European Hydrogen Bank

2023/2123(INI) - 14/12/2023 - Text adopted by Parliament, single reading

The European Parliament adopted by 418 votes to 44, with 59 abstentions, a resolution on the European Hydrogen Bank.

Parliament welcomed the Commission communication on the European Hydrogen Bank (EHB) in which the initiative aims to act as an efficient and streamlined one-stop-shop for the coordination of activities and financing in support of renewable hydrogen projects along the entire supply chain. It encouraged the Commission to **provide more funding and visibility to the initiative**, as it will represent an important milestone for kick-starting the European hydrogen market.

According to estimations of the International Energy Agency, 32 % of global electrolyser capacity will be located in Europe by 2030 if all planned projects materialise. The resolution stressed the need to maintain and **enhance the Union's global leadership** on hydrogen by developing an innovative and efficient market that connects producers with consumers, using adequate infrastructures.

Members considered that to secure the EU's industrial sovereignty in a context of open strategic autonomy, the first implementation phase of the EHB should strongly prioritise **ramping up domestic production**, while subsequent phases could be extended to enabling the ramping-up of competitive imports of renewable hydrogen.

The resolution emphasised that **private funding** will be instrumental in building a European market for renewable hydrogen and that an efficient market, once developed, should not be dependent on public subsidies. The European Hydrogen Bank has the responsibility to coordinate and support all relevant consumption centres across Hydrogen Valleys and to upscale large-scale hydrogen flagship projects.

Financial support for the domestic production of renewable hydrogen

Parliament welcomed the Commission's decision to launch a first price-based **pilot auction** to support renewable hydrogen. It insisted on setting a fixed premium for future auctions equivalent to or higher than that proposed by the US under the Inflation Reduction Act. It asked the Commission to consider complementary mechanisms such as grants, contracts for difference and carbon contracts for difference.

According to Members, the design of future auctions should strongly prioritise the sale of renewable hydrogen to hard-to-abate industries and heavy transport, in particular aviation and shipping.

The resolution called on the Commission to provide technical assistance to Member States with a low level of participation. It emphasised that the EHB should also aim to attract smaller developing projects.

Non-financial support for the EU hydrogen ecosystem

While welcoming the Commission's idea of launching the concept of 'auctions as a service', Parliament suggests that the EHB should be able to provide **dedicated advice to private actors** concerning the development of renewable and low-carbon hydrogen installations in the EU. Members proposed that the activities of the European Clean Hydrogen Alliance be included under the EHB to create a physical forum where producers and consumers of hydrogen could meet to receive advice and exchange best practices. A voluntary joint purchasing mechanism for hydrogen can contribute to developing the domestic hydrogen market and securing imports under the EHB.

Imports of renewable hydrogen

The resolution stated that, despite an increase in the domestic production of renewable hydrogen, growing demand may require imports from non-EU countries. The Commission is called on to deliver a **robust common certification** scheme by 31 December 2025, in line with the revised Renewable Energy Directive for imports of renewable hydrogen, equivalent to the rules applying to domestic production, in order to ensure a level playing field for reliable international partners.

Members insisted that investment in renewable hydrogen from third countries should be subject to international **due diligence principles**, including but not limited to the United Nations Guiding Principles on Business and Human Rights. They urged the Commission to prepare guidelines with clear and transparent criteria concerning the eligibility for EU support of producers from non-EU countries, based on geopolitical risks and their potential reduction through cooperation.

Financial support for the transportation of renewable hydrogen

The resolution stressed that for a successful acceleration of the hydrogen market, it is necessary to ensure sufficient investment to develop adequate hydrogen infrastructure not only to connect supply and demand, but also to **store and transport hydrogen across the EU**. Members called on the Commission and the Member States to encourage private investment and, where necessary, ensure public funding for new installations for hydrogen and for the repurposing of those currently used for natural gas. It stressed that additional resources should be allocated to the Connecting Europe Facility, in order to enhance the funding of the relevant infrastructure.

Streamlining of EU instruments and financial mechanisms

Noting that the overall budget of EUR 3 billion for the European Hydrogen Bank, Members called on the Commission to **clarify the yearly budget available for the next five years** under each pillar of the EHB and to prepare a road map of planned auctions.

Parliament expressed strong concerns about the overall budget of the EHB compared to the subsidies, incentives and the more attractive investment framework in other regions of the world, in particular China and the US. It believed that the **current envelope of EUR 800 million for the first pilot auction is too limited** and called on the Commission to propose an appropriate budget for the EHB by significantly increasing it over the coming years with fresh resources.