

Out of scope

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**From:** [REDACTED] <[\[REDACTED\]@thyssenkrupp.com](mailto:[REDACTED]@thyssenkrupp.com)>  
**Sent:** Wednesday, April 12, 2023 9:39 AM  
**To:** VANDENBERGHE Kurt (CLIMA) <[Kurt.Vandenberghe@ec.europa.eu](mailto:Kurt.Vandenberghe@ec.europa.eu)>  
**Cc:** [REDACTED] <[\[REDACTED\]@thyssenkrupp.com](mailto:[REDACTED]@thyssenkrupp.com)>; [REDACTED] <[\[REDACTED\]@thyssenkrupp.com](mailto:[REDACTED]@thyssenkrupp.com)>  
**Subject:** Follow-up: non-paper on auction design - competitive bidding for H2 production

Dear Mr Vandenberghe,

Following-up on our meeting of 31 March, please find attached a short non-paper on the issue of prioritization in the auction design of competitive bidding schemes for the support of hydrogen production organised under the umbrella of the Hydrogen Bank.

As an early offtaker of large volumes of hydrogen for decarbonizing our steel production in Germany, we very much welcome the Commission's efforts to accelerate the hydrogen market ramp-up in the EU. Nevertheless, **the currently envisioned auction design for the first pilot auction fails to ensure that aided hydrogen production will deliver the highest impact in the fight against climate change.**

Our non-paper proposes a concrete way forward. We argue that **aid should only be granted to projects delivering hydrogen to the hard-to-abate sectors with the highest greenhouse gas abatement potential per ton of hydrogen used and with no commercially and technically viable alternative decarbonisation options.** The European Commission should define a list of prioritised sectors to be enshrined in the Terms and Conditions of the Innovation Fund pilot auction for renewable hydrogen production (as an offtaker restriction). Without such limitations, the hydrogen will likely end up in the sectors with the highest capacity to pay, which are not automatically the ones most in need of hydrogen for their decarbonisation.

We have also shared this non-paper with some of your colleagues ([REDACTED] and [REDACTED]) and would very much welcome a follow-up conversation on this issue.

Thank you for your consideration and we look forward to staying in touch.

Kind regards,

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**Subject:** Thank you

Dear Mr Vandenberghe,

Thank you very much for the good meeting and exchange earlier today. Please find attached the slides on HBI make vs. import we presented in the meeting.

As mentioned we would very much welcome an open discussion with your colleagues in charge of ETS implementation to explore and assess options on the update of the benchmark definitions and system boundaries for steel with a view to ensure equal treatment of the different possible plant configuration from a free allocation point of view.

We will also put some thoughts on paper on the issue of prioritization in the auction design of competitive bidding schemes for the support for the hydrogen production such as to ensure that the hydrogen goes to where it makes most sense. We will send that to you in the coming weeks and would very much welcome a follow-up conversation with you or your services on this issue as well.

We remain at your availability should you have any follow-up questions or issues you would like to discuss more in depth.

I would also like to reiterate our invitation to come and visit our plant in Duisburg at your best convenience to witness the scale and challenges of our transformation first hand.

Thank you for your support and we look forward to staying in touch.

Kind regards,

[REDACTED]  
[REDACTED]

[REDACTED]

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