Call to action: Enabling the growth of a competitive and innovative European electrolyser industry

We, the signatories of this statement, are fully committed to climate-neutrality by 2050. The European Union (EU) aims to become the global leader in renewable hydrogen, giving rise to the development of an innovative and competitive electrolyser industry in Europe. We stand ready to turn this ambition into a reality, among other, by delivering the ambition of the European Commission's hydrogen strategy to increase installed electrolyser capacity to 40GW by 2030. One of the regulatory tools available to assist us on this pathway is the Regulation on Trans-European Networks for Energy (TEN-E).

In Annex II of TEN-E, the European Commission and EU Member States favour that only electrolysers of "*at least 100MW*" should be eligible to support for developing trans-European networks.

With this letter, we call on the European Commission and EU Member States to support the European Parliament's position on the electrolyser threshold in Annex II of the TEN-E and ongoing interinstitutional negotiations, specifically:

"*electrolysers that: (i) have at least **50** MW capacity, **provided by a single electrolyser or by a set of electrolysers that form a single, coordinated project** or 30 MW for innovative midstream value chain (eg. maritime routes via liquid organic hydrogen carriers, liquid hydrogen or ammonia);*"

This lower threshold would be necessary only until there are enough 100 MW projects coming to market.

Allowing an initial electrolyser threshold of at least 50 MW, as framed within the European Parliament's position, is desirable for the following reasons:

1. **Today, the largest electrolyser projects in Europe are around 20MW. Mid-size projects should fall into the scope of TEN-E to pave the way for larger projects in a more gradual and cumulative manner.** Considering the current state of technological and market development, a 50 MW electrolyser threshold would initially facilitate the implementation of the energy infrastructure priorities listed in Annex I of the TEN-E Regulation.
2. The business case for electrolyser projects is still complex and still depends to a large extent on the evolution of EU and national regulation[1] and funding schemes which are essential to de-risk and accelerate the initial investment in those projects. Electrolyser manufacturers have already undertaken significant investments to frontload electrolyser manufacturing capacities. **Reducing the threshold to 50MW will allow more projects to become eligible for the TEN-E funding, allowing more projects across the EU to close the financial gap to reach a final investment decision, thus kick-starting the development of TEN-E hydrogen corridors.** Having more projects realised will benefit the whole electrolyser industry, including the small and medium industrial players and the rest of the hydrogen value chain.
3. **Establishing the initial threshold to "*at least 50MW*" will not preclude projects of a larger scale but will enable a cumulative pathway to the larger scale projects that we all aspire to develop and need in order to decarbonise our economies**. TEN-E is primarily aimed at cross-border and large-scale projects. **Hydrogen projects funded under the revised TEN-E will be "first of their kind" projects** and this also needs to be taken into consideration when agreeing on the electrolyser threshold.

We are ready to play our part in the EU's decarbonisation efforts and call on the EU and the Member States to support this call which aims to enable the growth of a competitive electrolyser industry, made in Europe, and positioning our continent as the global leader in renewable hydrogen.

[1] E.g., renewable hydrogen certification mechanisms, renewable hydrogen targets, time correlation, additionality.