

## Finnish Energy's response on the development of a European regulatory framework for hydrogen, decarbonised and renewable gases

Finnish Energy welcomes European Commission's plans to modify regulatory framework for decarbonised and renewable gas markets as well as establishing regulatory framework for hydrogen economy and appreciates this opportunity to participate in the consultation. As an advocacy association for Finnish energy industry companies, representing local gas, electricity and district heating production, distribution and sales, we understand the challenges enhancing climate resilient policies within the current regulatory framework.

The Green Deal and decarbonizing European industries are one of the key challenges, one needs to overcome to comply what has been agreed globally in Paris accord. As fossil energy sources still cover 80% of our energy demand, climate policies establishing today will guide next decades, how the phase out of these fossil energy sources will be done, to meet international and European climate targets. This will need to be done systematically and technology neutral way, so that science and the R&D development will need to lead the way to overcome current system level obstacles and policy framework will need support this development, not the other way around where currently policy actions will decide the outcome and corporates are expected to follow the decided decarbonized road map.

Finnish Energy wants to emphasize that unified classification for different hydrogen types is the most important task that needs to be done ASAP. We understand the Commission's overall goal to promote renewable energy and therefore promote renewable energy based hydrogen. But yet one should not forget the importance of low carbon hydrogen when developing hydrogen economy from the scratch. "Colors should not matter", nor should they be the main discussion point on hydrogen as they have been last 1,5 years. Especially now at early stages one should not put too stringent regulations on something that is yet to be fully develop but rather to allow technologies to compete on their own merits whilst regulatory framework is been developed. This process will not be finish within next 2 years as we need to be looking beyond 2035 when making this decarbonized policies and road maps. To cover EU's demand for sustainable hydrogen can only be met if all sources of hydrogen from CO<sub>2</sub>-free electricity are tapped into-

When it comes to sector integration, the new directive will need to take into account interaction of electricity, different types of low carbon gases as well as district heating networks. Temporary exemptions should be applied with regard to provisions on vertical and horizontal unbundling, because synergies between energy sources and value-added stages should be used more efficiently. Production methods and approaches will change from regions to regions as they vary a lot from Portugal to Finland or Ireland to Romania, but we will need a common framework and regulations which will cover also imports from possible 3<sup>rd</sup> countries, when talking about renewable gases, synthetic gases or pure hydrogen. Additionally, the existing energy infrastructure should be utilized as much as possible when developing European wide hydrogen backbone as energy- and cost-efficient decarbonization methods need to be the guiding idea when developing new regulation.

Lastly legislation order needs to be more clearly defined, where industry acts stipulated the requirements and are super seeding. In this questionnaire there were many questions with a linkage to other non-industry related acts that do not stipulate nor mitigate low carbon gas markets. This causes miss interpretation and creates uncertainty for investor, who in the end will be driving force to take hydrogen and low carbon gas economies to next level.

Sincerely



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