

Minutes of a videocall with Hydrogen Europe, 12 November 2020

Participants:

Hydrogen Europe („HE“):

[REDACTED], [REDACTED], [REDACTED]

European Commission („COM“):

Yizhou Ren, Maria Engstrom (CAB-Vestager), [REDACTED] (DG COMP)

Minutes:

Hydrogen Europe (“HE”) presented the current situation of commitments and plans of the European hydrogen industry for the medium and long term. This includes, by 2030, a hydrogen production capacity of 2 times 40 GW and investments amounting to EUR 430 billion to kick-start the hydrogen economy. A large number of CEOs are committed to support the Clean Hydrogen Alliance. HE considers that a lot of hydrogen technology is ready for scaling up and industrialisation should be the focus of hydrogen IPCEI investments. HE recalls that MS request to use point 23 of the IPCEI Communication as legal basis for such hydrogen investments. HE considers that Hydrogen RDI and FID should be carried out outside an IPCEI through calls via the Joint Undertaking. HE points out that a number of EU governments have committed large budgets for future hydrogen investments. However, the envisaged project investments so far combined are lagging behind the targets for 2030 and 2040; representing just over 50% of the electrolyser capacity needed and 40% of the PtH capacity.

HE supports the Clean Hydrogen Alliance actively. Thanks to EVP Vestager’s input, the Clean Hydrogen Alliance is open and inclusive. HE would like to discuss how to organise the high-level meeting and how to further improve the process. HE mentions that the work of the Clean Hydrogen Alliance does not progress as planned and it is unclear whether the Clean Hydrogen Alliance will be able to deliver a hydrogen project pipeline by the end of 2020. In order to support the Clean Hydrogen Alliance, HE is working to prepare a hydrogen project pipeline at the end of 2020, which will be created by accumulating the hydrogen projects, which have been presented so far. HE believes that possibly the IPCEI instrument will be more effective than the Alliance to drive the investment agenda.

HE mentioned that it launched a process towards hydrogen IPCEIs already in 2019. Recent workshops of HE with Member States and Industry attracted more than 200 participants, demonstrating the wide interest among stakeholders. Germany appears to be willing to act as MS coordinator for a hydrogen IPCEI and plans an official hydrogen IPCEI launch event on Minister level still during the DE presidency on either 14 or 18 December 2020. Matchmaking for hydrogen projects is planned for February 2021. HE concedes that a hydrogen IPCEI will be much more complex than the previous IPCEIs and requires a significant effort to coordinate.

HE requests that in addition to investment aid, the COM should consider possibilities to approve operating aid for hydrogen projects, mentioning also Carbon Contracts for Difference. HE clarifies that operating aid is necessary to support offtakers of hydrogen to switch from grey hydrogen to clean hydrogen, which is currently much more expensive.

Operating aid is thus needed to cover the cost differential between green and grey hydrogen. HE confirms that operating aid will no longer be necessary, as soon as the price for clean hydrogen is in the same range as the price for grey hydrogen. In addition, HE confirmed that if the production of green hydrogen is supported so that the price of green hydrogen reaches parity with grey hydrogen, there is no need for operating aid at the level of the industrial user. However, currently, there is not sufficient green hydrogen available in proximity to the industry. HE mentions that the transport of hydrogen in pipelines is the cheapest mode of transport. HE added that currently green hydrogen can already be produced relatively cheap in the south of Europe (solar based), significantly cheaper than in the north (2€/kg against 4.5€/kg in the north). It therefore would make sense to transport this hydrogen from south to north. It would still be cheaper than hydrogen produced in the north (wind based).

