

INDUSTRY AND ENERGY JOINT MINISTERIAL LETTER FROM:
FRANCE, ROMANIA, BULGARIA, POLAND, SLOVENIA, CROATIA, SLOVAKIA,
HUNGARY, CZECH REPUBLIC

ON ALIGNING OUR HYDROGEN FRAMEWORK WITH EU 2050 CARBON
NEUTRALITY TARGET

Dear Commissioner Kadri Simson, Dear Commissioner Thierry Breton,

In line with the Ministerial letter sent to Madam Commissioner Kadri Simson on October 25th 2022, we, Ministers of 9 Member-States, reassert our strong commitment to reach EU carbon neutrality by 2050. Abundant and low-emission hydrogen will be key to reach this objective for the decarbonisation of European industry and transport without impeding economic growth. The swift development of its low-emission production at the best possible cost will thus play a decisive role in accelerating the competitive decarbonisation of our economies and efficient steering away from the Union's dependencies on fossil fuels.

The European Union, with the hydrogen IPCEI as well as the Fit For 55 and RepowerEU package, has been steadfast in its support to the emergence of a strong European hydrogen economy. These ambitions are shared beyond Europe and are at the heart of a race to the top, as most recently demonstrated by the United States' Inflation Reduction Act's expansive provisions in support of the production of low-emission hydrogen.

In the context of the ongoing negotiations of the EU legislative framework on hydrogen, **we urge the Commission to propose an amendment for the RED3 draft, in order to align hydrogen and fuels targets in transport and industry with such a technologically neutral approach**, with a view to preserve the European Union competitiveness and to reach carbon neutrality as soon as possible.

I. Low-emission hydrogen is essential to decarbonize hard to abate sectors

The implementation of the Fit for 55 agenda will lead to a massive demand in new fuels and energy vectors to achieve significant reduction in greenhouse gases emissions. Low-emission hydrogen, be it renewable or low-carbon, is a key element in this perspective, whether it is used as a chemical product to decarbonise key industrial value chains (steel, fertilizers, etc.) or as an energy vector to fuel low-carbon transportation solutions. Frictions or delays in the deployment of these new low-emissions fuels would jeopardize either Europe's decarbonisation agenda or its economic growth.

II. Opposing low-carbon is a collective dead-end which endangers our goal to reach carbon neutrality by 2050

Renewable hydrogen will undoubtedly play an essential role: we welcome and support the much needed measures recently adopted by the Council to boost renewable electricity production by accelerating and simplifying permit granting process. But we should never depart from our primary goal: we need to **cut down greenhouse gas emissions as fast as possible** in order to combat climate change. 2030 is just around the corner: in this transition time, we need to be able to fully deploy available low-emission hydrogen production and consumption, without any delay or unnecessary constraint. To that end, we shall create equal incentives for renewable and low-carbon hydrogen.

Renewable-only objectives would indeed limit the speed of the development of our hydrogen economy to the development pace of renewable energy sources, leaving untapped potential to produce low-carbon hydrogen.

Renewable and low-carbon hydrogen are thus highly complementary to reach our decarbonisation objectives, while ensuring the principle of sovereign energy choices enshrined in the TFEU and also preserving the *level playing field* between Member States.

III. Restricting EU incentives to renewable hydrogen will be detrimental to our competitiveness

Restricting incentives to produce renewable hydrogen only would inevitably **elevate hydrogen production costs, with the effect of reducing the global competitiveness of European industry, but also of limiting the sectorial adoption of hydrogen**. Indeed, the intermittent character of solar and wind energy production restricts electrolyser use and elevates in proportion the cost of hydrogen generation. In this regard, provisions in RED3 for renewable-only targets in industry and transport are counterproductive for the deployment of hydrogen in those sectors and detrimental to the global competitiveness of EU industry.

IV. A strategy relying essentially on renewable hydrogen might lead to new dependencies.

We support an ambitious target of low-emission hydrogen in the Union in line with our ambition to reach carbon neutrality. However, restricting our ambition to renewable hydrogen only will result in increasing imports from foreign producers. Member-States that wish to pursue a more self-sufficient supply of low-emission hydrogen from domestic sources should also be allowed to follow this approach. This is basic subsidiarity and pragmatism in regards to energy security.

V. Hydrogen transportation and production are interlinked

Trans-European, long-distance hydrogen transportation infrastructure is necessary for a competitive and efficient European hydrogen market. However, the deployment of such a network in a context where Member States do not share the same view about hydrogen production and use within may not be a favourable context for transnational cooperation.

Therefore, in the view of the undersigned, the hydrogen deployment objectives proposed in the recast of RED III and the hydrogen transportation regulation proposed in the gas package constitute complementary regulations as far as low-carbon hydrogen is concerned. Any compromise on the gas package and RED III must therefore integrate the recognition of the contribution of all low-carbon hydrogen sources to the decarbonisation. In this perspective, a similar letter has been sent by the undersigned to the Presidency.

In order to preserve European competitiveness as well as preserve Member States sovereignty and competences to decide of their energy mixes, we strongly **call on the Commission to design and propose a set of amendments necessary to secure in every relevant legislative text under negotiation a greenhouse gas emission reduction in the European Union with a technology neutral approach.**

Signatories:

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