

## EIGA Position Paper on the Hydrogen and Decarbonized Gas Market Package

The European Industrial Gases Association, EIGA, welcomes the steps the EU is taking to align our policy ambition with the long-term goal of climate neutrality by 2050. Hydrogen has a critical role to play across a decarbonized economy, building on the already significant role it plays in industry today. In light of this, it is important that the EU carefully considers the framework which will govern hydrogen markets, and the infrastructure and actors which underpin those markets.

Today, EIGA Members operate the vast majority of hydrogen pipeline infrastructure in Europe and around the world. With decades of experience in the safe production, transportation, and handling of this product, the industrial gases sector is well placed to support the expansion of hydrogen's role in our society. Already, our infrastructure provides an essential service to industries who rely on dependable and precise supplies of hydrogen as an essential feedstock.

Existing private hydrogen pipelines, linked with dedicated hydrogen production, have been developed in a competitive marketplace to serve mainly industrial customers in the most cost-efficient way, meeting the necessary technical specifications for their processes and offering contractual and supply clarity; there is no need for regulatory intervention. To give an example, as even the smallest impurities in hydrogen supply to customers with sensitive processes can cause great damage, and in particular catalytic processes often cannot tolerate the smallest variations in purity, end-users served by private hydrogen pipelines commonly present with tight purity requirements as follows (based on ISO 14687:2019).

- General industrial applications (99.95%)
- PEM Fuel cells road application (99.97%)
- Hydrogenation and water chemistry (99.99%)
- Instrumentation and Propellant (99.995%)
- Semiconductor (99.999%)

Public networks will have an important complementary role to private networks, delivering hydrogen with more flexibility around purity and quality and aimed at a wide range of hydrogen applications, including some that will be replacing the use of natural gas. Private networks in turn will grow hydrogen demand by providing security of supply (both physically and contractually) to industrial consumers. Mandatory unbundling and third-party access would substantially undermine the position of purity/quality sensitive pipeline networks, by reducing legal clarity and substantially increasing the potential for deviations in purity, with associated significant costs.

Therefore, hydrogen pipelines aiming to connect consumers with production facilities, in the context of private contracts and competitive bids, should not be seen as 'hydrogen networks' within the scope of the Directive or Regulation. The definition of 'hydrogen network' in the Directive should be clarified in that regard. A 'hydrogen network' should refer only to the hydrogen backbone infrastructure.

**In light of this, EIGA proposes the following amendment to the Gas Directive**

<b>Article 2 - Definitions</b>	
Text proposed by the Commission	Amendment
[...] (20) 'hydrogen network' means a network of pipelines used for the transport of hydrogen <b>of a high grade of purity with a view to its delivery to customers</b> , but not including supply; [...]	[...] (20) 'hydrogen network' means a network of pipelines used for the transport of hydrogen <del>of a high grade of purity with a view to its delivery to customers</del> , but not including supply <b>nor pipelines primarily constructed to meet obligations under contractual commitments to supply defined quantities and qualities of hydrogen.</b> [...]
<i>Justification</i>	
Industrial consumers in Europe today rely on an ecosystem of private hydrogen pipelines, privately developed under the frame of competitive contracts and conforming to varying precise requirements for purity and pressure. As such, these contracts closely link the production, transportation and supply of hydrogen, providing technical and legal certainty for industrial users – essential to the growing hydrogen economy. Such networks may coexist with the wider hydrogen system, itself composed of the “backbone” transmission infrastructure.	

<b>Recitals - New</b>	
Text proposed by the Commission	Amendment
<b>New</b>	<b><i>(new) Private hydrogen pipelines serve EU industries through the delivery of hydrogen at non-standard purities and pressures, and are guaranteed by clear contractual relationships. As this infrastructure serves broadly different needs and objectives to the public hydrogen market, it is not appropriate to regulate them under this Directive.</i></b>

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