

To:

CEA – François Jacq, General Administrator
EDF – Jean-Bernard Lévy, CEO
ENGIE – Catherine MacGregor, CEO
France Hydrogène – Philippe Boucly, Chairman
Fortum – Markus Rauramo, CEO
McPhy – Pascal Mauberger, Chairman
MVM Group – György Kóbor, Chairman & CEO
SN Nuclearelectrica SA – Cosmin Ghita, CEO
Uniper – Andreas Schierenbeck, CEO
VICAT – Guy Sidos, CEO
VTT – Antti Vasara, CEO
CEZ Group – Bohdan Zronek, Member of Board and Chief Nuclear Officer
UPM – Tapio Korpeinen, Chief Financial Officer
ABB – Sébastien Meunier, Vice President Public Affairs ABB France
ArcelorMittal – Robert Jan Jeekel, Head of European Union Institutional Affairs
Slovenské elektrárne, a. s – Robert Jambrich, Head of International Relations, European Affairs and Environment.

31 March 2021

Dear signatories,

The Zero Emissions Platform (ZEP) – advisor to the European Union on the development and deployment of carbon capture and storage (CCS) and carbon capture and utilisation (CCU) – has actively followed and engaged in the developments around the delegated acts implementing the Regulation on Sustainable Finance.

In agreement with the points raised in the [letter](#) of 11 March 2021, ZEP would like to stress the importance of actions needed to enable the manufacturing of any grid-connected low-carbon hydrogen. ZEP's view is that any form of grid-connected hydrogen will be excluded based on the current setup. From the unofficial discussions that are ongoing regarding the increased threshold (3 tCO₂eq/t) for hydrogen manufacturing, ZEP understands that this will not be sufficient to enable the much-needed production of low-carbon, grid-connected hydrogen. In [previous documents sent to the European Commission](#), ZEP highlighted that:

*“as it currently stands, it is unclear how the proposed threshold of 2.256 tCO₂eq/t has been designed and further clarification is needed regarding how the threshold was developed. **The steeply decreased threshold hampers the manufacturing of all types of grid connected hydrogen, including all forms of low-carbon hydrogen production from reformed natural gas with CCS from inclusion under the EU Taxonomy.** Moreover, it would not allow for a cost-efficient retrofitting of SMR plants during a transitional period, which are the majority of the plants currently producing hydrogen in Europe.*”

Overall, **the proposed threshold for hydrogen (and aluminium) production should decline over time, ultimately leading to climate neutrality by 2050.** In the draft delegated acts, there is no indication that the threshold will decline over time. In addition, the screening criteria for hydrogen manufacturing have been combined into a very challenging, single threshold, which includes the electricity threshold. **ZEP would like to reiterate that, if the thresholds were to properly account for the carbon footprint of any energy source, no grid-connected hydrogen could be produced in the European Union.**

For the manufacturing of hydrogen (and aluminium), no grid-connected hydrogen (and aluminium) production will be possible within the EU without Power Purchase Agreements (PPAs).

ZEP recommends adding Power Purchase Agreements to the electricity threshold and a methodology that ensures that such PPAs have both temporal and geographical correlation between the unit producing the threshold-compliant electricity and the hydrogen (and aluminium) manufacturing unit that is using it, in the same manner as described in the Renewable Energy Directive, which is currently under revision:

- A temporal correlation – based on when the electricity is produced and when it is consumed in the manufacturing
- A geographical correlation – ensuring that the electricity production purchased is dispatched in the same integrated electricity grid.”

By introducing a declining threshold – allowing for a higher initial threshold that will become more stringent over time, and by taking into account additionality with a clear set-up for PPAs – as proposed above, ZEP believes that the production of grid-connected low-carbon hydrogen can be enabled. This will be a prerequisite for European industrial decarbonisation, providing large quantities of clean hydrogen to energy-intensive industries and power plants.

I would be pleased to set up a meeting with you/your colleagues to discuss how we can help the European Commission to make the needed changes.

I remain at your disposal.

Yours faithfully,



Dr Graeme Sweeney

Chairman of the Zero Emissions Platform