

## FEEDBACK on Delegated Act

Green hydrogen based on renewable energy can play a crucial role in the energy and climate transition. However, this requires a legal framework that stimulates and does not inhibit investments in green hydrogen projects. The EU draft of the Delegated Act based on the Renewable Energy Directive (RED), presented on 20.05.2022, will set an important course for the production, imports and use of hydrogen: The regulation defines the requirements for the purchase of electricity used to produce green hydrogen. This, in turn, will determine the conditions under which hydrogen will be privileged over other (fossil) fuels and whether potential users, especially in the industry and transport sector, will prefer hydrogen and its derivatives over fossil fuels.

In the view of the members from industry and academia represented in TransHyDE, the criteria in the Delegated Act proposal are too narrow - the required quantities of green hydrogen could thus not be made available in the foreseeable future. This would lead to remaining fossil fuel dependency in the industry and other sectors where direct electrification is a no viable decarbonization option in the foreseeable future. If the Commission wants to prevent this and live up to its self-declared role as a climate protection pioneer, it should reconsider the criteria in the Delegated Act.

TransHyDE essentially proposes the following three **improvements**:

### **1. Include existing renewable power plants no longer covered by a support scheme**

- Plants that have received subsidies at any point are currently not eligible for green hydrogen production, with a few exceptions including repowering.
- This both increases hydrogen production costs, delays the launch of green hydrogen production projects and thus reduces green hydrogen volumes .
- **Proposal:** In light of an already existing shortage of additional renewable electricity for hydrogen production, all available capacities should be exhausted and de-subsidized plants, which otherwise face dismantling, should be made available for green hydrogen production to enable a market ramp-up.

### **2. Extend transition phase / "first mover privilege"**

- Less stringent criteria for hydrogen production apply to plants that go into operation by Dec. 31, 2026; this is intended to reduce risks in the start-up phase and to stimulate pioneering projects ("first mover privilege").
- Due to long planning and approval times at least in Germany, however, commissioning by the end of 2026 is questionable, so that only very few projects would benefit from the "first mover privilege".
- **Proposal:** Extension of the transition phase to 2030.

### **3. Extend grandfathering to all criteria: Additionality, derogation form financial support, temporal and spatial correlation simultaneity of time and geography**

- After the transition phase, the strict criteria are also applied to first movers - grandfathering is only provided for the criteria of additionality and no-subsidy requirement.
- The reversion to the strict time simultaneity criteria may lead to considerably lower full load hours of electrolysers and thus pose a considerable risk for first movers. It also reduces the green hydrogen volume available for the decarbonization of the energy system.
- **Proposal:** extend grandfathering to the time simultaneity criterion.

The hydrogen ramp-up is not an end in itself but an essential prerequisite for a successful energy and climate turnaround in non-electrifiable sectors. In this respect, hydrogen will play a key role in a holistic energy system based on renewable energies. Against this background, TransHyDE appeals to the Commission: Do not put obstacles in the way of green hydrogen, but promote the ramp-up as long as there is still time and willingness to invest.