

European Commission
President Ursula von der Leyen



June 23rd, 2022

Open letter:

Accelerating renewable hydrogen deployment in Europe

Dear President von der Leyen,

Since our last CEO letter to you in September 2021, circumstances have changed fundamentally, driven by the Russian invasion of Ukraine. This war of aggression has on the one hand challenged long-standing beliefs and revealed inherent weaknesses in our energy security. On the other hand, it confirmed that decarbonising our societies was the right course of action, not only from a climate perspective but also from an energy security perspective. **We therefore welcome the European Commission's "REPowerEU Plan" and its increased energy and climate ambition.**

Now that the plan has been sketched out, it will be important to substantiate the ambitious targets with adequate and concrete measures. This holds particularly true for renewable hydrogen, for which the REPowerEU Plan foresees a quadrupling of European renewable hydrogen consumption to 20 million tonnes until 2030. As industry representatives active across the whole hydrogen value chain, we are ready to invest – but we need a corresponding regulatory framework: For the increased targets, the necessity for a swift implementation of a pragmatic legal framework has increased as well. **If we jointly succeed in setting the right framework conditions, we can take the lead in decarbonisation and keep industry in Europe. Let's not miss this unique opportunity.**

In this context, the recently published draft delegated act on Article 27(3) of the Renewable Energy Directive outlining production criteria for renewable hydrogen (renewable fuels of non-biological origin, RFNBOs) is of utmost importance. We welcome the important improvements reflected in the draft, namely a transitional period granting more flexibility for first-mover projects.

However, we are very concerned that the current draft will not sufficiently ensure a secure and affordable supply of renewable hydrogen to Europe. **Thus, we would invite the Commission to consider additional adjustments to unlock the investments needed to accomplish the higher ambition set out in the REPowerEU Plan.** It is important to note that a number of projects are experiencing delays and facing cost escalation due to rampant inflation and supply chain challenges. **This makes the proposals below even**

more relevant to help deliver the business case for investment and ensure Europe's industrial competitiveness.

We believe that the following adjustments are critical to be made in the delegated act:

1. An extension of the **transitional period until at least 31.12.2029** in combination with the extension of the grandfathering rule to cover all electrolyzers built within the transitional period.
2. Maintain the **monthly balancing either as the general rule**, or at least until 2030 in combination with grandfathering, for all renewable hydrogen projects, **regardless if they receive operating aid or not.**
3. To incentivise Member States to ramp up RES in their electricity mix, the possibility **to set a maximum number of full load hours for electrolyzers in proportion to the share of RES in the grid** should also be granted to every Member State, not only to those having a 90% RES share already. This flexibility will reward countries who expand renewables by allowing them to operate hydrogen production facilities accordingly.
4. To facilitate industry decarbonisation and early development of on-site projects, the **geographical correlation should be interpreted at Member States' territory**, rather than per bidding zone, and allow for cross-border imports.

In our view including these elements is necessary to take into account the different situations in the EU member states, and the time needed to build up sufficient volumes of renewable energy for an industry-scale production of renewable hydrogen.

For the future, if Europe really wants to achieve its ambitious climate targets, it needs a new approach for the production criteria of renewable hydrogen in the current revision of the Renewable Energy Directive: Member States should take the additional electricity required to ramp up electrolyser capacity into account in their national targets for renewables. Furthermore, Guarantees of Origin (GOs) should serve as the primarily tool to document that the electricity consumed is renewable.

We as CEOs of leading European companies stand ready to tackle the challenges of REPowerEU together and we look forward to continuing our dialogue with the European Commission.

We will also provide a copy of this letter to Executive Vice-President Frans Timmermans, Executive Vice-President Margrethe Vestager, Commissioner for Energy Kadri Simson, Commissioner for Internal Market Thierry Breton, Members of the European Parliament and our National Governments.

Sincerely yours,

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