

Call for Recognising the Role of Blending Hydrogen into the Existing Gas Networks

For the attention of:

Frans Timmermans, Executive Vice-President of the European Commission

Copies:

Kadri Simson, Commissioner for Energy

Thierry Breton, Commissioner for Internal Market

Virginijus Sinkevicius, Commissioner for Environment, Oceans and Fisheries

Permanent Representations of all Member States to the EU

Members of the European Parliament's Committee on Industry, Research and Energy

Members of the European Parliament's Committee on Environment, Public Health and Food Safety

Brussels, 17 March 2021

Dear Executive Vice-President,

In the coming months, we will be welcoming several legislative initiatives launched by the European Commission to deliver the ambition enshrined in the European Green Deal. As active players in the energy market, we remain committed to achieve the EU Energy and Climate Targets, and stand decided to continue making efforts to reach carbon neutrality by 2050.

The *EU Hydrogen Strategy* released in July 2020 outlines the Commission's vision to deploy a European-wide hydrogen economy following a stepwise approach and using clean hydrogen to decarbonise selected sectors gradually. While we support its overall vision, we would like to highlight further the importance of blending hydrogen in gas networks.

The existing gas transmission and distribution networks, together with the associated facilities connected to them, will be an essential enabling factor in delivering the decarbonisation of the European economy and the goals of the *EU Hydrogen Strategy*. The **retrofitting**¹ and **repurposing**² of existing gas networks can be combined and complemented with the construction of **new dedicated hydrogen infrastructure**, so that three hydrogen deployment options can co-exist where needed.

Whilst blending is expected to be a transitional solution, it has multiple advantages which are relevant in the context of the *EU Hydrogen Strategy*:

- Using gas-hydrogen blends in the short and medium term achieves a larger GHG reduction at a lower systemic cost than by using only new dedicated infrastructure to deliver hydrogen.
- It allows for building-up hydrogen production capacity and developing economies of scale that will foster a positive business case for the transition to a hydrogen system.
- As for sector coupling between electricity and gas, it enhances system-wide resilience by integrating surplus intermittent renewable electricity, reducing power network congestion and providing short-term flexibility and energy storage.
- Injecting hydrogen into gas transmission and distribution pipelines provides renewable and low-carbon energy to consumers currently connected to the gas network.

¹ *Retrofitting* in this letter refers to small modifications/adaptations of the gas network that allow injection of certain amounts of hydrogen up to a technically-sound threshold of H₂/CH₄ mixture (i.e. blending).

² *Repurposing* implies converting an existing natural gas pipeline into a dedicated hydrogen pipeline.

- Blending grants market access, on a swift and cost-efficient manner, for decentralised hydrogen producers who locate their facilities in areas with high renewable energy resources but distant from consumption centres and dedicated hydrogen networks. Furthermore, they can benefit from participating in the pan-European integrated gas market.
- Hydrogen blending can be an especially cost-effective transitional option in those European regions without parallel or duplicated networks, or without (potentially) available gas infrastructure capacity, which can be easily repurposed to hydrogen in the short-term.
- Regarding production of thermal energy, hydrogen preserves its value when mixed with natural gas.

Hydrogen admixtures in the gas network should be properly recognised within the European energy regulatory framework in order to enable its rollout. A robust system of certificates/guarantees of origin (GOs) would allow monetisation of hydrogen injected while reducing the need for public support. Additionally, to facilitate intra-EU cross-border trade of gas blends, concrete interoperability measures at technical and commercial levels would be required.

The EU's competitiveness and its lead in the hydrogen economy is at stake. In view of the upcoming legislative developments expected for 2021 and beyond, **we are ready to further engage with the European Commission on the role of blending in the transition to an EU hydrogen ecosystem.**

Yours sincerely

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