Minister Ebba Busch

MEP Markus Pieper

Executive Vice President Frans Timmermans

Commissioner for Energy Kadri Simson

Commissioner for Internal Market Thierry Breton

Brussels, 10th March 2023

Subject: Open letter of the EU industry calling for a consideration of low carbon hydrogen in the calculation of RFNBOs targets

The signatories of this letter strongly support the EU's decarbonisation ambition/objectives. The ongoing revision of the Renewable Energy Directive (RED III) will result in **ambitious incentives for renewable hydrogen in industry and transport through binding targets.** Focusing these targets on RFNBOs without taking into account the potential of low carbon hydrogen will slow down the decarbonization process in heavy industry and transport. **We therefore call on co-legislators to design a pragmatic framework for hydrogen in RED III. This can be done by combining ambitious RFNBOs objectives and the needed recognition of low-carbon hydrogen** to meet the triple challenge of decarbonization, security of supply and industrial leadership on key sectors for net zero.

We are involved in a global race. Taking into consideration the need for deployment speed throughout legislation will be key to keep the Union's leadership on hydrogen and maintain a strong heavy industry basis in Europe. Low-carbon hydrogen is complementary to RFNBOs to scale up the final uses of hydrogen and its derivatives, and thereby to structure the whole related upstream value chain. Depending on the territories, it can unlock the delivery of larger hydrogen volumes, in a faster and more competitive way. More importantly, steady hydrogen supplies are needed for heavy industries to switch their process to clean hydrogen (e.g steel manufacturing, ammonia and methanol synthesis). This can be provided by a combination of low carbon hydrogen and RFNBOs especially when hydrogen transport and storage assets will take time to emerge. Finally, the current geopolitical context is a vivid reminder that producing hydrogen in Europe is essential to **avoid creating new energy dependencies.**

As RFNBOs binding targets are (rightly) ambitious, designing their calculation without any consideration for the volumes of low carbon hydrogen, will result in a severe lack of level-playing-field for low carbon hydrogen and will thereby obstruct the related projects. **Such a framework would delay electrolysis industrial deployment and industry decarbonization, expose the EU hydrogen and heavy industries to significant risks, and create de facto a discrimination between Member States by limiting the potential to yield the benefits of their various energy mix.**

We would like to propose, as a compromise, to exclude low carbon hydrogen consumed in industry and transport from the denominator used to calculate the binding volume objective of RFNBOs. This formula:

- takes into account the contribution of low-carbon hydrogen towards EU decarbonization;

- Maintains a binding target for RFNBOs;
- And increases the binding decarbonization effort (sum of RFNBOs and LCH) in Member States which would develop the production and uses of low-carbon hydrogen.

This proposal is not about introducing low carbon energy within the renewable energy directive nor limiting the potential of renewable hydrogen, but only a legitimate request for adjusting the denominator basis.

We support the EU's ambition to become a global hydrogen leader and we are willing to invest. But, in the global race that is taking shape, we urgently need a pragmatic and balanced framework on clean hydrogen.

EU co-legislators have the opportunity to unlock the hydrogen potential during the next trilogue sessions on RED III. Let's seize it!

Yours sincerely,

Signatories:

Fertilizers Europe

EUROFER THE EUROPEAN STEEL ASSOCIATION

Cerame-Unie The European Ceramic Industry Association

ifiec europe international federation of industrial energy consumers

cefic

France Hydrogène Engagée pour la transition écologique

nucleareurope

cea

NH Nuclear Hydrogen Initiative

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HYTEP
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ROMANIAN ASSOCIATION FOR HYDROGEN ENERGY
H2


MVM


McPhy
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GENVIA


hycamite


Elyse


VERSO
energy


H2V


SLOVENSKÉ
ELEKTRÁRNE


Gifen


Sfen
Faire avancer
le nucléaire


FRANCE
CHIMIE


A3M
ALLIANCE DES MINERAIS, MINÉRAUX ET MÉTAUX


UFE
Union
Française
de l'Electricité


HIDROELECTRICA


NATIONAL UNION
NUE
OF EMPLOYERS


ICSI


WORLD
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COUNCIL
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- **MVM Hungarian Electricity –** Károly MÁTRAI, Chief Executive Officer
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- **John Cockerill –** Raphaël TILOT, President of John Cockerill Hydrogen
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- **Hycamite TCD Technologies Oy –** Matti MALKAMÄKI, Chairman of the Board
- **Elyse Energy –** Pascal Penicaud, President
- **Verso Energy –** Antoine HUARD, General Director
- **H2V –** Alexis MARTINEZ, CEO
- **Slovenské elektrárne, a.s. –** Branislav Strýček, CEO
- **GIFEN –** Oliver BARD, CEO
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- **Hidroelectrica** - Bogdan BADEA, President of the Directorate
- **National Union of Employers (NUE) –** RNDr. Miroslav Kiraľvarga, MBA, President
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- **Romanian Association of Electricity Producers** – Ms. Silvia VLASCEANU
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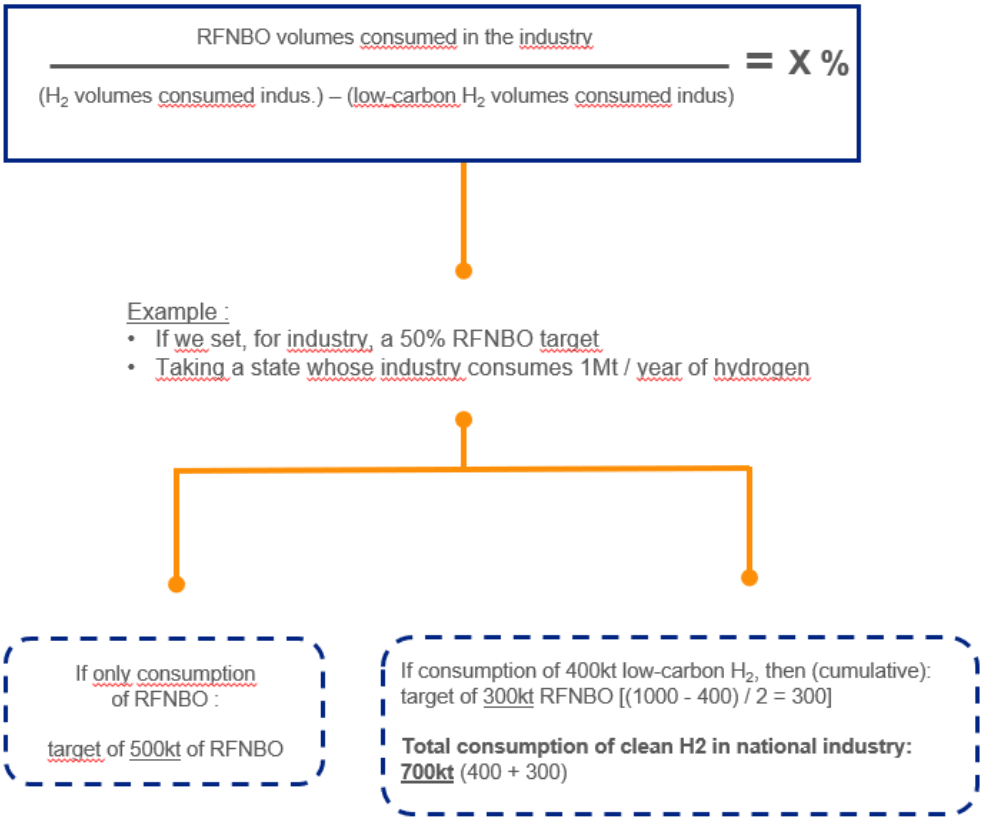
Annex: to what extent does this proposal enhance the decarbonization objectives for those States that would decide to use some low-carbon hydrogen?

We explain in the letter that this proposal increases the binding decarbonization effort (sum of RFNBOs and LCH) in Member States which would develop the production and uses of low-carbon hydrogen. Please to find below two graphics explaining how.



We can develop the above example in many cases (taking the hypothesis of a 50% RFNBO target in industry, and a State which would consume 1Mt/year of hydrogen in industry).

Low-carbon hydrogen consumed in industry (Kt)	Binding RFNBO target *[with details of the calculation]* (Kt)	Total consumption of decarbonized hydrogen in industry (RFNBO + LCH) (Kt)
0	500 *[1000/2]*	500
100	450 *[(1000-100)/2]*	550
200	400 *[(1000-200)/2}*	600
300	350 *[(1000-300]/2]*	650
400	300 *[(1000-400)/2*	700
500	250 *[(1000-300)/2]*	750