

Ad-Hoc Industry Alliance letter on the draft “low-carbon hydrogen delegated act”

To whom it may concern

This ad-hoc industry alliance comprises 21 companies, active along the entire hydrogen value chain. With this letter the undersigned companies would like to draw the attention of EU legislators to several regulatory challenges identified in the draft delegated act “specifying a methodology for assessing greenhouse gas emissions savings from low-carbon fuels”.

The undersigned companies consider the delegated act as fundamental for the **ramp-up of the hydrogen economy** which itself is a prerequisite for the EU to become **climate neutral by 2050, an objective we are all committed to**. We are convinced that low-carbon hydrogen, next to growing volumes of renewable hydrogen, will play a key role in building up a sizeable and affordable hydrogen market, for the decarbonization of the industry (fuel and feedstock), for seasonal storage needs as well as fuel for dispatchable low-carbon power in most Member States of the European Union.

In order to facilitate said hydrogen ramp-up the undersigned companies call on EU legislators to take into account the following points in the delegated act.

On Electricity Sourcing

- Grid sourcing
 - Upon entry into force of the Delegated Act, it should be possible to attribute the average hourly grid emission intensity of the electricity mix within a bidding zone to the electricity sourced directly from the grid and used as input in electrolyzers. Compared to the rigid annual average method, the hourly method encourages the operation of electrolyzers at times with higher shares of renewables in the electricity mix, thereby increasing the production of low-carbon electrolytic hydrogen and RFNBO, even if the average annual emission intensity is above the threshold.
 - The RED III requires TSOs to make available data on the share of the renewable electricity and GHG emissions of each bidding zone at short intervals, including forecasts (no more than an hour). The delegated act should build on this and provide the hourly grid emission intensity within a bidding zone for the electricity sourced directly from the grid and used as input in electrolyzers. The data should be published in advance so that electrolyser operators can use it to make the necessary forward-looking decisions on the electricity sourcing.
- PPA based sourcing
 - Electricity sourcing along the low-carbon value chain should be more flexible and allow for the use of low-carbon as well as non-additional renewable electricity via PPAs and GoOs. This electricity should then be accounted as zero or low emissions, depending on the source.
 - Where necessary criteria regarding temporal and geographic correlation for the sourced electricity could be taken into account in the future. However, from the experience from the Delegated Act on RFNBO, a strict temporal and geographic

correlation proves to be detrimental to the ramp-up of RFNBO production. Similar restrictions should be avoided regarding low-carbon hydrogen, otherwise current investments in hydrogen infrastructure and hydrogen use-cases run the acute risk of underutilisation.

- Eventually the above-mentioned electricity sourcing methods should be combinable to produce low-carbon hydrogen. Furthermore, it should remain possible to certify and valorise the production of RFNBO-compliant hydrogen and low-carbon hydrogen in one electrolyser.
- With a view towards reducing the bureaucratic burden - particularly for imported hydrogen - it would make sense to further simplify the emission accounting rules for electricity that does not increase the heating value (e.g. for supporting processes), by counting low-carbon and renewable electricity sourced via a PPA as zero or low emission electricity, depending on the source. It would also create an additional incentive to electrify these processes early on.

On Upstream Emissions

- Projects going into FID before 5. August 2028 should be grandfathered to be able to continue to use the respective reporting framework of Art. 12, Art. 27 (1), Art. 28 (1), (2) and (5) of the Methane Regulation, or comparable schemes such as the OGMP framework.
- Align the default up-stream emissions values for natural gas of Annex B (10.45 gCO₂eq/MJ) with those included in the Delegated Act for the emissions accounting of renewable fuels of non-biological origin (9.7 gCO₂eq/MJ) to establish a level playing field and improve regulatory clarity.
- The proposed 40% surcharge is excessive and lacks scientific justification and thus would lead to a possible exclusion of promising supply countries and by that strongly hinder the development of a global hydrogen market.
- Beyond addressing methane upstream emissions, the legislation should also permit the application of supplier/project-specific values for CO₂ and N₂O upstream emissions, for example some operators achieve a value for CO₂ emissions as low as 1.4 g CO₂eq/MJ (compared to 5.4 g CO₂eq/MJ that were proposed in the draft delegated act), which makes a strong case for project specific values.
- Imports of low-carbon fuels will play a crucial role for the swift uptake of the hydrogen market. To accelerate the uptake through import, the legislation should permit:
 - The use of one supplier/project-specific value for the upstream value chain or, if available, supplier/project specific values for each part of the upstream value chain (i.e. production, gathering/boosting, processing, transmission).
 - Especially if supplier/project-specific values are not available, the use of an overall default value for the upstream value chain or for each part of the value chain, if available. These default values should be based on the most granular data available, whether national or regional, provided that such data is published by an official government source.
- The Commission should clarify that the future 40% surcharge, if necessary, should only apply to the default value for upstream methane emissions, but not to the associated CO₂ and N₂O emissions.

Supporting companies in alphabetical order:

