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Future Integration of Regulated Hydrogen Activities in ENTSOG

Dear Commissioner Timmermans,

The development of regulated cross-border hydrogen transport infrastructure is fundamental for the establishment of liquid and mature hydrogen markets. In order to ensure that this hydrogen infrastructure is developed efficiently and in a timely manner, newly regulated hydrogen network operators will require an appropriate framework in which to plan and coordinate network activities. Much of the future hydrogen transport infrastructure will be derived from existing gas assets, as these can be repurposed at considerably lower societal costs than new construction projects and are likely to receive a high level of public acceptance. **The integration of hydrogen and gas network activities, such as network planning, market monitoring and network-code implementation, within the auspices of ENTSOG, especially while the hydrogen market remains immature, will provide a sound framework for hydrogen market growth.** This integration would build on the successful inclusion of hydrogen in the TYNDP processes for gas that has already been realised by ENTSOG, in consultation with stakeholders, in recent years. Furthermore, newly founded hydrogen network operators would profit from the synergies created by an integrated planning and development of gas and hydrogen infrastructure together in this phase of the Energy Transition.

Hydrogen network planning is already a fundamental element of the TYNDP process for gas. Hydrogen demand and supply modelling is included in the joint scenarios developed by ENTSOG and ENTSO-E. Likewise, the Interlinked Model (also developed jointly by ENTSOG and ENTSO-E) considers hydrogen amongst its possible infrastructure solutions. **As part of the further integration of hydrogen and gas network development, hydrogen**

infrastructure project promoters have also submitted a total of 90 projects for assessment as part of the TYNDP 2022 for Gas, and 90 further transmission projects have been submitted that are either hydrogen-ready or dedicated to fuel switch. To this end, hydrogen provides a natural interface between gas and electricity and is crucial for energy system integration. The creation of a separate silo for hydrogen infrastructure development would hinder rather than aid this integration.

There are clear practical reasons for the integration of hydrogen networks in the current gas TYNDP framework at this stage. At present cross-border hydrogen infrastructure is limited and its future development is largely dependent on the repurposing of existing gas pipelines and the support of existing gas TSOs. As such, **creating an entirely separate TYNDP for Hydrogen would make it more complicated to model the gradual transfer of gas assets to hydrogen.** The current revision of the TEN-E Regulation proposes the removal of natural gas projects from future PCI lists. As a result, **ENTSOG's tasks for the next TYNDP 2022 and the 6th PCI selection process will naturally shift to hydrogen projects.** While EU cross-border hydrogen infrastructure is still at a nascent stage, this organic integration of hydrogen and gas network development provides clarity and simplicity and should be encouraged in order to **ensure coherence in the future development of these closely related assets and avoid market fragmentation**[i].

ENTSOG also has expertise fulfilling a wide range of other tasks such as the development of network codes for gas, the publication of two annual gas supply outlooks, security of supply assessment and coordination as well as a biennial gas quality monitoring report. Hydrogen transmission already plays an integral role in many of these tasks. As EU cross-border hydrogen infrastructure is being developed, the role of hydrogen in these tasks will be expanded within the current format. When deemed necessary by the European Commission dedicated documentation relating to hydrogen will be provided.

In order to ensure the logical transition from natural gas to all types of hydrogen and biogases, and for efficient usage of the support offered by the existing TSOs, the ENTSOG Board, hereby proposes to:

1. **Allow for the creation of well-defined hydrogen activities within the current auspices of ENTSOG (potentially rebranded to acknowledge the importance of hydrogen) by expanding the current membership to also include all hydrogen network operators.**
2. **Before achieving full certification as hydrogen network operators, based on criteria set by the European Commission, such organisations would also be able to strongly contribute to ENTSOG activities. ENTSOG already welcomes non-fully certified TSOs as "Associated Partners".**

We believe that this transition could be easily implemented by the upcoming revision of the Gas Regulation and would reduce the considerable administrative burden of **creating an additional legal entity and a silo that would impede the speed of energy system integration.**

We look forward to discussing these proposals with you in more detail in the future.

Yours sincerely,

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ENTSOG President

[i] network planning is a highly iterative process and depending on evolving scenarios/assumptions, the identified pipelines for repurposing would often require reconsideration during a TYNDP process, but also from one TYNDP to the next one. A static identification of pipelines for repurposing would limit these optimizations.