

bp feedback on the draft Delegated Act on electricity sourcing criteria for renewable hydrogen¹

To meet the EU's decarbonisation objectives, rapid deployment of hydrogen and its derivatives is needed across hard-to-abate sectors. We recognise the European Commission's goal to standardise the criteria for the production of renewable hydrogen and believe a pragmatic regulatory approach will underpin rapid deployment.

1. Grandfathering of pioneering installations

We welcome the proposed flexibility for early movers, i.e. the limited application of additionality and temporal correlation prior to 1st January 2027. Flexible criteria on the key elements of additionality and a monthly temporal correlation would drive down costs and allow for rapid build-out of electrolyser capacity, supporting the development of renewable hydrogen in the European Union.

However, we still see the need to **extend this flexibility until 2030**, including for additionality and temporal correlation as well as to allow recognition for similar high standards, accounting for local specificities for hydrogen imports to ensure continuous scale-up in line with the new REPowerEU hydrogen targets.

2. Additionality criteria

The additionality criterion, requiring – from 2027 – new renewable capacity to come into operation not earlier than 36 months before an installation producing RFNBOs, would risk delaying build-up of hydrogen production. This is due to time required for permitting processes, often delayed construction and the resulting limited availability of renewable assets in the geographical zones where hydrogen will be produced. We welcome the Commission's efforts to fast-track renewables permitting and deployment, but given the complexities and uncertainties surrounding these developments, **extending additionality beyond 36 months will help de-risk the development of hydrogen projects.**

3. Temporal correlation

Separate to additionality, we are concerned over the strict temporal correlation of one hour between the production of renewable electricity and electrolytic

¹ Delegated Act supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non-biological origin

hydrogen. We believe that a **monthly temporal correlation up to 2030**, would significantly speed up the deployment of renewable hydrogen. A monthly temporal correlation would not only reduce the effects of intermittency, but enable flexibility during the balancing window, simplify PPA management, and consequently reduce the production costs of green hydrogen. This would also contribute to a faster ramp up of the market, supporting the EU's ambitions on increased energy independence.

A restrictive hourly temporal correlation would translate into an electrolyser's higher dependency on weather and seasonal patterns of renewables production. To counter this, oversizing exposure of PPAs from diverse sources, relative to a given electrolyser, or storage solutions, would be required to ensure a high load factor during every hour of operation. Over-contracting PPAs is an expensive way of procuring power and would lead to a significant amount of excess electricity which would have to be sold on the wholesale market. The adjustment to an hourly correlation in 2027, would also bring additional complexities to project planning as well as raise risks to end-users in sectors that require largely stable hydrogen supply. This would undermine the benefits of the proposed transitional monthly correlation.

4. Hydrogen imports

Taking into account the REPowerEU hydrogen targets and nascent nature of hydrogen imports, we believe the Commission should include the possibility to allow similar criteria / rules in 3rd countries equivalent to the rules set out in this Delegated Act – if they are consistent with the objective of the EU rules. This would avoid the need to apply rules to 3rd countries that may not consider local circumstances and could otherwise potentially result in unintended restriction of imports of renewable hydrogen and its derivatives.

Key points:

1. Extend the transitional phase until 2030
2. Extend additionality beyond 36 months for new renewable capacity
3. Allow monthly temporal correlation up to 2030
4. Allow similar criteria / rules in 3rd countries to be deemed equivalent to the rules set out in this Delegated Act for hydrogen imports