Press release
Paris, October 3, 2024

Dichotomy for hydrogen in Brussels: the Hydrogen Bank defends European electrolyzers, but delegated low-carbon act fails to secure projects

On Friday September 27, the European Commission published the terms and conditions (T&Cs) for the second Hydrogen Bank auction, with a total budget of €1.2 billion, including a €200 million window dedicated to marine applications. As the cornerstone of the policy to support the deployment of the first GW of installed electrolyzer capacity, the role of the Hydrogen Bank is decisive in meeting future needs for renewable and non-fossil hydrogen in industry and heavy, intensive transport.

France Hydrogène welcomes the addition of a criterion requiring project developers to limit their supply of Chinese electrolyzers to 25%. This is a strong signal not only for European electrolyzer manufacturers, but also for European industrial strategy as a whole.

However, France Hydrogène deplores the unfair treatment of low-carbon electrolytic hydrogen, which sends out a very negative signal for hydrogen production projects - particularly French ones - to proceed to final investment decisions.

The Hydrogen Bank will only continue to finance the production of RFNBOs: it will be essential to change this point for the next auctions (see letter dated October 2, 2024). Above all, the delegated act on low-carbon hydrogen put out to consultation to define the methodologies for accounting for low-carbon hydrogen emissions, introduces major legal uncertainties, extremely damaging for the French industry.

Firstly, the explicit intention not to use the same definition criteria for the allocation of State aid, even though the electrolytic hydrogen sector will be precisely primed by public support, could prevent the implementation of the support mechanism for hydrogen production by electrolysis, which is key to the national sector.

At a time when the Draghi report expressly stresses the need for simplification and consistency in legislation on a subject as key to the European hydrogen electrolysis industry as electrolytic hydrogen, maintaining this discrimination and legal framework is incomprehensible.
On the other hand, postponing until 2028 the decision to include the possibility of contracting PPAs between nuclear assets and electrolyzers (i.e. having them recognized as having a specific carbon content), is tantamount to prohibiting

this option, which is nevertheless decisive for French projects that represent a major part of European development: projects are being structured now, and FIDs must be taken before 2028.

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Philippe Boucly, President of France Hydrogène

"The specifications for the new Hydrogen Bank auction represent a major step forward for the European industry, which is now at a turning point. The positive response to Chinese competition represents a real strengthening of our European value chain. **It's a major step forward, but we mustn't forget that we still have a long way to go: our budgetary efforts must enable us to deploy the first GW of electrolysis as quickly as possible and meet our targets!**

However, Philippe Boucly regrets that "the words of the President of the European Commission on the subject of the complementarity between renewable energies and nuclear power have not been translated into concrete action, but into the opposite. **As it stands, the draft delegated act on low-carbon hydrogen quite simply creates the conditions for destabilizing the French industry, despite its great potential for achieving European objectives** : the urgency of the climate requires us to act quickly, together, with the members of the Nuclear Alliance.

We will continue to fight for fair recognition of low-carbon hydrogen! »

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About France Hydrogène

Bringing together over 450 members, **France Hydrogène** federates the players in the French hydrogen industry, structured along the entire value chain: major industrial groups developing large-scale projects, innovative SMEs and start-ups supported by laboratories and research centers of excellence, associations, competitive clusters and local authorities mobilized to deploy hydrogen solutions. **Its ambition** : to accelerate the development of renewable, low-carbon hydrogen to make a success of the energy transition, reindustrialize the territory and create value locally to improve the qualitý of life for all.

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