

PtX policy developments summer update 2025

Understanding important policy and regulatory updates for Hydrogen and PtX in summer 2025

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The following entries track some of the most important policy and regulatory updates for hydrogen and PtX which took place in summer 2025. The selection includes:

- **Launch of the new Hydrogen Mechanism**
- **Innovation Fund (IF25) Hydrogen Auction**
- **Delegated Acts- Greenhouse gas emissions savings methodology for low-carbon fuels**
- **Amendment of EU's Climate Law and H2**
- **ACER recommends flexible and transparent inter-temporal cost allocation to support hydrogen investments**
- **Technical assistance to monitor functioning of the guarantees of origin (GO) system**
- **Carbon sources / CO2 market and infrastructure in the EU**
- **Carbon Border Adjustment Mechanism – downstream extension, additional anti-circumvention measures and rules for the electricity sector**
- **CBAM Commission announces plan to mitigate carbon leakage risk for exporters involved in CBAM goods**
- **CBAM certificates – adjustment of obligation to surrender them to take account of free ETS allowances**
- **CBAM – Carbon Price Paid in a non-EU country**
- **Carbon border adjustment mechanism (CBAM) methodology for the definitive period starting on 1 January 2026**
- **CBAM Omnibus update on legislative process**

Launch of the new Hydrogen Mechanism

What is new? The European Commission launched the Hydrogen Mechanism in July 2025, under the EU Energy and Raw Materials Platform.

Why is this relevant? The Hydrogen Mechanism brings together buyers and sellers of renewable and low-carbon hydrogen and derivatives (ammonia, methanol and eSAFs) on an open and transparent platform. This enables European and global suppliers to find potential offtakers in Europe. The platform is also available for financial institutions.



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What are the next steps? Stakeholders can now register on the Platform and subscribe to the EU Hydrogen Mechanism. The first round of matching demand and supply is planned for September 2025.

What is in for our partner countries? Global suppliers can access the mechanism and connect with buyers willing to sign offtake agreements.

Further info: <https://energy-platform.ec.europa.eu/hydrogen>

Innovation Fund (IF25) Hydrogen Auction

What is new? The European Commission will launch a third auction under the European Hydrogen Bank. It aims to accelerate renewable and electrolytic low-carbon hydrogen (in accordance with the low-carbon fuels Delegated Act) production across Europe, with a proposed budget of up to €1.1 billion.

Why is this relevant? Financial support is key to ramp-up the EU hydrogen market and bridge the gap between production costs and consumers' willingness to pay. For the first time, the auction includes support for electrolytic low-carbon hydrogen production in the EU. The EU Hydrogen Bank is exploring different funding mechanisms and forms of support to enhance production of green and electrolytic low-carbon hydrogen. An international component for the EU Hydrogen Bank was announced at the time when the bank was first presented. Lessons learnt from the first three auctions may pave the way for an international auction in the future.

What are the next steps? Interested project developers should prepare for the Q4 2025 launch and ensure compliance with eligibility requirements. A six-week public consultation for feedback was open until 14 September for all stakeholders.

Further info: [ee3b468a-ee39-4748-b3be-5ce8f0fd4652_en Competitive bidding - European Commission](https://climate.ec.europa.eu/document/download/ee3b468a-ee39-4748-b3be-5ce8f0fd4652_en/Competitive_bidding_-_European_Commission)
https://climate.ec.europa.eu/document/download/ee3b468a-ee39-4748-b3be-5ce8f0fd4652_en?filename=policies_if_draft_tc_if25_auction_h2_en.pdf
https://climate.ec.europa.eu/eu-action/eu-funding-climate-action/innovation-fund/competitive-bidding_en

Delegated Acts- Greenhouse gas emissions savings methodology for low-carbon fuels

What is New? The EU Commission has adopted the Low-Carbon Hydrogen Delegated Act. It specifies how to calculate greenhouse gas (GHG) emissions savings from low-carbon fuels. Moreover, by 30 June 2026, the Commission will launch a public consultation on the criteria for producing low-carbon hydrogen with electricity from nuclear power. The delegated act completes the definition of low-carbon hydrogen by describing the needed calculations to prove that emissions remain under 70 % compared to hydrogen produced with fossil fuels.

Why is it relevant? The delegated act mandates a full life-cycle assessment approach, accounting for all GHG emissions i.e. input procurement, production, transport, distribution, and final use in alignment with the RFNBO (Renewable Fuels of Non-Biological Origin) methodology. The rules on low-carbon fuels in the delegated act will apply to both domestic and non-EU producers that want to export hydrogen to the EU.

What are the next steps? After the adoption by the EU Commission, the Delegated Act will be assessed by the European Parliament and the Council until November. If no objections are made by either the European Parliament or Council, the Delegated Act will enter into force.

Further Info: <https://ptx-hub.org/wp-content/uploads/2025/01/EU-Fuels-Categorisation-for-non-fossil-fuels.pdf>
<https://ptx-hub.org/publication/defossilising-aviation-e-saf-technologies/>
<https://webgate.ec.europa.eu/regdel/>

Amendment of EU's Climate Law

What is new? The European Commission has proposed an amendment to the EU Climate Law. The proposed amendment sets a new legally binding target for 2040 i.e. 90% reduction in net greenhouse gas emissions compared to 1990 levels.

Why is this relevant? An ambitious 2040 target is crucial towards the achievement of climate neutrality in 2050. The new target comes with new ways, or "flexibilities", to reach it. They include a limited use of certain carbon credits, as well as the use of domestic permanent carbon removals in the EU-ETS (EU emissions trading system). Green Hydrogen and Power-to-X technology are called to play a role in the achievement of the target, with an estimated demand in the range of 19 to 33 Mt by 2040.

What are the next steps? The Commission has submitted the amendment to the European Parliament and the European Council for discussion. Once adopted, the target will guide EU climate and industrial policy from 2030.

Further Info: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1687

ACER recommends flexible and transparent inter-temporal cost allocation to support hydrogen investments

What is new? The EU Agency for the Cooperation of Energy Regulators (ACER) recently issued recommendations, which identify key investment risks in hydrogen infrastructure, and offer guidance on fair and effective inter-temporal cost allocation (ITCA) mechanisms to support the development of the hydrogen market.

Why is this relevant? As the EU develops its hydrogen sector, trade is expected to expand. The ICTA mechanism includes a requirement for regulatory approvals of the network elements that are subject to inter-temporal cost allocation, along with their respective costs. ITCA ensures smoother expansion by managing the costs and risks of such investments and avoiding excessive tariffs. This makes EU hydrogen infrastructure more accessible and stable for international partners and suppliers

What are the next steps? Member states are now expected to establish their own regulatory frameworks for hydrogen cost allocation prior to the publication of EU-wide network codes (not expected before 2027).

Further Info: ACER recommends flexible and transparent inter-temporal cost allocation to support hydrogen investments | [Home | www.acer.europa.eu](https://www.acer.europa.eu)

Technical assistance to monitor functioning of the guarantees of origin (GO) system

What is new? The technical assistance report evaluates the Guarantees of Origin (GO) market in the EU across liquidity, stability, efficiency, transparency, harmonisation, and responsiveness. It is commissioned by the European Commission Directorate General for Energy.

Why is it relevant? Guarantees of Origin are defined to “have the sole function of showing to a final customer that a given share or quantity of energy was produced from renewable sources”. As the EU expands and monitors the GO market, it influences international energy certification. However, traditional GOs by themselves are not enough to prove compliance with delegated acts for Renewable Fuels of Non-Biological Origin (RFNBO), as they fall short with RFNBO criteria such as additionality, temporal and geographical correlation.

What are the next steps? Continuous oversight, harmonization, and technical improvements for the GO market will be developed. Feedback and market evolution could still prompt updates, particularly to address new green fuels, advanced supply chains, or cross-border certification needs.

Further Info: <https://op.europa.eu/en/publication-detail/-/publication/200c329e-5240-11f0-a9d0-01aa75ed71a1/language-en>

CO2 market and infrastructure in the EU

What is new? The European Commission sought feedback on an EU market-driven value chain for CO2.

Why is it relevant? The 2040 climate target underscores the need for carbon capture utilisation and storage (‘CCUS’) to meet the EU’s climate targets for 2050. The Industrial Carbon Management strategy, recognises the need for a legislation to ensure the development of competitive markets and transportation infrastructure for CO2. Some production pathways require a sustainable carbon source to live up to the criteria for Renewable Fuels of Non-Biological Origin (RFNBO). This initiative should complement the regulatory framework for CCUS in the EU. Non-EU countries with excess storage capacity or advanced CCUS technology could partner with the EU for mutual benefit, increasing investments, and facilitating global decarbonisation efforts.

What are the next steps? Feedback received as part of this consultation will inform a legislative proposal, including an impact assessment in alignment with the EU-ETS review. The legislative proposal is expected for Q3 2026.

Further Info: [Legislative initiative on CO2 transportation infrastructure and markets](#)

Carbon Border Adjustment Mechanism (CBAM) – downstream extension, additional anti-circumvention measures and rules for the electricity sector

What is new? The EU Commission seeks feedback on CBAM's scope extension to cover products downstream from goods currently in CBAM scope. The selection of downstream goods will use criteria such as carbon leakage risk, relevance of embedded emissions, and technical feasibility. The European Commission plans to propose additional anti-circumvention measures and amend the rules for electricity as a CBAM good to mitigate the risk of carbon leakage.

Why is this relevant? The plan will include measures to prevent carbon-intensive production from being shifted to countries with less stringent climate policies, also known as carbon leakage. With regards to electricity as a CBAM good, currently, CBAM relies on default values based on fossil-fuel electricity production, which is not suitable for installations who are already using renewable electricity. Using data that shows the actual emissions for the electricity production, and clarifying the applicability of various Power Purchase Agreements (PPAs) may ease the process and reduce related costs.

What are the next steps? An impact assessment is being conducted to support the preparation of CBAM downstream extension, the potential anti-circumvention measures, and the changes to the rules for electricity. If approved, new rules will become part of the CBAM's permanent regime, starting January 2026. Since essential aspects of the instrument will be up for review, a close engagement with the European Commission, stakeholders and non-EU countries is key to ensure an efficient framework for CBAM.

Further Info: https://taxation-customs.ec.europa.eu/news/cbam-public-consultation-extension-cbam-downstream-products-2025-07-02_en

The European Commission announces plan to mitigate carbon leakage risk for exporters involved in CBAM goods

What is New? The EU Commission has announced plans to introduce a new measure to address the risk of carbon leakage for EU-produced goods (exports) for goods in the scope of the Carbon Border Adjustment Mechanism (CBAM). The measure aims to support producers of goods at risk of carbon leakage and ensure equal treatment, whether produced and sold in the EU, imported or exported.

Why is it relevant? The plan aims to prevent carbon-intensive production from being shifted to countries with less stringent climate policies, also known as carbon leakage. This is a crucial step to promote a sustainable and low-carbon economy within the EU and abroad. If a measure to address carbon leakage for exports is introduced, this may have an impact on non-EU producers of goods that are subject to CBAM and willing to export to the EU, adding additional pressure to decarbonize. It may also affect the configuration of current trade flows and international value chains for CBAM covered goods in the EU market.

What are the next steps? The proposal is expected to be presented by the end of 2025. Once adopted, the measure would be in place for a defined period and thereafter reviewed when the new 2026 ETS reform is approved.

Further Info: https://taxation-customs.ec.europa.eu/news/cbam-commission-announces-plan-mitigate-carbon-leakage-risk-exporters-2025-07-03_en

CBAM certificates – adjustment of obligation to surrender them to take account of free ETS allowances

What is new? The European Commission has opened a public consultation for feedback on how CBAM certificates must be adjusted to reflect the EU Emissions Trading System (ETS) extent of allowances, which are allocated free of charge. This public consultation will inform the adoption of an implementing act pursuant Art. 31 of the CBAM Regulation.

Why is it relevant? The CBAM financial obligation, which the authorised CBAM declarant (importers or indirect custom representatives) is responsible for, will be reduced by the corresponding free allocation that an EU producer would receive for producing the same goods. This will apply until free allocation for CBAM sectors are completely phased out. The adjustment will include the definition of CBAM benchmarks based on a combination of ETS benchmarks.

What are the next steps? The feedback period will be opened until September 25, which will inform the adoption of an implementing act pursuant Art. 31 of the CBAM regulation.

Further Info: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14829-CBAM-certificates-adjustment-of-obligation-to-surrender-them-to-take-account-of-free-ETS-allowances_en

CBAM – Carbon Price Paid in a non-EU country

What is new? The European Commission has opened a public consultation for feedback on the rules to determine how EU reporting declarants can apply for a reduction in the number of CBAM certificates to be surrendered to take into account the carbon price effectively paid in a non-EU country for the declared emissions.

Why is it relevant? The implementing Act following this public consultation will define the rules on how exactly a carbon price in a non-EU country should be translated to a reduction of CBAM certificates, which get surrendered by the authorised CBAM declarant. This includes rules for converting the carbon price according to a scheme in a non-EU country, into a corresponding number of CBAM certificates. These rules should specify the evidence required, including any relevant rebate or other forms of compensation, and make clear eligibility rules.

What are the next steps? The feedback period will be opened until September 25 and will inform the adoption of an implementing act pursuant Art. 9 of the CBAM Regulation.

Further Info: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14830-Carbon-border-adjustment-mechanism-CBAM-carbon-price-paid-in-a-third-country_en



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Carbon border adjustment mechanism (CBAM) methodology for the definitive period starting on 1 January 2026

What is new? The European Commission has opened a public consultation for feedback on relevant information to calculate embedded emissions for CBAM goods in the definitive period. This includes the calculation of direct embedded emissions, embedded indirect emissions, setting default values for goods other than electricity and embedded emissions for electricity as a CBAM good.

Why is it relevant? The financial adjustment the authorised CBAM declarant is responsible for will be a function of the embedded emissions in CBAM goods. Therefore, these rules are a key element to calculate the number of certificates to be surrendered.

What are the next steps? The feedback period will be opened until September 25 and will inform the adoption of an implementing act pursuant Art. 7 of the CBAM Regulation.

Further Info: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14828-Carbon-border-adjustment-mechanism-CBAM-methodology-for-the-definitive-period-starting-on-1-January-2026_en

CBAM & Omnibus update on legislative process

What is new and what are the next steps? On September 10th, the European Parliament gave its final green light to the CBAM Omnibus I simplification package. It includes several amendments to simplify CBAM compliance while maintaining its environmental integrity. Changes must still be officially endorsed by the Council. EU Parliament and Council have already reached a provisional agreement back in June 2025.

Further Info: <https://www.europarl.europa.eu/news/en/press-room/20250905IPR30181/cbam-parliament-adopts-simplifications-to-the-eu-carbon-leakage-instrument>



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