

Linde Position on the EU Low Carbon Fuels Delegated Act

1. Summary of LCH DA position/provisions

On July 8, 2025, the EU Commission published a draft Delegated Act detailing the methodology for calculating GHG emissions savings from Low Carbon Hydrogen (LCH). This Delegated Act complements existing rules for Renewable Fuels of Non-Biological Origin (RFNBOs) and Recycled Carbon Fuels (RCFs), aiming to finalize the EU hydrogen framework.

To qualify as low-carbon, hydrogen must achieve at least 70% GHG savings compared to unabated fossil fuels. The rules apply to both EU and non-EU producers exporting hydrogen to the EU. The Act is now under European Parliament and Council scrutiny, with the review period extended to November 8, 2025. If approved, it will enter into force 20 days after publication in the Official Journal of the EU.

2. Assessment of changes in proposed LCHDA

The updated Low Carbon Fuels Delegated Act (LCF-DA) marks a significant improvement, especially in how it handles upstream emissions from natural gas, a major factor in hydrogen's carbon intensity.

Positive changes include:

- Lower default natural gas value: Reduced from 15.1 to 10.66 gCO₂/MJ, excluding LNG, better reflecting pipeline gas emissions.
- Post-2028 flexibility: Allows country- or region-specific values, improving accuracy.
- Future potential: Encouraging inclusion of project-specific factors to benefit low-emission sources like offshore Norwegian gas.

Power-related emissions remain the second-largest contributor. While updated grid values are welcome, limiting recognition to Grid Power or RE PPAs constrains flexibility for optimized operations.

Outstanding concerns:

- Lack of transitional measures and clarity on grandfathering provisions.
- Uncertainty around future emission values and methane methodologies, pending the Methane Regulation and updates to GWP values.

3. Linde's recommendations for changes

Linde is confident that low carbon hydrogen can play an important role in complementing renewable hydrogen and helping achieve the EU's GHG reduction targets quickly and cost-effectively, enabling the effective decarbonization of EU industry while maintaining its competitiveness.

Although the LCF-DA complements the RED III Delegated Act on RFNBOs, a true level playing field for Low-Carbon Hydrogen (LCH) in Europe is still lacking. We recommend policy and funding mechanisms that treat LCH equitably, enabling it to help meet the quotas established by RED III and fully contribute to the needed infrastructure scale-up (e.g., Germany's Kernnetz). Of course, a successor to RED III will have to be changed to enable this.

With more pragmatic policies, LCH can play a vital role in production balancing and accelerating hydrogen network development, especially where RFNBO constraints limit flexibility. We appreciate the progress made and encourage continued dialogue to ensure that the regulatory framework supports the full range of clean hydrogen solutions needed to meet Europe's climate and energy goals.

Key Linde Priorities – LCF DA

1. Enable the use of project-specific emission factors for origin of natural gas to support the development and market entry of low-emission hydrogen projects.
2. Grandfathering needed to create certainty needed to underpin major investments.
3. Establish a level playing field for low-carbon hydrogen by ensuring it receives equitable treatment and recognition alongside renewable (green) hydrogen in incentive schemes.