

Energy Traders Europe response to the consulted Hydrogen Target Model in Austria

In this short consultation response, Energy Traders Europe wish to share a few remarks on E-Control's "Key aspects of a H2 target market model". We largely support the core assumptions in the document that reflect many of the considerations included in the Hydrogen and Decarbonised Gas Markets Package and largely reflect the tried and tested setup for gas trading. As a general remark we emphasize that **key aspects of a hydrogen market should be determined at an EU level** early on to avoid possible mismatches in the future. In our response to this consultation we allow ourselves to limit ourselves only to the points relevant from a trader's perspective and where consensus among our Members was already reached.

Key messages:

1. Authorities should seek to establish a **virtual trading point for hydrogen** as early as possible. This should enable price discovery early on, providing the necessary signal for further investment.
2. Hydrogen market participants should **hold the obligation (and right) to manage their imbalances themselves** in the first instance. This should help managing the network and provide the right incentive to develop flexibility services.
3. While we support non-discriminatory access to infrastructure, we note that **there may be well-founded reasons for providing exemptions from the rTPA rules**, particularly where strict requirements would prevent investment from taking place.

We support the approach proposed by E-Control, whereby certain detailed rules on the functioning of a hydrogen markets are to be defined in due course. Similarly, we note that, just like for the gas market, many of the rules and good practices will be developed for a hydrogen market by its participants and the effects of this work need not be anticipated either. Below we provide some more detailed comments related to the questions asked.

On the market rules required for the start-up phase of a hydrogen market (questions group 1), we note that:

- Authorities should seek to establish a virtual trading point for hydrogen as early as possible and as isolated sections of a future hydrogen grid become gradually interconnected.
 - o Building on the experiences of the gas market should indeed help avoiding sunk costs.

CONSULTATION RESPONSE



- Similarly, we believe many of these costs can be avoided if specific decisions on the hydrogen market design (such as duration of a hydrogen day and year, imbalance periods etc.) are taken in a coordinated manner at EU level.
- In terms of access to the hydrogen network, while by default we support non-discriminatory access to infrastructure, we note that there may be well-founded reasons for providing exemptions to the strict application of regulated third-party (rTPA) access.
 - Negotiated third-party access (nTPA) in the gas sector has proved to serve its purpose while simplifying the process of reaching a final investment decision.
 - We understand that the 15-year limit on capacity bookings would not apply to procedures seeking to develop new hydrogen infrastructure, as otherwise the time-limit could be counterproductive
 - As currently discussed under the CAM NC revision, some form of flexibility around set-aside rules for short-term products can be considered by the NRA on a case-by-case basis in case strict rules could get in the way of an investment taking place
 - Where excess capacity is expected to exist in the hydrogen network, first-come-first-served allocation should not create problems, but we note that in due course capacity allocation should follow the practices developed for the gas market
 - In terms of transparency, similar rules as for the gas market should apply. This should include basic information on market participant's balance at a given point in time.

Specifically on balancing (question group 2)

- Market-based balancing of hydrogen injections and offtakes should be implemented from the outset, with the establishment of balancing responsible parties who can trade with each other. In this context we support the assumptions made by E-Control, ensuring that market participants remain responsible for balancing their positions.
- We also support the notion that the system operator should be responsible for addressing any outstanding imbalance and that balancing energy should be procured on the market.

Contact

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