

To:

Mr Frans Timmermans, Executive Vice-President for the European Green Deal

Mr Valdis Dombrovskis, Executive Vice-President for An Economy that Works for People

Mr Thierry Breton, Commissioner for Internal Market

Ms Kadri Simson, Commissioner for Energy

Ms Mairead McGuinness, Commissioner for Financial Services

Brussels, March 11, 2021

For a sustainable finance taxonomy in line with the EU Hydrogen Strategy – Joint Letter

Dear Vice-President Timmermans; dear Vice-President Dombrovskis; dear Commissioner Breton; dear Commissioner Ms Simson; dear Commissioner Ms McGuinness,

The European Union has adopted an ambitious Clean Hydrogen Strategy and the signatories of this letter strongly stand behind it. Now is the time to ensure a regulatory framework which truly supports it. In this context, the upcoming delegated act of the Taxonomy Regulation on climate change should not introduce disproportionate constraints to hydrogen production.

While hydrogen is meant to be the energy vector able to decarbonize hard-to-abate sectors to achieve a carbon neutral Europe and further integrate renewable energies, today 95% of the hydrogen is produced from fossil fuels. In this context, ambitious and swift industrial deployment trajectories are needed to increase the competitiveness of renewable and low carbon hydrogen, triggering economies of scale, cost reductions and increased EU leadership. This will in its turn allow industrial consumers and the transport sector to switch away from fossil fuels.

Hydrogen produced with low carbon electricity brings both high emission reduction and strong synergies with renewable hydrogen as technology and cost structures are similar. As an example, hydrogen produced by electrolysis powered by the French or Nordic grid electricity has a carbon footprint of less than 3 kgCO₂_{eq}/kgH₂¹, i.e. ca 70% reduction in GHG emissions compared to a fossil comparator such as fossil-based hydrogen (RED II requirements). The proposed criteria of the draft Delegated Act would not qualify such hydrogen as taxonomy aligned.

In addition, this overly restrictive GHG emissions savings threshold for hydrogen manufacturing also risks ruling out, with a consistent LCA methodology, the use of solar energy to produce renewable hydrogen through electrolysis. For instance, hydrogen produced with electrolysis powered with solar energy is assessed at 3.22 kgCO₂_{eq}/kgH₂².

The signatories believe it is essential that the technical criterion related to hydrogen as laid down by the draft delegated act on climate change is brought in line with existing EU legislation and that alignment with RED II sustainability criteria is ensured – as has been done for other energy sources covered under RED II.

^{1 2} Source: ADEME's Carbone Database (assessments for France, calculations based on full life cycle assessment)

The signatories are concerned that the currently proposed criterion of 2.256 kgCO_{2eq}/kgH₂ largely pre-empts the regulatory debate to take place with respect to the EU hydrogen framework and undermines the EU leadership ambition whilst unnecessarily limiting business options compatible with Paris-aligned business trajectories.

This criterion would also be at odds with the Communication on a hydrogen strategy for a climate neutral Europe issued by your services in July 2020 as the category of electricity-based hydrogen would become obsolete if this threshold is maintained.

For all these reasons, the signatories call on the European Commission to pay specific attention to hydrogen in the review of the delegated act on climate change.

We remain at your disposal for any further assistance.

Yours sincerely,



Signatories

- CEA – [REDACTED]
- EDF – [REDACTED] [REDACTED]
- ENGIE – [REDACTED]
- France Hydrogène – [REDACTED]
- Fortum – [REDACTED]
- McPhy – [REDACTED]
- MVM Group – [REDACTED]
- SN Nuclearelectrica SA – [REDACTED]
- Uniper – [REDACTED]
- VICAT – [REDACTED]
- VTT – [REDACTED]
- CEZ Group – [REDACTED]
- UPM – [REDACTED]
- ABB – [REDACTED]
- ArcelorMittal – [REDACTED]
- Slovenské elektrárne, a. s – [REDACTED]
[REDACTED]