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Unbundling provisions of the Gas Package revision and a Just Transition

We, the European Social Partners in the gas sector, Eurogas, representing the employers, and EPSU and industriAll Europe representing the trade unions, acknowledge the importance of the third energy package and the need to create the essential conditions for the emergence of a competitive sector for renewable and low carbon gases. Future-proof gas market design must ensure new forms of gases are covered as they will be essential to achieve the ambitious climate commitments. It must also support the workers and communities affected by the transition. The European Commission's proposal to amend the current legislative framework for gas contains significantly more stringent unbundling rules on hydrogen operations than what is already foreseen for natural gas in the third energy package. These could discourage certain infrastructure operators from investing in hydrogen infrastructure or investing in much needed training and reskilling of its labour force. Ownership unbundling essentially requires infrastructure operators, if related to a company active in competitive activities, to divest their dedicated hydrogen infrastructure assets, even if they are efficiently separated from that company in terms of management, organisation, legal form, and decision making. We are convinced that it is not in the interest of either workers, users or companies and that it does not serve the transition towards a hydrogen infrastructure to apply more stringent unbundling rules for hydrogen. Instead, the EU legislative framework must facilitate the essential transition of the gas infrastructure and organise a Just Transition for its workforce.

The concept of a Just Transition must be firmly embedded in EU decarbonisation policy. No one can be left behind and individuals must have the right to job-to-job transitions, including through training and life-long learning with opportunities in strategic high-quality jobs. Adaptation must be supported in territories, regions, and industries, and the social impacts must be managed properly. The new unbundling rules for hydrogen infrastructure risk putting this core principle into question.

This is why it is necessary to prioritise the conversion of existing gas assets rather than building new grids; the cost saving is 81%, according to European Commission estimates. The use of existing networks allows supply and demand to be combined and connected to existing underground storage facilities with greater storage capacity. Adaptation not only has economic benefits, including for consumers, but also best utilises existing assets.

It is imperative to align top-down climate policy goals with bottom-up collaboration. This process should include all relevant stakeholders involved in the future integration of hydrogen in the energy system.

The gas industry has a clear role to play in reaching carbon neutrality. Its infrastructure is an asset which can be adapted to help lower the costs of the energy transition. The gas industry employs millions of people across Europe. Today's young talent will manage and maintain that infrastructure. Active social dialogue must start today to prepare for the changes ahead.

It is clear how important it is to facilitate the transition of the gas industry and its large, qualified workforce. Not doing so will have serious social and economic consequences leaving countless workers without employment and wasting crucial human capital and energy infrastructure.

The proposed unbundling rules for hydrogen risk doing just that. The provisions essentially prohibit (especially after 2030) the combination of hydrogen and methane operations by a single entity. This will mean that most gas infrastructure operators at distribution and transmission level will be strongly discouraged from investing in retrofitting, repurposing of existing natural gas infrastructure, or building dedicated new hydrogen infrastructure. Companies are unlikely to invest in assets they risk not being able to own or operate the moment there are built.

Without the prospect of a return on investment, they are also unlikely to invest in the crucial reskilling of the workforce required to build and operate those assets. At the same time, the rule might hamper the attraction of new talents that will be essential to implementing the energy transition, at a time where shortages of skilled workers already risk slowing down the energy transition. Increasing competition should not be pursued as an end in itself, especially where benefits are unclear, but it risks significant negative effects for workers and users. Recent months have been exceptionally challenging for consumers, businesses, and workers, and sensible action is warranted now.

Furthermore, we believe that any subsidies, from European or public funds, should come with strong conditions based on the principles of social dialogue: respect for trade union rights, collective bargaining, information sharing, consultation, and quality job creation. Energy is an essential service and must be affordable to all to realise a right to energy as enshrined on the European Pillar of Social Rights. Further fragmentation does not support this aim.

Today's gas industry is strongly committed to effective social dialogue and collective bargaining that have proven to be essential tools providing for the creation and maintenance of high-quality jobs and fair employment transitions over decades. We must rely on the expertise and know-how of the gas sector and its workers to facilitate and enable the transition to a decarbonised gas sector by 2050. Doing this would mean mobilising an existing qualified workforce and existing infrastructure. This would prevent skill shortages and negative effects on communities in affected regions and lower societal costs. The EU's gas workforce is already implementing the energy transition but needs to be supported to play that role in the future.

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