



E3G

EU hydrogen regulations & impact on non-EU H2 producers

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What parts of the REDII DAs are likely to have impact?

- DAs apply to H2 **imports** into the EU (“regardless of whether the liquid and gaseous transport fuel of non-biological origin is produced inside or outside the territory of the EU” – RFNBO DA, Art. 6)
- “Grandfathering clause” for the **transition period (until Jan 2027)**
- (lack of) **sustainability criteria**

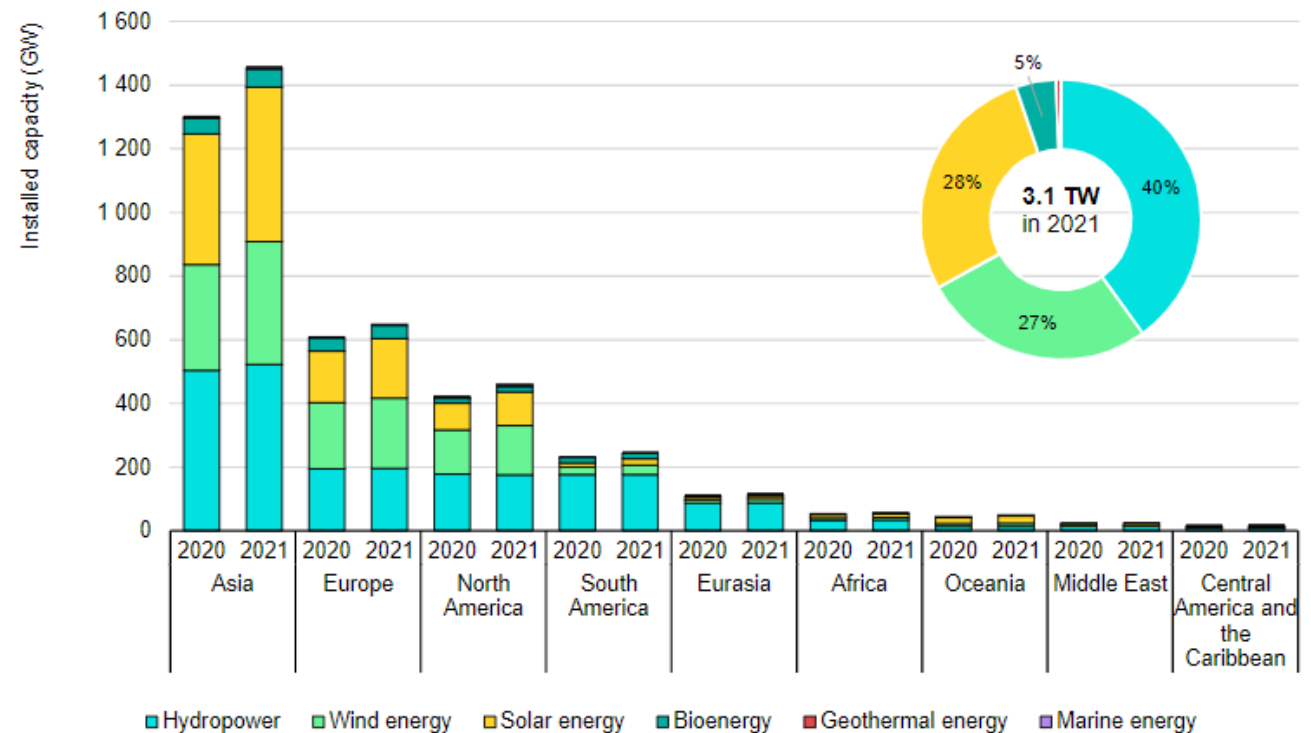
EU H2 regulations – reasonable requirement or a harmful barrier for what?



DAs applies (and potentially offers reg. support) to H2 for imports to the EU, but:

- How does this stack up with H2 production for local use?
- What support will the EU offer for the target countries to comply with this framework?
- How do DAs affect bilateral H2 projects already running/in the pipeline? (e.g. GER- SA)?
- How does this relate to the use of produced H2 in traded goods (cooperation v extraction) & regulations covering the latter (e.g. CBAM)?

Figure 2.1 Renewable generation capacity by region and technology, 2020-21

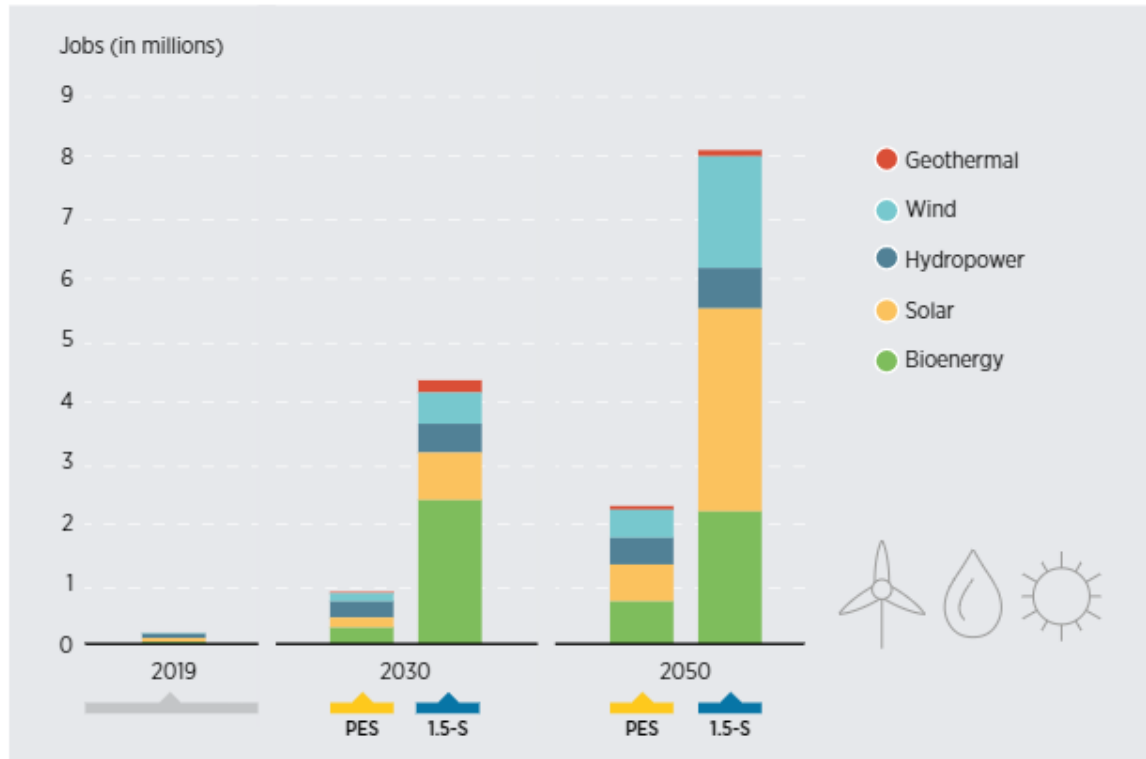


Source: IRENA, 2022a.

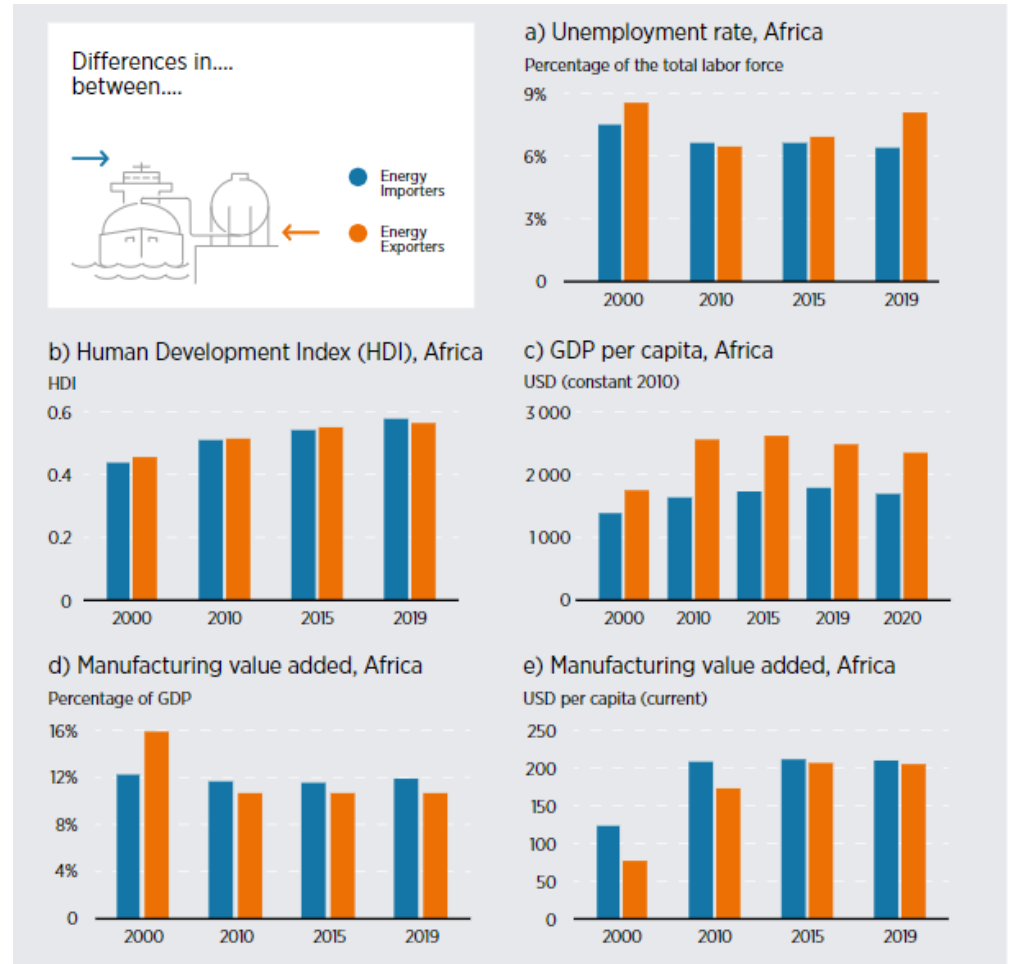


DAs offer poor support for EU's energy diplomacy & engagement with EMDE: DAs & local value creation

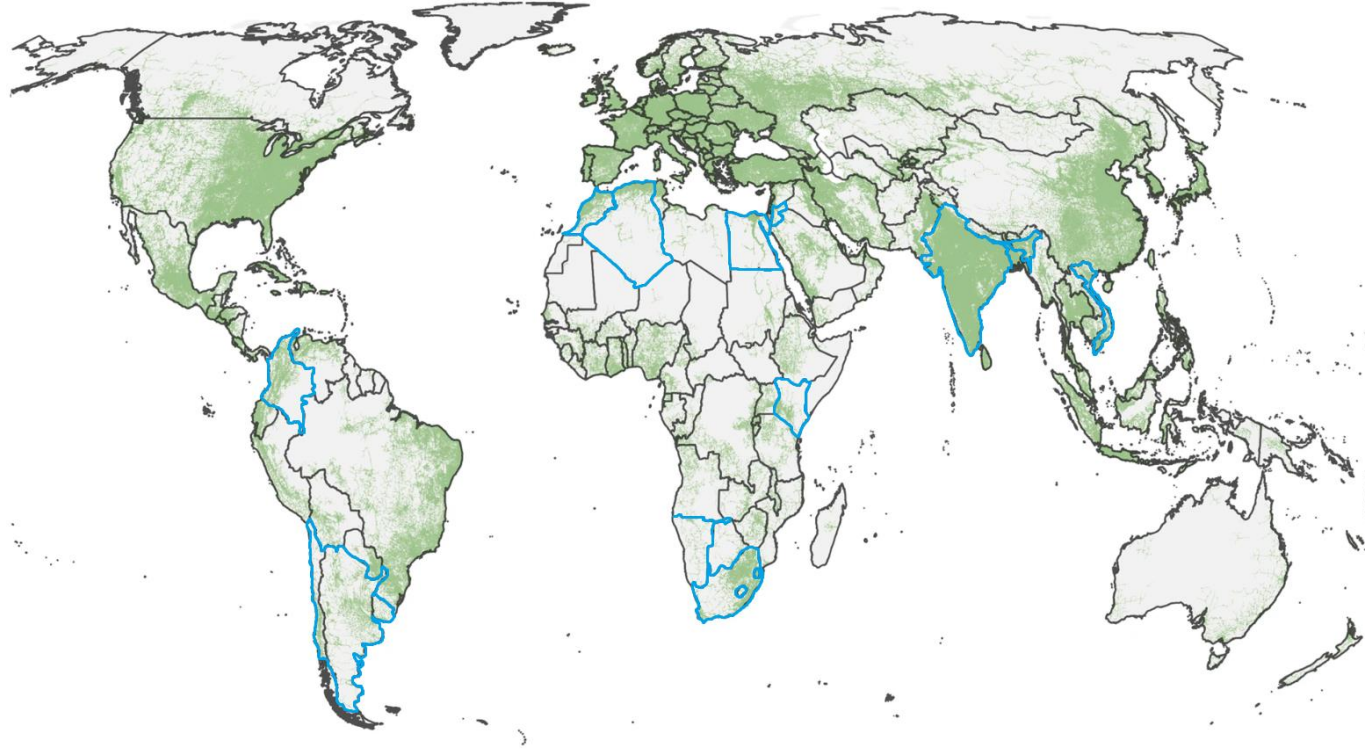
Figure 5.13 Evolution of renewable energy sector jobs in Africa under 1.5-S and PES, by technology, 2019-2050



Source: IRENA.



Global estimate of medium-voltage power infrastructure

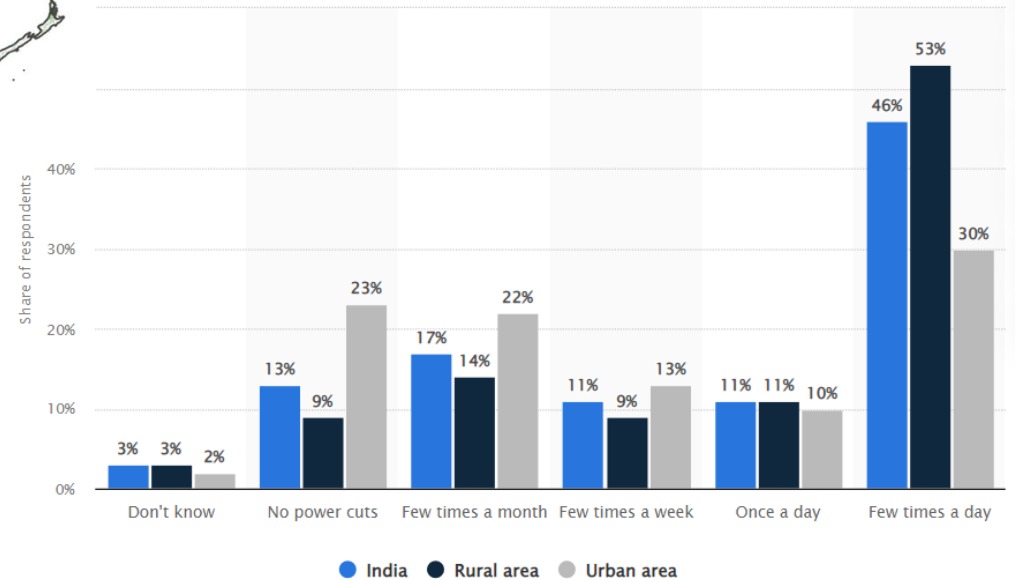


- Power grids in most (potential) partner countries not able to withstand additional strains
- Risk of monopolizing existing (often idled) RES capacities for export, disincentivising domestic demand & usage



Art. 7 (transitional phase) allows electrolyser use for H2 production w/o addiotionality as introduced under Art 4(2)

- Might speed up take-off of H2 projects for export
- Might speed up roll-out of RES (PPAs)
- Likely to come at a cost for local population & industry



Next steps for the EU to consider

- Make sure sustainability criteria (water use in regions suffering under water shortage or stress; land use; environmental protection etc.) are an explicit part of the framework
- Inclusive dialogues with govt-s & key stakeholders from partner countries re local value creation along the whole supply and value chain
- Review the application of „grandfathering“ clause in countries w weak/unstable/lacking grid infrastructure & underused RES capacity
- Consider only applying DAs for H2 production in non-EU countries if embedded in broader economic partnerships (e.g. on green steel)



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About E3G

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E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2018, for the third year running, E3G was ranked the fifth most globally influential environmental think tank.

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