


IOGP views on the proposed Regulation amending Regulation (EU) 2021/241 as regards REPowerEU chapters in Recovery and Resilience Plans

IOGP welcomes REPowerEU's objectives to boost gas supply diversification, accelerate the completion of gas infrastructure, achieve energy savings and renewable energy sources (RES) and hydrogen (H₂) deployment. The current crisis requires adequate measures to help improve existing energy infrastructure and accelerating the deployment of RES and H₂. In this context, we agree that the Recovery and Resilience Facility ('RRF'), the cornerstone of the EU's investment strategy post-COVID 19, has the potential to enable the investments needed to achieve EU decarbonization objectives. We strongly support the proposal to include additional chapters in the Resilience and Recovery Plans (RRPs) to delivering the REPowerEU objectives, however, we would like to address the following comments.

IOGP agrees that RRP submitted by Member States to the Commission should contribute to the objectives of 'improving energy infrastructure and facilities to meet immediate security of supply needs for oil and gas [Article 21c 1 (b)] and of 'boosting energy efficiency in buildings, decarbonizing industry, increasing production and uptake of sustainable biomethane ... and increasing the share of renewable energy' [Article 21c 1 (c)]. However, we regret that the RepowerEU chapters in the RRP only refer to renewable and 'fossil-free H₂'. **We recommend that the Commission takes an inclusive and technology-neutral approach allowing all forms of H₂, including low-carbon H₂ produced with natural gas (using steam methane reforming with carbon capture and storage (CCS) or pyrolysis), to compete with other low-carbon emission technologies.** IOGP believes that it is essential for the Commission not to exclude sources, options or technologies in order to approach energy security which REPowerEU intends to do in particular when it comes to the development of the hydrogen value chain.

Like most other low-carbon technologies near term, CCS requires policy support to incentivize its deployment at scale, especially during the market ramp-up phase. For this reason, excluding low carbon H₂ produced from natural gas and CCS from the proposed RRP REPowerEU chapters would send a wrong signal to companies which are currently developing H₂ and CCS projects and can hinder the EU's need to reach decarbonization objectives at low cost for society. Near term, CCS is the only available decarbonization solution for some hard-to-abate sectors (e.g. cement, steel) and blue H₂ is a proven clean energy supply for these industries and heavy-duty transport sectors. Policy support for low carbon technologies, combined with adequate carbon leakage avoidance measures, will be required for EU industries to maintain their international competitiveness.

In comparison, H₂ produced from RES is at early stage of development and will continue to be a limited alternative to blue H₂ because additional RES will first be needed for other applications (e.g. to replace coal and nuclear, to heat homes or to charge vehicles) before it is available at scale to produce green H₂. The [Hydrogen for Europe](#) study findings include that a policy pathway allowing all types of H₂ to compete would save Europe about 70B€/yr until 2050, compared with a policy pathway focused on RES only, which requires additional infrastructure and value chain investments and represents higher



total system costs. Moreover, it is evident from the Hydrogen for Europe Study that low carbon (blue) H₂ is currently the most efficient way to produce clean H₂ in terms of €/tCO₂ abated. While the current level of natural gas prices may lead to consider low carbon H₂ becoming less competitive versus RES H₂, it is important to remember that:

- 1) investments into energy supply projects (typically being capital intense) are based on investors' long-term views (including prices, cost, and demand) and energy prices regularly adjust according to markets;
- 2) the European gas market will rebalance over the coming years with supplies coming from non-Russian sources (also per additional LNG supplies envisaged by REPowerEU) and it will be important to support technologies that will enable decarbonisation of natural gas such as CCUS and methane pyrolysis;
- 3) the cost to produce RES (green) H₂ increased in parallel with the cost to produce low-carbon (blue) H₂ during this period, and therefore the relative competitiveness of low-carbon (blue) H₂ versus RES H₂ has not changed significantly. Looking ahead, we believe RES will remain more expensive than blue hydrogen until the EU power grid is fully decarbonized and abundant RES is available on the market.

The EU institutions should also consider to cover technologies aimed at detection and abatement of methane emissions. In that way, the EU will be able to save additional molecules of natural gas while contributing to the RePowerEU Plan.

In sum, the natural gas market in Europe will rebalance Russian supplies in the next years and low-carbon hydrogen will play a key role to enable the EU to reach its 2030 targets and climate neutrality by 2050 at lower cost to EU society. In this context it is important that the policy framework is technology-neutral to allow a fair competition between all low-carbon technologies, based on life cycle emission reduction potential.

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