

To the Head of Cabinets of
Commission President Ursula von der Leyen
Executive Vice-President Frans Timmermans
Energy Commissioner Kadri Simson
Internal Market Commissioner Thierry Breton

9 December 2021

Follow-up of the joint [REDACTED] letter on the upcoming Delegated Act on Article 27 (3) RED II

Dear Mr Seibert, Mr Samsom, Mr Grassi and Mr Moutarlier,

Please allow us to follow up on the joint letter by [REDACTED] 17 European companies active in the field of hydrogen and renewable energy. In the meantime, five more companies have joined our initiative.

The upcoming **Delegated Act on Article 27(3) of the Renewable Energy Directive (RED II)** that defines rules for the production of renewable hydrogen from electricity continues to be at the centre of our attention:

Hydrogen investments worth more than €160bn are in mature planning phases across the globe. The highest share of these investments, yet less than a third, comes from Europe. A lot is at stake for our companies and many of the investment plans stand and fall with the design of this Delegated Act.

In the ongoing discussion, the European Commission needs to decide whether Europe is in the global race for green hydrogen to win or to watch. If the production criteria are interpreted and designed too rigidly, the ramp-up of the much-needed green hydrogen market in the EU would be made significantly more difficult, more expensive and delayed by years in all sectors.

We understand that the mandate of RED II puts a tight corset on the Commission's services. Yet, climate leadership must mean to set clear signals for industrial scaling and to adjust on the way. Even more so, as the Commission's proposal for the revision of RED II foresees to extend the scope of the Delegated Act to all sectors with knock-on effects in national legislation and funding schemes. Therefore, the Commission should make use of any flexibility possible in the interpretation of Article 27(3).

We would like to make the following proposals, both respecting RED II and addressing existing concerns.

The Delegated Act shall create a **first-mover period until the end of 2027**:

1. **Regarding additionality:** Grid connected projects commissioned before that date can contract **existing renewable plants** that are not or not anymore subsidised, regardless of whether they have been repowered or not. Those plants are immediately available and can be operated at lower cost. This first-mover period realistically mirrors the current lead times of new renewable plants that suffer from very long permitting procedures all over Europe.
2. **Regarding temporal correlation:** Grid connected projects should demonstrate that hydrogen is produced in the **same month** as the renewable electricity. The shorter the balancing period, the bigger the gap to finance green hydrogen is and hence the higher the need for public funding becomes.

3. Regarding **geographical correlation**: To facilitate industry decarbonisation and early development of on-site projects, the correlation should be interpreted at Member States' level, and allow for a certain amount of cross-border imports.
4. To maintain investment certainty, a **grandfathering rule** is needed: Projects commissioned until the end of 2027 should benefit from the first-mover rules until 2030.

While projects commissioned after 2027 might face stricter rules, the **impressive expansion targets for renewable energy** foreseen in the Fit for 55 Package and many national policies as well as the efforts of the industry indicate that the controversy which the Delegated Act aims to address, may soon be a relic of the past.

We are convinced that **green hydrogen plays a crucial role in achieving climate neutrality in the EU** and the European Hydrogen Strategy therefore rightly sets ambitious targets. With all the projects that the Commission published last week with the pipeline of the European Clean Hydrogen Alliance, you have proof that **we as an industry are ready to invest**.

Our approach to the Delegated Act of RED II **frontloads investments** and promises to create **tangible results** before the end of this Commission's term. It minimises the need for public support, fully leverages private investments, and avoids undesirable side effects within a short time frame.

In other words: **we invest today**, demonstrate that it works, improve on the way to 2030, and **deliver carbon-neutrality by 2050**.

We, the company representatives in copy, hope you can consider our approach and offer to discuss it further with you and the services.

Kind regards,

The representatives of the following companies

