



Consultation feedback

8 June 2020



EUROCHAMBRES' input to the public consultation on the EU Hydrogen Strategy

EUROCHAMBRES, the Association of European Chambers of Commerce and Industry appreciate the opportunity to provide feedback on the EU Hydrogen Strategy. In our opinion, hydrogen will play an important role in the clean energy transition and to achieve the goals of the European Green Deal and the Paris Climate Agreement. The gradual increase in usage of hydrogen has to start where significant climate policy leverage is to be expected in the medium to long term and at the same time the greatest impetus for technological development can be ensured in the short term.

In the elaboration of the Hydrogen Strategy, EUROCHAMBRES encourage the Commission to take into account the following:

- 1. Cost-efficiency and a market-based approach** must be the guiding principles in order to achieve both sufficient production and market uptake of hydrogen. This includes taking into consideration the entire hydrogen value chain from production of materials, parts and components to conversion and distribution services and end usage. Hydrogen must be duly taken into account in the revision of the Guidelines on state aid for environmental protection and energy (EEAG). Application across the EU should be uniform in order to avoid market distortion. As an incentive to promote the market penetration of hydrogen, the renewable energy used to produce hydrogen is - as far as legally possible and economically sensible - to be exempt from network fees, charges and levies. The same goes for conversion services. Finally, the production of hydrogen should be classified as energy intensive activity to reduce levies. Spreading CO₂ pricing mechanisms will be a driving force for increasing hydrogen demand.
- 2. The hydrogen demand, production capacity and resulting gaps** within the European Union must be analysed in order to come to a timely and clear picture of shortcomings and bottlenecks. This includes a concrete roadmap with all related programmes, projects, cooperation partners and associated costs. The EU should adopt a global strategy to foster energy partnerships with potential partner countries, support the development of global standards and import infrastructure and lay the foundation for sufficient financing.
- 3. A thorough assessment where and when to best deploy hydrogen** as energy carrier is necessary. This includes an analysis of the sectors that may increasingly use hydrogen (e.g. hard to abate industries, transport, heating) to decarbonise and the centres of production and

consumption. Those applications with the largest climate impact and highest cost-efficiency should be prioritised. The market should, at the end, decide where hydrogen is used.

4. **Grid development has to be thought as a whole**, i.e. taking both gas and electricity into account. The TYNDP and its development is to be adapted accordingly. The power infrastructure also needs to be enhanced in order to comply with the requirements of an integrated energy system. The precise analysis of the producer and consumer centres of hydrogen is required to make the best possible decisions on the further expansion of the infrastructure. An extension of the scope of the TEN-E Regulation is necessary for including technologies like hydrogen to enable sector coupling and integration.
5. **An ambitious research and development agenda**, including adequate funding and ambitious but realistic milestones, should drive market maturity and penetration of hydrogen technology. In order to achieve cost-efficiency it is important not only to focus on renewable hydrogen from the start. In a transition phase the production of low-carbon hydrogen based on natural gas, combined with carbon capture and storage and utilisation (CCSU) technologies, or other low-emission pathways, will be necessary to reach market penetration. This is essential to reach economic breakthrough. Lessons from the experience in other countries, such as South Korea and Japan must be taken into account.
6. **European definitions for the different types of hydrogen** (renewable, low-carbon or decarbonised) are required to promote the creation of a European market. In order to achieve market maturity for hydrogen technologies and develop the market as a whole, both carbon neutral as well as low carbon hydrogen produced from natural gas will be necessary. We call for EU-wide standards and uniform maximum blending rates for hydrogen to enable cross-border trade. Moreover, it must be ensured that guarantees of origin and certificates can be transferred from one energy source to another (molecules and electrons) and across borders. To this end, a uniform EU-wide framework for guarantees of origin and certificates is required. It must be clarified at what blending level the conversion of the gas infrastructure is necessary.

EUROCHAMBRES would also like to point towards its input to the consultation on the Smart Sector Integration Strategy.