

Briefing for Commissioner Dan Jørgensen

MEETING WITH HYDROGEN ASSOCIATIONS

SCENE SETTER

Who	<p>Commission: EVP Teresa Ribera and her team</p> <p>Participants:</p> <ul style="list-style-type: none">• Hydrogen Europe: Jorgo Chatzimarkakis, CEO• International Partnership for Hydrogen and Fuel Cells in the Economy (IPHE): [REDACTED] Executive Director• Renewable Hydrogen Coalition: [REDACTED] Managing Director• Hydrogen Council: Ivana Jemelkova, CEO <p>You will be accompanied by Cabinet Members Anne-Maud Orlinski and Kamil Talbi and DG ENER Policy officer [REDACTED]</p>
Purpose of the meeting	<p>Purpose/strategic objective of the meeting: listening to representatives of hydrogen associations regarding the situation and the challenges of the sector.</p> <p>What the interlocutor wants: express their views on the hydrogen sector and likely ask about your position on hydrogen policy. <u>It is important that you do not commit at this stage of the mandate.</u></p>
What we want/top line messages	<p>Listen about the challenges of the sector and about how we can support the business case for hydrogen through two sessions:</p> <ul style="list-style-type: none">- Financing;- Enabling framework (notably regulatory).

Speaking points

Divided as per agenda, for ease of use and reference.

A. General introduction

EVP Rivera will open the meeting with introductory remarks and will give you the floor.

Intro words:

- Fully committed to the clean transition of the EU economy: existential point for our planet and incredible opportunity for our economy.
- Hydrogen has a **central role to play in this transition**. Multiple uses.
- Key pillar of our strategy to decarbonize the energy system- Notably hard to abate sector.
- Ambitious legal targets for renewable hydrogen in the EU
- EU legal framework also recognise the importance of low-carbon hydrogen.

What we have done:

- Established an **enabling framework** :
 - revision of the **Renewable Energy Directive (RED)**
 - adoption of the **Gas and Hydrogen Package**
 - comes with a long list of **secondary legislation** (delegated and implementing acts).
- **First continent** with such a comprehensive legal framework => visibility for stakeholders and clear signal for investors
- **Financial support:**
 - **2 billion EUR under the Hydrogen Bank**
 - Projects of Common and Mutual Interests (**PCI/PMI**) benefiting from budget of the Connecting Europe Facility: **65 hydrogen-related projects**.

- Working on establishing a **five-year pilot mechanism** to bring demand and supply and support the market development of hydrogen, under the Hydrogen Bank.

Challenges:

- **We observe slowdown in the pipeline of projects** over the past few months.
- Major issue flagged by the sector : **costs** of financing electrolysers and producing hydrogen. Need to make sure projects have a viable business case.
- Insufficient **offtake agreements** is problematic and disincentivise investments
- Uncertainty on supply/demand **trickles down on infrastructures.**

Main messages:

- We need to be **ambitious**. Need to keep the bar up and build the European hydrogens sector, important for both our environment and for our economy.
 - We need to be **pragmatic**. Limited means and multiple interests of various market players in the hydrogen as well as other sectors must be taken into account.
 - We need to **keep the dialogue open**. This is just a first discussion,. Continuing the discussion to make sure that we stay on the right path going forward.
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- Today's goal: **listen to you and hear from you how you see the state of the industry**, and **what could help the European hydrogen sector** grow.
 - Structure this meeting around two main topics: **financing** and the **enabling regulatory framework**.

- What are the **financing needs** of the sector and what could help in particular to support the business case of hydrogen projects?
- How we can **reinforce the enabling framework** for the hydrogen sector in the EU that is already in place, and support both supply and demand for hydrogen?

B. Session 1: supporting the financing of projects

EVP Rivera will open the session and will give you the floor for introductory remarks.

- Financing needs: 2030 goals would **require up to €254 billion** in investments.
- Need to **unlock all possible financing options**. Eager to listen to your views on how we can further support the business case for hydrogen projects and these investments.
- Questions to raise:
 - **Hydrogen Bank**: we now had a full first round of auctions and launched the second one, **how do you assess this mechanism** and the way it could be improved?
 - **Clean Investment Strategy**: My mission letter includes the **preparation of a fully-fledged Clean Investment Strategy** including a de-risking initiative to unlock private capital and prioritise investments. Do you have **suggestions** on this?

C. Session 2: reinforcing our framework for hydrogen offtake and demand: What further instruments, as part of the Clean Industrial Deal, could be considered?

EVP Rivera will open the session and will give you the floor for introductory remarks.

- We have the **most advanced regulatory framework for hydrogen globally** => gives clarity and **visibility** for stakeholders.
- Priority is to ensure its rapid **implementation** so Member States have and use all the tools.
- Secondary legislation: We closed the public consultation on the **delegated act on low carbon hydrogen** and will aim at **publishing it as soon as possible**.
- **Joint pilot mechanism**: We are developing a **joint pilot mechanism for pooling and matchmaking supply and demand of hydrogen**, and support the access to financing =>will bring transparency to the market.
- Need to fully **implement our new Electricity Market Design**. Some features may be of interest for the hydrogen industry (flexibility, storage). Would welcome your views on this.
- **Questions to raise:**
 - Do you identify **actions that could support these priorities and that would smartly bring together visibility and flexibility** to support the business case of clean hydrogen?

D. Concluding remarks:

- Thanks for your contributions.
- Our goal is to build a **competitive and resilient European hydrogen value chain and build a frontrunner position.**
- Very useful first discussion. We aim at having a regular constructive **dialogue** with the whole hydrogen value chain and market players.
- We will also hold regular implementation dialogues.