Joint Letter to the European Commission concerning the implementation of the Delegated Act EU 2023/1184 establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous fuels of non-biological origin (RFNBO)

Dear Director-General Juul Jørgensen,

we fully support the European Union's objectives to establish a competitive and sustainable hydrogen market as part of the broader decarbonisation and industrial transformation agenda of the European Union. Member States, together with the European Commission, have already collaborated on key initiatives and have laid the groundwork through policies and by making available significant funding. With regards to recent events in the middle East, and Europe's remaining dependency on fossil energies, a swift ramp up of European and diversified RFNBO supply chains can significantly contribute to strategic resilience.

In this regard and with this letter we would like to draw your attention to the challenges we are facing concerning the implementation of the criteria laid down in the Delegated Act EU 2023/1184.

Despite the efforts of the Member States, together with the Commission, the ramp-up of the hydrogen market is not progressing at the pace required:

- Investment decisions are being delayed, many hydrogen projects remain stuck in the planning phase, do not reach financial investment decisions (FIDs) or get cancelled
- Only a few long-term offtake contracts have materialized despite national and EU funding support and binding EU quota.
- The cost of producing renewable hydrogen under the current RFNBO criteria remains, in certain cases prohibitively, high. The cost gap between renewable hydrogen and fossil-based alternatives has widened, also due to the current framework.
- The cost reductions for the production and installation of electrolysis plants predicted in previous studies are not materializing – instead, the acquisition and manufacturing costs continue to rise.
- The development of the necessary electricity and hydrogen infrastructure and renewable energy sources take longer than expected.

It has become increasingly clear that the current framework laid out in the Delegated Act on RFNBOs, including the underlying timeline for the early ramp-up, does not align with the economic realities of the hydrogen market development in the European Union and worldwide.

A timely, efficient and targeted revision of the Delegated Act is essential to achieve the European Union's climate and industrial ambitions. Immediate action should prevent further delays, stalled investments and a loss of competitiveness. If left unchanged, the current RFNBO Delegated Act criteria risks slowing down the hydrogen ramp-up by imposing a very significant burden on projects, and making it more difficult to reach the ambitious targets set out in the Renewable Energy Directive, in particular for industrial use under Article 22a. Current market development shows that the existing rules are already constraining market development today.

We therefore jointly call on the European Commission to:

- Bring forward the review of the RFNBO Delegated Act and finalize it in 2026;
- Conduct a focused, evidence-based revision in alignment with the European long-term climate ambitions, without reopening the Delegated Act in its entirety, in order to avoid prolonged regulatory uncertainty;
- Propose the following targeted adjustments on the main rules hindering the market ramp-up of RNFBOs:

    1. **Additionality:** A considerable extension of the transitional phase for the application of additionality requirements as set out in Article 11 until 2035, including keeping the existing rules on grandfathering for ten years until max 2040.

    2. **Temporal correlation:** Increased flexibility, extending the use of monthly correlation, regarding temporal correlation requirements under Article 6(2), until 2035. This should only be allowed for countries/regions with relatively clean electricity systems, treating the EU as one whole region. Further, we ask the Commission to assess whether an extension of the use of monthly correlation beyond 2035 supports the objectives of the Delegated Act while respecting its legal requirements.

    3. **Additionality and temporal correlation:** We ask the EU Commission to assess whether a reduction of the threshold for the general exemption for energy systems with very high shares of renewable energies (so called “sunset clause”), as set out in Article 4 paragraph 1, supports the objectives of the Delegated Act while respecting its legal requirements.

- The revision should include legal safeguards for early investments taken, in order to ensure predictability and continued bankability for first-movers;
- Ensure that the revised provisions enter into force as early as possible, to prevent investment standstill and further project delays;
- Provide reflection on the interaction between the non-subsidy part of the Delegated Acts’s additionality criterium and the possible need for derisking renewable energy via Contracts for Difference (CfDs) even on the very long-term.

We remain committed to working closely with the European Commission and stand ready to contribute constructively to this process.

