EU decarbonisation and industrial policies hand in hand

A path towards competitiveness and upholding the Green Deal

The European Green Deal was premised on the creation of new green jobs, its political sustainability could be endangered if decarbonisation leads instead to de-industrialisation in Europe - including of industries that can support the green transition."

Draghi Report

nel

A century of electrolyser innovation

Key policy messages

Funding

- The next Multi-Annual Financial Framework should streamline financing of clean tech and renewable hydrogen projects, avoiding a patchwork of different financial tools and complex processes

- For the sake of simplicity and transparency, a one-stop shop for all renewable hydrogen project promoters seeking EU funding is imperative. As such, the European Hydrogen Bank should remain the EU's primary financing instrument for renewable hydrogen projects focusing on renewable hydrogen production exclusively

- Introduce measures to limit single source dependency on imported technology. EU funding mechanisms should support the scaling up of European electrolyzer OEMs and European jobs & value chains. Measures can include local content requirements in the form of explicit minimum quotas for the sourcing of electrolyser stacks Made in Europe (EU & EEA) or quotas limiting Europe's reliance on foreign entities

- Public guarantee and counter-guarantees schemes should be provided by the European Investment Bank (EIB) or/with national promotional banks (NPBs) to commercial banks, to cover the largest share of investment risks presented by electrolyser manufacturing projects. In particular, the recent EIB initiative (EUR 5 billion) supporting wind power-generation equipment manufacturing in the EU as part of the European Wind Power Action Plan should be replicated and expanded to the electrolyser sector

Industrial policy

- Maintain targets agreed in the Renewable Energy Directive for the consumption of renewable fuels of non-biological origin in industry and transport by 2030. Ensure that the RED remains a legislative tool for the promotion of renewables and renewable hydrogen and its derivatives only

- Include hydrogen strategies and Net Zero Industry Act (NZIA) implementation in National Energy and Climate Plans. These should include the assessment of investment needs and plans for manufacturing projects – including for the allocation of financing by the public sector and incentives to stimulate private financing. This will provide opportunities for better linking deployment of electrolysers and hydrogen production arising from enhanced planning

- Exempt electrolysers from the scope of the Industrial Emissions Directive. Renewable hydrogen plants above 100MW are currently subject to the same permitting requirements as fossil fuel projects

Trade & Competition

- Optimise foreign direct investment and protect EU know-how, by leveraging knowledge transfer clauses and protecting intellectual property rights. The EU could facilitate the creation of joint ventures or cooperation agreements for knowledge transfer and sharing between EU and non-EU companies. E.g., foreign companies benefitting from EU or Member State financial support should be bound by local recruitment and apprenticeship clauses, similar to the practice under the US' IRA

- Closely monitor and improve the carbon border adjustment (CBAM) design during the transition period and consider postponing phase out of ETS free allowances for Energy Intensive Industries if implementation is ineffective

- Strongly consider adding electrolysers into the scope of CBAM as a downstream product

- Strengthen the EU Investment Screening Mechanism. At present, Foreign Direct Investment screening is a national competence, with Member States only required to exchange notifications and information. Coordination is important for the emergence of joint ventures in strategic sectors and ensuring that EU companies retain relevant know-how and can drive the next wave of innovation

- Extend the Temporary Crisis and Transition Framework beyond 2025 and clear state aid for mature first mover projects that are close to a Financial Investment Decision. This will assist in feeding the learning loop our sector needs to mature and kick-start the scale up of our sector that will bring necessary economies of scale, making Europe more competitive

- Ensure that the Foreign subsidies regulation applies to hydrogen projects and relevant auctions not just public procurement

The coming years are critical. Europe cannot afford to replace one dependency (energy imports) with another (imported technology). The time has come for a shift in European trade, competition and industrial policy. It's time to make Made in Europe a reality!

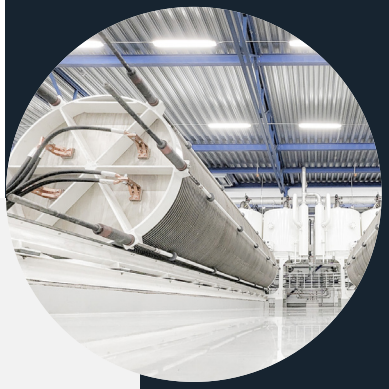
About Nel

Tested and proven technology

We have almost a century of experience developing electrolysers that are tested and proven by our clients across the world

Manufacturing capacity and geographies

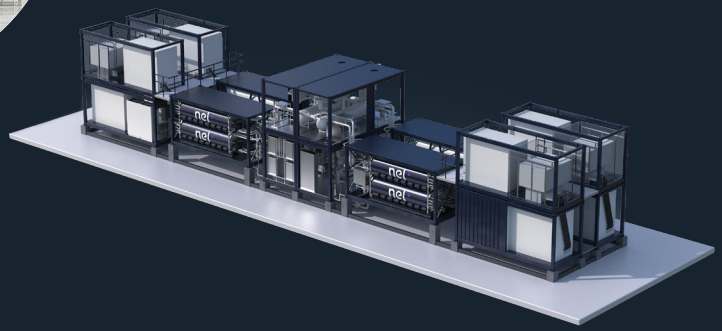
- Atmospheric alkaline in Herøya, Norway 1GW annual capacity with room to expand to 2GW
- World's first fully automated electrolyser manufacturing faciltiy
- Proton Exchange Membrane (PEM) in Connecticut, USA 500MW annual capacity



Electrolysers for the future

Building on our unparalleled track record, we are shaping the future of electrolyser technology

- New factory to be built in Michigan USA up to 4GW of advanced PEM and pressurised alkaline



Pioneering customers

Our customers are pioneering the transition to a renewable society.
We have the experience and the know-how to make the transition
as smooth and predictable as possible.

Projects

Glencore
Nickel production
5MW Alkaline
In operation

Dolphyn
Offshore wind to hydrogen
10MW
Pilot project

Hyd'Occ
Industry & transport
20MW Alkaline
Purchase order

Iberdrola
Green fertilisers
20MW PEM
In operation

Woodside
Heavy duty transport
200MW Alkaline
Purchase order

Ovako
Steel production
20MW Alkaline
In operation

Bondalti
Chemical industry
40MW Alkaline
Purchase order

H2Synergy
Refining
20MW Alkaline
Under construction

Topsoe & Skovgaard
Green Ammonia
10MW Alkaline
In operation

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