

Brussels, 25.02.2020

For the attn of Mr Frans Timmermans,
First Executive Vice President, European Commission

cc. Mrs Kadri Simson, Commissioner for Energy

Subject: The Renewable Energy Directive recast is holding back investments

Dear Mr. Timmermans,

Carbon-neutrality by 2050 will require hydrogen and derived renewable and low carbon gases, liquids and chemical feedstock as one of many solutions. They allow integrating renewable energy into sectors difficult to decarbonise, such as steel, chemicals, and transport, including refineries, maritime and aviation. Our members want to deliver their share to make Europe climate-neutral but depend on your policy decisions.

The **Renewable Energy Directive** (REDII) offers a timely and very promising opportunity to turn renewable solutions into a business case: Our members are ready to invest in projects replacing carbon-emitting energy carriers with renewable and low-carbon hydrogen in transport, including within the refinery processes.

Unfortunately, there is a **clear mismatch between Europe's new climate ambition and the context in which the REDII was negotiated**: The focus has shifted from integrating renewable energy into the electricity system to integrating renewable and low-carbon energy into the entire economy – from electrification to deep decarbonisation.

In consequence, the political spirit of the REDII is outdated and imposes unnecessary restrictions on hydrogen. **The delegated act on renewable electricity from the grid risks turning the directive into a major barrier for carbon neutrality**. At this very moment, market-based investments are being held back because developing the delegated acts on hydrogen for transport takes too long and the current reading by the regulator is too restrictive.

We openly question why renewable hydrogen needs to prove additionality. Fact is carbon-neutrality requires more renewable energy - **increased demand in renewable hydrogen will be met with renewable energy capacity** both domestically and through imports. We also question why renewable hydrogen production needs to demonstrate a correlation in time and geography with actual renewable generation. The fact is carbon-neutrality requires more energy conversion, storage, and infrastructure. These provisions have a substantial limiting effect on the development of sustainable business cases for renewable hydrogen.

Currently, grid bottlenecks and limited renewable energy capacity developments determine the pace at which we may integrate renewable energy into new sectors. This is clearly in contradiction with the spirit the Green Deal.

We propose to convert the **delegated act on electricity from the grid into an enabler to use renewable energy in quantities required to fully decarbonise the transport sector**. Furthermore, it should be an opportunity to develop a blueprint allowing every sector to integrate higher shares of renewable energy and the basis for more flexible eligibility criteria for the Innovation Fund.

Therefore, **we recommend the EU should focus on enabling market traction for renewable energy, through the acceptance of Guarantees of Origin**, to prove the renewable character of the electricity used in the production of hydrogen. Additionally, this should also include a clear statement that importing renewable

hydrogen or derived gases from outside the EU is in the scope of the directive, provided it is certified renewable and competes at a regulatory level playing field with domestically produced renewable hydrogen.

Time is pressing. Investment decisions are waiting for regulatory clarity and certainty. We urge the Commission to create legal certainty as quickly as possible and aligned with the pace and ambition of the Green Deal.

Our industry is ready, let's get this done.

Kind regards,



Valerie Bouillon-Delporte
President
Hydrogen Europe



Jorgo Chatzimarkakis
Secretary General

Hydrogen Europe is the European association representing the interest of the hydrogen and fuel cell industry and its stakeholders. We promote Hydrogen as the enabler of a zero-emission society. With more than 160 companies, 78 research organisations and 21 national associations as members, our association encompasses the entire value chain of the European Hydrogen ecosystem collaborating in the Fuel Cell Hydrogen Joint Undertaking (FCH JU). We are a Brussels-based association fostering knowledge and pushing for fact-based policy making ensuring that the European regulatory framework enables the role of hydrogen in our society. For more information, please visit www.hydrogeneurope.eu.

