

# GAS MARKET REFORM

*Regulation (EU) 2024/1789 and Directive (EU) 2024/1788 on the internal markets for renewable gas, natural gas and hydrogen*

The revision of the existing Regulation and Directive establishes rules for the production, transport and trading of renewable and low-carbon gases. It lays the cornerstone for building and operating a European-wide network of hydrogen pipelines. In parallel, it sets principles for the allocation of the costs of gas infrastructure and protection of gas consumers.

## WHAT'S IN IT?

### OBJECTIVE

#### Climate ambition

In view of respecting the limit of 1.5°C global warming under the Paris Agreement

#### 100% renewables

Accelerating the phase-out of fossils and nuclear

#### Fair participation

Of citizens in the benefits of the European Green Deal

GOOD PROSPECTS  
IN VIEW OF  
THE OBJECTIVE

MIXED  
PROSPECTS

A STEP BACKWARDS,  
UNDERMINING  
THE OBJECTIVE



## WHAT'S NEXT?

### STATUS

**Entered  
into force**



### MILESTONES

**5 February 2025**  
Regulation applies

**By 5 August 2025**  
Delegated Act on greenhouse gas  
emissions savings from low-carbon  
fuels

**By 5 August 2026**  
EU Member States to transpose  
the Directive

## WHAT TO WATCH OUT FOR?

### RISKS

**Speed.** Slowing down the EU law's progress or implementation.

**Money.** Conflict on distributional effects or lack of finance for making this EU law impactful.

**Fossil fuels.** Open door to supporting the use of fossil fuels.

**Nuclear power.** Open door to supporting the use of nuclear power.

LIMITED RISK

MEDIUM RISK

HIGH RISK



NO RISK



N/A NOT APPLICABLE



Learn more  
[eu.boell.org/green-deal-risk-radar](https://eu.boell.org/green-deal-risk-radar)

## WHAT'S IN IT?

### **Climate ambition**

Missing a phase-out date for fossil gas. 'Diversifying' of gas supplies instead of targets to reduce import dependency. Supporting the market introduction of 'low-carbon gases' such as hydrogen from fossil gas combined with Carbon Capture and Storage (CCS) technology besides renewable hydrogen. Defining 'low-carbon hydrogen' and gases by a threshold of 70% greenhouse gases (GHG) emission reduction versus a fossil fuel comparator (Directive art. 2.11–2.13, art. 9). This could lead to a fossil fuel lock-in. New binding Network Decommissioning Plans (NDPs, Dir., art. 57), however, indicate that operators of fossil gas distribution networks have to prepare for a gradual fossil gas phase-out.

### **100% renewables**

Missing prioritisation of renewable hydrogen against hydrogen produced with fossil fuels or nuclear power. Missing clear and legally robust rules for allocating scarce and expensive hydrogen potentials primarily to those sectors and industrial processes that are most difficult to supply with renewable electricity, allowing for very inefficient use of hydrogen, e.g. for low-temperature heating.

### **Fair participation**

Allowing future hydrogen network operators to allocate exceptionally their costs among users of the existing fossil gas grid (Regulation art. 5). EU Member States can block third party access, thus limit competition in hydrogen networks until 2032 (Dir., art. 35–38). Unbundling of hydrogen grid operation and supply business is weakened.

Improving consumer rights (comparability of offers, billing and switching) by adjusting them to the level established in the electricity sector (Dir., art. 11–29). Obliging Member States to consult network users when fossil gas grids are decommissioned, providing guidance for protecting vulnerable and energy poor households in this case (Dir., art. 13, 27).

## WHAT TO WATCH OUT FOR? RISKS

 Speed    Money    Fossil fuels    Nuclear power

Fossil gas network operators could use the provisions of the gas market reform to cross-subsidise their new commercial activities in building and operating a new EU-wide (and potentially oversized) hydrogen network at the costs of remaining fossil gas grid users. There is a risk that gas consumers in many cases will have to finance new hydrogen infrastructure through the gas network tariffs charged on gas grid users. As there are little incentives for the decommissioning of gas grids while the number of customers connected to the gas grid falls continuously, the network tariffs will likely rise massively for remaining gas grid users.

The Delegated Act on the methodology for low-carbon fuels could become an important door opener for a continued use of fossil fuel-based gases, as well as for the potential use of nuclear power for the production of hydrogen.

## WHAT'S NEXT?



STATUS

**Entered into force on 4 August 2024**

### **Transposition by EU Member States**

By 5 August 2026. From 5 February 2025, the Regulation applies, except provisions on liquefied natural gas (LNG), security of gas supply, joint purchasing and the mechanism to support the market development of hydrogen that apply from 1 January 2025 and partly from 4 August 2024.

### **Revision clauses and reporting duties**

By 5 August 2029, optional EC report on synergies across the hydrogen, electricity and natural gas sectors and potentially legislative proposals for integrating the European network operator organisations.

### **Delegated acts and other related legislative action**

By 5 August 2025, adopt a Delegated Action the methodology for assessing greenhouse gas emissions savings from low-carbon fuels (Dir., art. 9), to be adopted by 5 August 2025. The EC is expected to publish its draft Delegated Act before the summer of 2025.

## HOW TO IMPROVE IT? OPPORTUNITIES

With the Network Decommissioning Plans imposed on fossil gas distribution grid operators, the Directive recognises the risks of stranded assets. As these plans do not have a clearly defined template or deadline, policy makers and civil society will need to monitor and leverage this process in view of launching a coordinated and socially just phase-out of fossil gas in general. A methodology for a socially fair cost allocation of gas grids with shrinking utilisation rates is needed urgently.

A potential revision of the Trans-European Networks for Energy (TEN-E) Regulation during the new legislative term could open a window to better prepare the EU's energy infrastructure for a fully renewable energy system, e.g. through joint planning and optimised coordination of all grid operators (electricity, gas, hydrogen and heat).

## FURTHER READING

[Heinrich-Böll-Stiftung EU & Environmental Action Germany \(DUH\): The future role of gas in a climate-neutral Europe, June 2022](#)

[CAN Europe: Gas Package Analysis: The Good, the Bad and the Ugly of the revised Directive and Regulation, April 2024](#)