MAINTAINING A STEADFAST COURSE ON OUR CLIMATE AMBITION AND TECHNOLOGICAL NEUTRALITY IS THE KEY TO THE SUCCESS OF THE EU HYDROGEN STRATEGY

MINISTERIAL LETTER FROM FRANCE, ROMANIA, POLAND, HUNGARY, SLOVAKIA, BULGARIA, CROATIA, SLOVENIA

Dear Madam Commissioner Kadri Simson,

The current crisis emphasises the urgent need for a resolute action of the European Union to reduce its dependency to imported fossil fuels and ensure a safe and sustainable supply of low carbon and renewable energies in Europe to safeguard the resilience of our joint economy and secure our political autonomy. To achieve this priority objective, **renewable and low-carbon hydrogen is an emerging technological solution to decarbonize the most emissive sectors of the European industry and heavy transportation**. It goes beyond the use cases of natural gas, as an energy vector but also as a feedstock and as an option for low-carbon long distance transportation. We, Ministers of 8 Member-States, reassert our commitment to ensure the development of a strong European hydrogen sector, support the emergence of technological leaders offering the main bricks of the future hydrogen economy, and ensure the sustained deployment of renewable and low-carbon hydrogen production throughout the continent wherever it allows for the strongest emissions abatement.

We consider that:

1. Reaching climate neutrality by 2050 and our REPowerUE objectives requires us to use the full potential of all renewable and low-carbon fuels and hydrogen to enable swift progress:

Reaching climate neutrality by 2050, as part of the European Green Deal, implies an enhanced 2030 climate ambition, committing to cutting emissions by at least 55% by 2030. The implementation of the Fit for 55 framework will lead to a massive demand in new fuels and energy vectors which can achieve significant reduction in greenhouse gases emissions.

Our REPowerUE agenda and the accelerated replacement of fossil fuels, in particular from Russia, calls for a significant scale-up of our renewable and low-carbon fuels production. We cannot realistically match our ambition by excluding low-carbon fuels from the EU framework. We need to **incentivize the swift deployment and production of all renewable and low-carbon fuels and hydrogen, as long as they meet ambitious greenhouse gas emissions threshold**.

2. It is essential in that regard that EU law uphold the principle of technological neutrality:

In the Fit for 55 framework, the revision of the Renewables Directive (RED III) plays an important part. It includes a set of revised objectives for renewable fuels of non-biological origin (RFNBO) and renewable hydrogen with a reinforced ambition. To make this ambition a success for our climate action and reinforce our resilience, objectives should in that regard allow the **equal treatment and recognize the contribution of all low-carbon hydrogen and low-carbon fuels of non-biological origin (LCFNBO) to meet these targets**. This equal treatment should be sought for in **RED III, RED II delegated acts and the Gas Package**. LCFNBO must contribute to the RFNBO objective as long as they have the same contribution to the reduction of the greenhouse gases emissions.

To this end, flexibilities should be introduced within the RED III Directive for low-carbon hydrogen and low-carbon fuels of non-biological origin (LCFNBO) to our climate targets: this will ensure that the EU regulatory framework will not lead to the curtailment of existing or under construction low carbon capabilities in contradiction with our climate policies. In the same vein, the contribution of hydrogen to our industry and transport targets, within the RED II delegated acts in preparation, should be assessed in coherence with the thresholds introduced in the taxonomy that account for both renewable and low carbon energy sourcing: In particular for the RED II delegated acts, Member-States should be allowed to count hydrogen provided form grid electricity as contributing to these objectives each hour during which the CO2 content of the grid electricity allows to reach the life-cycle GHG emissions savings requirement of the taxonomy towards the objectives set for industry and transport in RED III and towards the objectives set for aviation and maritime sectors. Member-States should also be allowed to support the renewables and low carbon installations in the form of operating aid or investment aid. It will support the investment in RFBNO and LCFNBO production. We jointly call the Commission and the European Parliament to follow this principle in the delegated acts in preparation, and look forward to the colegislators achieving a positive outcome in the trilogues along this approach.

European derived instruments such as **State Aid Guidelines** should also uphold a principle of technological neutrality.

3. Achieving success in the development of a European hydrogen economy requires a full equality of treatment between imported hydrogen and domestic hydrogen.

Member-States should retain the capability to develop a share of their domestic energy mix sourced from extra-European imported hydrogen; but conversely, Member-States that wish to pursue a more self-sufficient supply of hydrogen from domestic low-carbon electricity sources should also be allowed to follow this approach, in the interest of European energy security and a greater resilience of our supply. This is basic subsidiarity.

The current crisis has reminded all Europeans of the hazards of increased energy dependency, and we believe that the development of hydrogen as a new energy vector should be the occasion to ensure that current European dependencies on fossil fuels are not replaced by new ones. In that regard, **we stand opposed to the inclusion of imported hydrogen binding targets in the RePowerEU agenda**. Moreover, as uncertainties regarding the demand for hydrogen will remain substantial, and dependent upon the market development, it may be relevant to prioritize domestic hydrogen production to cover this demand, while pursuing an aggressive pace of development for all competitively priced low carbon sources of electricity.

Finally, domestic as well as imported hydrogen should fall within the same strict framework for the assessment of their positive climate contribution. All greenhouse gases emissions shall be taken into account, including long-distance transportation and the impact of the technology of production. This will ensure that we do not jeopardize the decarbonisation efforts of third countries while developing exportation capacity to the Union. **We stand opposed to amendments to the RED III directive that would provide for a different treatment of certain sources of hydrogen, and urge the Commission to maintain a strong emphasis on the adequate control of imported hydrogen climate contribution using a complete life cycle analysis**. It is a matter of political clarity, in a time where climate action has never been more obviously urgent.

Yours sincerely,

Agnès Pannier-Runacher, Ministre de la Transition énergétique, FRANCE

Virgil-Daniel Popescu, Minister of Energy, ROMANIA

Rossen Hristov, Minister of Energy, BULGARIA

Anna Moskwa, Minister of Climate and Environment, POLAND

Bojan Kumer, Minister of Infrastructure, SLOVENIA

Davor Filipovic, Minister of Economy and Sustainable development, CROATIA

Karel Hirman, Minister of Economy, SLOVAKIA

Attila Steiner, State Secretary for Energy and Climate policy, HUNGARY