmission system operators , storage and LNG operators as well as hydrogen network, storage and terminal operators , this Article shall apply only once the Commission has adopted the guidelines referred to in paragraph 4.
6. The provisions of this Article shall not create additional obligations towards the authorities referred to in paragraph 1 for entities falling within the scope of Directive 2014/65/EU .
7. In the event that the authorities referred to in paragraph 1 need access to data kept by entities falling within the scope of Directive 2014/65/EU, the authorities responsible under that Directive shall provide them with the required data.

## **Chapter XI**

### **Final provisions**

#### *Article 77*

##### **Safeguard measures**

1. In the event of a sudden crisis in the energy market or where the physical safety or security of persons, apparatus or installations or system integrity is threatened, a Member State may declare an emergency state pursuant to Article 11 of Regulation (EU 2017/1938 and take the measures foreseen in the national emergency plan .

## *Article 78*

### **Level playing field**

1. Measures that the Member States may take pursuant to this Directive in order to ensure a level playing field shall be compatible with the TFEU , notably Article 36 thereof, and with the legislation of the Union .
2. The measures referred to in paragraph 1 shall be proportionate, non-discriminatory and transparent. Those measures may be put into effect only following the notification to and approval by the Commission.
3. The Commission shall act on the notification referred to in paragraph 2 within two months of the receipt of the notification. That period shall begin on the day following receipt of the complete information. In the event that the Commission has not acted within that two-month period, it shall be deemed not to have raised objections to the notified measures.

## *Article 79*

### **Technical agreements regarding the operation of natural gas and hydrogen pipeline lines with third countries**

This Directive does not affect the freedom of transmission system operators , hydrogen network operators or other economic operators to maintain in force or to conclude technical agreements on issues concerning the operation of pipelines between a Member State and a third country, insofar as those agreements are compatible with Union law and relevant decisions of the regulatory authorities of the Member States concerned. Such agreements shall be notified to the regulatory authorities of the Member States concerned.

## *Article 80*

### **Derogations for natural gas system**

1. Member States which are not directly connected to the interconnected system of any other Member State may apply to the Commission for derogations from Articles 3, 7, 54 or 27. Any such derogation shall expire from the moment when the first interconnector to the Member State is completed.
2. Member States may apply to the Commission for derogations from applying Articles 3, 7, 54 or 27 to outermost regions within the meaning of Article 349 TFEU or to other geographically isolated areas. Any such derogation shall expire from the moment a connection from the region or area to a Member State with an interconnected system is completed.
3. The Commission shall inform the Member States of applications for derogations referred to in paragraphs 1 and 2 before taking a decision, taking into account justified requests for confidentiality of commercially sensitive information.
4. Derogations granted by the Commission shall be limited in time and subject to conditions that aim to increase competition in and the integration of the internal market and to ensure that the derogations do not hamper the transition towards renewable

energy or the application of the energy efficiency first principle within the meaning of Article 2, point (18) of Regulation (EU) 2018/1999.

5. Derogations pursuant to Directive 2009/73/EC without an expiry date shall expire on 31 December 2025. Member States that at the time of entry into force of this Directive are still benefitting from these derogations may apply to the Commission for a new derogation in accordance with the conditions established in this Article.
6. Decisions to grant derogations shall be published in the Official Journal of the European Union.

#### *Article 81*

#### **Derogations in relation to natural gas transmission lines to and from third countries**

1. In respect of gas transmission lines between a Member State and a third country completed before 23 May 2019, the Member State where the first connection point of such a transmission line with a Member State's network is located may decide to derogate from Articles 54, 65, 66 and 27 and Article 72(7), (9) and 73 (1) for the sections of such gas transmission line located in its territory and territorial sea, for objective reasons such as to enable the recovery of the investment made or for reasons of security of supply, provided that the derogation is not detrimental to competition on or the effective functioning of the internal market in natural gas, or to security of supply in the Union.

The derogation shall be limited in time up to 20 years based on objective justification, renewable if justified and may be subject to conditions which contribute to the achievement of the conditions in the first subparagraph .

Such derogations shall not apply to transmission lines between a Member State and a third country which has the obligation to transpose this Directive and which effectively implements this Directive in its legal order under an agreement concluded with the Union.

2. Where the transmission line concerned is located in the territory of more than one Member State, the Member State in the territory of which the first connection point with the Member States' network is located shall decide whether to grant a derogation for that transmission line after consulting all the Member States concerned.

Upon request by the Member States concerned, the Commission may decide to act as an observer in the consultation between the Member State in the territory of which the first connection point is located and the third country concerning the consistent application of this Directive in the territory and territorial sea of the Member State where the first interconnection point is located, including the granting of derogations for such transmission lines.

3. Decisions pursuant to paragraphs 1 and 2 shall be adopted by 24 May 2020. Member States shall notify any such decisions to the Commission and shall publish them.

#### *Article 82*

#### **Empowerment procedure**

1. Without prejudice to other obligations under Union law, and to the allocation of competence between the Union and the Member States, existing agreements between a Member State and a third country on the operation of a transmission line or an

upstream pipeline network may be maintained in force until the entry into force of a subsequent agreement between the Union and the same third country or until the procedure under paragraphs 2 to 15 of this Article applies.

2. Without prejudice to the allocation of competence between the Union and the Member States, where a Member State intends to enter into negotiations with a third country in order to amend, extend, adapt, renew or conclude an agreement on the operation of a transmission line with a third country concerning matters falling, entirely or partly, within the scope of this Directive, it shall notify the Commission of its intention in writing.

Such a notification shall include the relevant documentation and an indication of the provisions to be addressed in the negotiations or to be renegotiated, the objectives of the negotiations and any other relevant information, and shall be transmitted to the Commission at least five months before the intended start of the negotiations.

3. Further to any notification pursuant to paragraph 2, the Commission shall authorise the Member State concerned to enter into formal negotiations with a third country for the part which may affect Union common rules unless it considers that the opening of such negotiations would:
  - (a) be in conflict with Union law other than the incompatibilities arising from the allocation of competence between the Union and the Member States;
  - (b) be detrimental to the functioning of the internal market in natural gas, competition or security of supply in a Member State or in the Union;
  - (c) undermine the objectives of pending negotiations of intergovernmental agreements by the Union with a third country;
  - (d) be discriminatory.
4. When carrying out the assessment under paragraph 3, the Commission shall take into account whether the intended agreement concerns a transmission line or an upstream pipeline that contributes to the diversification of natural gas supplies and suppliers by means of new natural gas sources.
5. Within 90 days of receipt of the notification referred to in paragraph 2, the Commission shall adopt a decision authorising or refusing to authorise a Member State to enter into negotiations in order to amend, extend, adapt, renew or conclude an agreement with a third country. Where additional information is needed to adopt a decision, the 90-day period shall run from the date of receipt of such additional information.
6. In the event that the Commission adopts a decision refusing to authorise a Member State to enter into negotiations in order to amend, extend, adapt, renew or conclude an agreement with a third country, it shall inform the Member State concerned accordingly and shall give the reasons therefor.
7. Decisions authorising or refusing to authorise a Member State to enter into negotiations in order to amend, extend, adapt, renew or conclude an agreement with a third country shall be adopted, by means of implementing acts, in accordance with the procedure referred to in Article 83(2).
8. The Commission may provide guidance and may request the inclusion of particular clauses in the agreement envisaged, in order to ensure compatibility with Union law

in accordance with Decision (EU) 2017/684 of the European Parliament and of the Council<sup>30</sup>.

9. The Commission shall be kept informed of the progress and results of the negotiations to amend, extend, adapt, renew or to conclude an agreement throughout the different stages of such negotiations and may request to participate in such negotiations between the Member State and the third country in accordance with Decision (EU) 2017/684.
10. The Commission shall inform the European Parliament and the Council of the decisions adopted pursuant to paragraph 5.
11. Before signing an agreement with a third country, the Member State concerned shall notify the Commission of the outcome of negotiations and shall transmit the text of the negotiated agreement to the Commission.
12. Upon notification pursuant to paragraph 11, the Commission shall assess the negotiated agreement pursuant to paragraph 3. Where the Commission finds that the negotiations have resulted in an agreement which complies with paragraph 3, it shall authorise the Member State to sign and conclude the agreement.
13. Within 90 days of receipt of the notification referred to in paragraph 11, the Commission shall adopt a decision authorising or refusing to authorise a Member State to sign and conclude the agreement with a third country. Where additional information is needed to adopt a decision, the 90-day period shall run from the date of receipt of such additional information.
14. Where the Commission adopts a decision pursuant to paragraph 13, authorising a Member State to sign and conclude the agreement with a third country, the Member State concerned shall notify the Commission of the conclusion and entry into force of the agreement, and of any subsequent changes to the status of that agreement.
15. In the event that the Commission adopts a decision refusing to authorise a Member State to sign and conclude the agreement with a third country pursuant to paragraph 13, it shall inform the Member State concerned accordingly and shall give the reasons therefor.

### *newArticle 83*

#### **Exercise of the delegation**

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 8, 56, 66, 74, 75 and 76 shall be conferred on the Commission for an indeterminate period of time from [date of entry into force].
3. The delegation of power referred to in Articles 8, 56, 66, 74, 75 and 76 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect on the day following the publication of the decision in the Official Journal of the European

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<sup>30</sup> Decision (EU) 2017/684 of the European Parliament and of the Council of 5 April 2017 on establishing an information exchange mechanism with regard to intergovernmental agreements and non-binding instruments between Member States and third countries in the field of energy, and repealing Decision No 994/2012/EU (OJ L 99, 12.4.2017, p. 1).

Union or at a later date specified therein. It shall not affect the validity of any delegated act already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making *as well as all relevant stakeholders. The European Scientific Advisory Board on Climate Change Commission may give an opinion to the Commission as to whether the Delegated act contributes to achieving the Union's energy and climate targets.*
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 8, 56, 66, 74, 75 and 76 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

#### *Article 84*

##### **Committee procedure**

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

#### *Article 85*

##### **Review and reporting**

By 31 December 2030 the Commission shall review this Directive and shall submit a report to the European Parliament and to the Council. The review shall in particular examine the application of Article 8, and related definitions in Article 2, to assess whether facilities that begin operation from 1 January 2031 should demonstrate higher greenhouse gas emission savings from the use of low carbon fuels and low carbon hydrogen to receive certification pursuant to that Article.

- 1a** *By [ten years after entry into force of this Directive] ACER shall assess the implementation of Articles 42 with regard to hydrogen distribution network operators, 62 and 69 taking into account ~~its~~ their direct influence on the hydrogen market functioning, competition, liquidity, hydrogen infrastructure development and its transparency in consultation with relevant stakeholders and set out the findings in a report that shall be publicly available. The report shall include an opinion on dedicated horizontal unbundling rules for hydrogen transmission network operators. ACER shall consult the relevant stakeholders when developing the report.*

- 1b** *Where quantitatively and qualitatively substantiated structural shortcomings of the present legal framework are identified, the Commission may, where appropriate, propose measures to review those shortcomings in the relevant provisions.*

#### *Article 86*

#### **Amendments to Directive 2012/27/EU**

Directive 2012/27/EU is amended as follows:

- (1) Articles 9, 10 and 11 are deleted;
- (2) Annex VII is deleted.

#### *Article 87*

#### **Transposition**

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 51 by 31 December 2023 . They shall immediately communicate the text of those measures to the Commission .

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made and how that statement is to be formulated .

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

#### *Article 88*

#### **Repeal**

Directive 2009/73/EC, as amended by the acts listed in Annex III, Part A, is repealed with effect from 1 January 2023, without prejudice to the obligations of Member States concerning relating to the time-limits for the transposition into national law and the date of application of the Directives set out in Annex III, Part B .

References to the repealed Directive shall be construed as references to this Directive and shall be read in accordance with the correlation table in Annex IV.

#### *Article 89*

#### **Entry into force**

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.



*Article 90*

**Addressees**

This Directive is addressed to the Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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↓ 2009/73

**ANNEX I**

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↓ new

**MINIMUM REQUIREMENTS FOR BILLING AND BILLING INFORMATION FOR GASES**

1. **MINIMUM INFORMATION TO BE CONTAINED ON THE BILL AND IN THE BILLING INFORMATION FOR GASES**
  - 1.1. The following key information shall be prominently displayed to final customers in their bills, distinctly separate from other parts of the bill:
    - (a) the price to be paid and a breakdown of the price where possible, together with a clear statement that all energy sources may also benefit from incentives that were not financed through the levies indicated in the breakdown of the price;
    - (b) the date on which payment is due.
  - 1.2. The following key information shall be prominently displayed to final customers in their bills and billing information, distinctly separate from other parts of the bill and billing information:
    - (a) consumption of gases for the billing period;
    - (b) the name and contact details of the supplier, including a consumer support hotline and email address;
    - (c) the tariff name;
    - (d) the end date of the contract, if applicable;
    - (e) the information on the availability and benefits of switching;

- (f) the final customer's switching code or unique identification code for the final customer's supply point;
- (g) information on final customers' rights as regards out-of-court dispute settlement, including the contact details of the entity responsible pursuant to Article 26;
- (h) the single point of contact referred to in Article 25;
- (i) for natural gas only, a link or reference to where comparison tools referred to in Article 14 can be found.

1.3. Where bills are based on actual consumption or remote reading by the operator, the following information shall be made available to final customers in, with or signposted to within their bills and periodic settlement bills:

- (a) comparisons of the final customer's current consumption of gases with the final customer's consumption for the same period in the previous year in graphic form;
- (b) contact information for consumer organisations, energy agencies or similar bodies, including website addresses, from which information may be obtained on available energy efficiency improvement measures for energy-using equipment;
- (c) comparisons with an average normalised or benchmarked final customer in the same user category.

## 2. FREQUENCY OF BILLING AND THE PROVISION OF BILLING INFORMATION:

- (a) billing on the basis of actual consumption shall take place at least once a year;
- (b) where the final customer does not have a meter that allows remote reading by the operator, or where the final customer has actively chosen to disable remote reading in accordance with national law, accurate billing information based on actual consumption shall be made available to the final customer at least every six months, or once every three months, if requested or where the final customer has opted to receive electronic billing;
- (c) where the final customer does not have a meter that allows remote reading by the operator, or where the final customer has actively chosen to disable remote reading in accordance with national law, the obligations in points (a) and (b) may be fulfilled by means of a system of regular self-reading by the final customer, whereby the final customer communicates readings from the meter to the operator; billing or billing information may be based on estimated consumption or a flat rate only where the final customer has not provided a meter reading for a given billing interval. *The estimated consumption shall be based on the previous year consumption and/or on the consumption of a comparable final customer;*
- (d) where the final customer has a meter that allows remote reading by the operator, accurate billing information based on actual consumption shall be provided at least every month; such information may also be made available via the internet, and shall be updated as frequently as allowed by the measurement devices and systems used.

## 3. Breakdown OF THE FINAL CUSTOMER'S PRICE

The customer's price is the sum of the following three components: the energy and supply component, the network component (transmission, distribution, transport) and the component comprising taxes, levies, fees and charges.

Where a breakdown of the final customer's price is presented in bills, the common definitions of the three components in that breakdown established under Regulation (EU) 2016/1952 of the European Parliament and of the Council shall be used throughout the Union.

#### 4. Access to complementary information on historical consumption

Member States shall require that, to the extent that complementary information on historical consumption is available, such information is made available, at the request of the final customer, to the supplier or service provider designated by the final customer.

Where the final customer has a meter that allows remote reading by the operator installed, the final customer shall have easy access to complementary information on historical consumption allowing detailed self-checks.

Complementary information on historical consumption shall include:

- (a) cumulative data for at least the three previous years or the period since the start of the electricity supply contract, if that period is shorter. The data shall correspond to the intervals for which frequent billing information has been produced; and
- (b) detailed data according to the time of use for any day, week, month and year, which is made available to the final customer without undue delay via the internet or the meter interface, covering the period of at least the previous 24 months or the period since the start of the electricity supply contract, if that period is shorter

#### 5. Disclosure of energy sources

Suppliers shall specify in bills the share of renewable and separately low carbon gas purchased by the final customer in accordance with the supply contract for gases (product level disclosure). In case of a mixture the supplier shall provide the same information separately for different categories of gases, including renewable or low-carbon gas.

The following information shall be made available to final customers in, with, or signposted to within their bills and billing information:

- (a) the share of renewable and low carbon gases in the mix of the supplier (at national level, namely in the Member State in which the supply contract for gases has been concluded, as well as at the level of the supplier if the supplier is active in several Member States) over the preceding year in a comprehensible and clearly comparable manner;
- (b) information on the environmental impact, in at least terms of CO<sub>2</sub> emissions resulting from the gases supplied by the supplier over the preceding year.

As regards point (a) of the second subparagraph, with respect to gases obtained via a gas exchange or imported from an undertaking situated outside the Union, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.

The disclosure of the share of renewable gas purchased by the final customers shall be done by using guarantees of origin *according to Article 19 of Directive [recast of the directive renewable energies 2021/0218 (COD)]*.

The regulatory authority or another competent national authority shall take the necessary steps to ensure that the information provided by suppliers to final customers pursuant to this point is reliable and is provided at a national level in a clearly comparable manner.

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↓ 2009/73 (adapted) ⇒ new
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## ANNEX II

### ⊗ SMART METERING SYSTEMS IN NATURAL GAS ⊗

2.1. Member States shall ensure that ~~any implementation~~ ⇒ deployment ⇐ of ~~intelligent~~ ⊗ smart ⊗ metering systems ⇒ in their territories ⇐ ***happens only after a positive*** that ~~shall assist the active participation of consumers in the gas supply market. The implementation of those metering systems may be subject to an economic assessment of all the long-term costs and benefits to the market and the individual consumer or which form of intelligent~~ ⊗ smart ⊗ metering is economically reasonable and cost-effective and which timeframe is feasible for their distribution.

~~Such assessment shall take place by 3 September 2012.~~

***1a Such an economic assessment shall take into account network development plans pursuant to Article 51, in particular, paragraph 2, point (c) thereof, on decommissioning of networks.***

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↓ new
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2. Such assessment shall take into consideration the methodology for the cost-benefit analysis and the minimum functionalities for smart metering systems provided for in Commission Recommendation 2012/148/EU<sup>31</sup> to the extent that they are applicable for natural gas, as well as the best available techniques for ensuring the highest level of cybersecurity and data protection.

Such assessment shall also duly consider potential synergies with an already rolled-out electricity smart metering infrastructure, or options for selective rollouts to cases that can quickly return net benefits to keep costs in check.

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↓ 2009/73 (adapted) ⇒ new
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3. Subject to ~~that a positive~~ assessment, Member States ~~or any competent authority they designate,~~ shall prepare a timetable ⇒ with a target of up to ten years ⇐ for the ~~implementation~~ ⇒ deployment ⇐ of ~~intelligent~~ ⊗ smart ⊗ metering systems. ⇒ Where the deployment of smart metering systems is assessed positively, at least 80 % of final customers shall be equipped with smart meters within seven years of the date of the positive assessment. ⇐

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<sup>31</sup> Commission Recommendation 2012/148/EU of 9 March 2012 on preparations for the roll-out of smart metering systems (OJ L 73, 13.3.2012, p. 9).

~~The Member States or any competent authority they designate, shall ensure the interoperability of those metering systems to be implemented within their territories and shall have due regard to the use of appropriate standards and best practice and the importance of the development of the internal market in natural gas.~~

### ANNEX III

#### Part A

Repealed Directive  
with list of the successive amendments thereto  
(referred to in Article 90)

Directive 2009/73/EC of the European Parliament and of the Council (OJ L 211, 14.8.2009, p. 94)	
Regulation (EU) 2018/1999 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1)	Only Article 51
Directive (EU) 2019/692 of the European Parliament and of the Council (OJ L 117, 3.5.2019, p. 1)	

#### Part B

Time-limits for transposition into national law and date of application  
(referred to in Article 90)

Directive	Time-limit for transposition	Date of application
Directive 2009/73/EC	3 March 2011	3 March 2011, except as regards Article 11  3 March 2013 as regards Article 11

Directive (EU) 2019/692	24 February 2020	
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**ANNEX IV**  
**CORRELATION TABLE**

Directive 2009/73/EC	This Directive
Article 1(1)	Article 1(1)
Article 1(2)	-
-	Article 1(2), (3) and (4)
Article 2, introductory wording	Article 2, introductory wording
-	Article 2, points 1 to 13
Article 2, point 1	Article 2, point 14
Article 2, point 2	Article 2, point 15
Article 2, point 3	Article 2, point 16
Article 2, point 4	Article 2, point 17
Article 2, point 5	Article 2, point 18
Article 2, point 6	Article 2, point 19
-	Article 2, point 20 to 22
Article 2, point 7	Article 2, point 23
Article 2, point 8	Article 2, point 24
Article 2, point 9	Article 2, point 252
Article 2, point 10	Article 2, point 26
Article 2, point 11	Article 2, point 27
Article 2, point 12	Article 2, point 28
Article 2, point 13	Article 2, point 29
Article 2, point 14	Article 2, point 30

Article 2, point 15	Article 2, point 31
Article 2, point 16	Article 2, point 32
Article 2, point 17	Article 2, point 33
-	Article 2, point 34
Article 2, point 18	Article 2, point 35
Article 2, point 19	Article 2, point 36
Article 2, point 20	Article 2, point 37
Article 2, point 21	Article 2, point 38
Article 2, point 22	Article 2, point 39
Article 2, point 23	Article 2, point 40
Article 2, point 24	Article 2, point 41
Article 2, point 25	Article 2, point 42
Article 2, point 26	Article 2, point 43
Article 2, point 27	Article 2, point 44
Article 2, point 28	Article 2, point 45
-	Article 2, point 46 to 47
Article 2, point 32	Article 2, point 48
Article 2, point 34	Article 2, point 49
Article 2, point 35	Article 2, point 50
Article 2, point 36	Article 2, point 51
-	Article 2, point 52 to 71
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-	Article 4
Article 3	Article 5 (1) and (2)



-	Article 5 (3) and (4)
Article 5 (11)	Article 5 (5)
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Article 4 (1)	Article 7 (1)
-	Article 7 (2)
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-	Article 7 (4)
-	Article 7 (5) to (9)
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-	Article 35 (7) to (9)
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-	Article 40 (2)
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-	Annex II
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Annex II	Annex IV