

October 6, 2022

Dear Commission President Ursula von der Leyen,
Dear Czech Republic Minister of Industry and Trade Jozef Síkela
Dear Member of the European Parliament Markus Pieper,

On 14 September 2022, the European Parliament adopted its position on the Renewable Energy Directive (RED) revision and signalled the need to set rules to produce renewable fuels of non-biological origin (RFNBO) that are flexible and do not place undue complexity on renewable hydrogen projects in Europe.

The signatories of this letter call on the European Commission to maintain and adopt as soon as possible its Delegated Act (DA) on RFNBO. Reducing policy uncertainty now for renewable hydrogen is paramount if Europe does not want to lose global leadership in one of the key solutions of the 21st century. The renewable hydrogen industry cannot afford to wait another three months to have production rules, nor face a patchwork of national rules from the transposition of RED that would obstruct cross-country trade and undermine investments.

The energy crisis is a wake-up call. Europe needs to build additional renewable capacity, especially to meet the expected electricity demand for renewable hydrogen. That is the so-called “additionality” principle, and this DA is instrumental to enforce it so all sectors can decarbonise at the same time while avoiding increasing carbon emissions and consumption of fossil fuels.

There will be no investments if offtakers cannot claim their hydrogen as fully “renewable”. We call on the EU institutions to forge a compromise that protects the integrity of renewable hydrogen with robust rules, building on the below principles.

- **Phase-in of additionality.** Flexibility is crucial in this early phase, to account for long permitting procedures of renewable projects. Before additionality kicks in, a transitional period is needed for the market to ramp-up. Given delays in finalising the DA, the transitional period should be extended to 2028. In parallel we support the idea of a ten-year grandfathering period for early projects starting at the end of the transitional period (equivalent to a standard power purchase agreement length) so that first mover projects comply with additionality rules in the second half of their lifetime.
- **Temporal correlation should be monthly for all projects irrespective of whether they receive public support.** The renewable nature of hydrogen comes from using renewable electricity. Any restriction based on public aid granted is unjustifiable and illegitimate. Most RFNBO projects will need support – capital and operating aid to ensure their economic viability and for the market to ramp up fast. It is crucial to avoid unnecessary obstacles that will increase production costs and limit volumes. Switching to a more granular temporal correlation should be gradual, subject to the actual deployment of renewables and actual feasibility for project developers to deliver a tighter requirement.
- **Geographical correlation should provide flexibility for Member States to consider their bidding zones as one single zone.** Electrolysers should also be allowed to locate in the same or a neighbouring bidding zone than that of their contracted renewable plant. And there should be no restrictions based on cross zonal electricity prices because these only add risks to projects that have no control over such prices.

- **All storage solutions – be it behind or before the same network connection – should be allowed** to perform the key role of providing (previously charged) additional renewable power from a power purchase agreement. An overly restrictive approach would run counter to the further integration of renewables in the energy system.

With the above issues tackled, we trust that your ambition for renewable hydrogen can be delivered, making Europe stronger and more resilient with renewables.

Thank you for your consideration.

Yours sincerely,

The following organisations



Copy:

Executive Vice-President Frans Timmermans, Executive Vice-President and Competition Commissioner Margrethe Vestager and Energy Commissioner Kadri Simson, Internal Market Commissioner Thierry Breton, and their relevant units.

Shadow Rapporteurs on the Renewable Energy Directive revision.

Deputy Permanent Representatives to the EU and teams of Czech Republic, France and Sweden.