

# SUPPORTING FRAMEWORK FOR HYDROGEN IMPORT INFRASTRUCTURE CRUCIAL TO MEET REPOWEREU TARGETS ON TIME

Rotterdam, 2 February 2023

The import of renewable and low carbon hydrogen is paramount if Europe is to end its dependency on Russian fossil fuels and realize its climate objectives in 2030. In REPowerEU, the European Commission rightly acknowledges the need for imports from outside Europe to complement local production of hydrogen and intra-EU hydrogen trading. Diversification of resources and the establishment of new maritime trading routes is key to ensure Europe's energy security and diversify new, clean energy flows.

The signatories of this joint statement call for a **technology-neutral regulatory framework** that supports investments of first-movers in import infrastructure in ports, facilitates the deployment of new and existing pipeline infrastructure and supports the set-up of new maritime import corridors.

Ports and terminals are preparing the necessary infrastructure to receive hydrogen in different forms and carriers from all over the world. **In the Port of Rotterdam, eight companies (Air Products, Gasunie, GES, HES, Koole, OCI, Vopak, and VTTI) are developing terminals for the import of hydrogen in different forms.** The first clean hydrogen in the form of ammonia is expected to enter Europe via the port of Rotterdam as of 2024. In addition, [H2Sines.Rdam](#) develops a new intra-EU value chain to deliver liquid hydrogen from Portugal (Sines) to the Netherlands (Rotterdam) by 2028.

Next to the development of individual ammonia crackers, a group of 18 companies in Rotterdam is [investigating](#) a **central cracking facility** in the port to convert ammonia into 1 million tons of hydrogen per year. The industrial cluster in Rotterdam will be able to import **4 million tonnes of hydrogen by 2030**, which adds up to **40%** of the European hydrogen import ambition in REPowerEU. In order to accommodate these new energy flows, import infrastructure such as state-of-the-art ammonia crackers, storage facilities in ports and pipelines are needed alongside existing hydrogen networks to supply end-users in industry and mobility with hydrogen as feedstock and as clean energy source.

**The signatories of this statement are ready to invest and call upon EU policymakers and Member States to urgently:**

- 1. Adopt a technology-neutral approach to foster innovation and avoid restrictions on new technologies**

Hydrogen will arrive in various forms, each requiring its own value chain and processing methods and will be delivered into various forms to end-users, in varying levels of purity. Hence, the hydrogen and decarbonized gas market package should reflect a **technology-neutral** approach and provide a level playing field for all existing carriers and technologies.

- 2. Make use of existing private hydrogen pipeline networks and support the development of new industrial hydrogen networks in parallel with the European hydrogen backbone**

Europe's new energy system will be built on a complementary system of new and existing pipelines, privately operated networks and public infrastructure. Each infrastructure model will have its own specifications, requiring a **tailormade and flexible approach** in hydrogen market regulation.

Over time, public and private infrastructures will become more integrated, but as long as the market is still in an early development phase, flexibility in applying hydrogen infrastructure owner- and operatorship principles – dependent on local market circumstances - is key. Member States need to accelerate the development of the **European Hydrogen Backbone** and align it with the development of new pipeline networks between Member States. Without this, import terminals may run the risk of becoming stranded assets, which will delay investment decisions and create a multi-chicken-egg situation in the supply chain between import terminals, pipeline operators and end-users needing to convert their plants.

### 3. Provide flexibility for Member States in applying third party access for terminals

To ensure that private investments in new hydrogen infrastructure are not discouraged, EU hydrogen market design should leave room for Member States to adopt different regulatory market models. The appropriate regime for third-party access for hydrogen terminals is very dependent on local market circumstances and the degree of competition. We ask for a **flexible approach** and room for Member States to decide on the appropriate level of third-party access for hydrogen terminals.

### 4. Develop targeted financing instruments for hydrogen infrastructure and demand creation

To counter the United States' \$369 billion green subsidy package known as Inflation Reduction Act, Europe should quickly develop simple (tax-break) financing models and support investments in hydrogen infrastructure and demand creation. The recently announced **Net-Zero Industry Act** could provide a good starting point. In addition, **contracts for difference** – including *carbon* contracts for difference - and **market maker schemes** (such as H2Global for example) are needed to push demand for green hydrogen and support the production of hydrogen in non-EU countries. The **European Hydrogen Bank** could provide the first model, where the price of green imported hydrogen would be subsidized to bridge the gap with fossil alternatives.

### 5. Acknowledge the importance of intra-EU maritime hydrogen corridors in TEN-T and TEN-E

In order to transport green hydrogen from hydrogen producing regions in southern Europe towards Europe's northern regions, **maritime corridors** for the shipping of green hydrogen will play a key role. Maritime corridors and pipeline corridors complement each other in intra-EU hydrogen trade. As a net importer, the EU should not only support the development of import facilities in ports, but also stimulate export facilities in hydrogen producing regions by explicitly recognizing maritime corridors as critical transport and energy infrastructure under TEN-T and TEN-E respectively.

#### Signatories

Port of Rotterdam, OCI, Koole, Air Products, Shell, Vopak, VTTI and Votob.

