EU publishes terms and conditions for the second round of hydrogen auction

October 2, 2024

European Hydrogen Bank will host **the second Innovation Fund auction (IF24)** later this year to support renewable hydrogen producers in Europe and the European Economic Area (EEA)

- To be launched on **3 December 2024** and close on **24 February 2025**
- An increase in the budget to **€1.2bn** (€1bn for general + €200mn for maritime) with **stricter terms and conditions**
- **Local content requirements** are introduced to increase resilience

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[Recap] The first auction allocated €720 million to 7 winning bids

The first Innovation Fund auction (IF23) closed in April 2024 and allocated **€720 million** to **7 renewable hydrogen projects** in Europe

	Bid price (€/kg)	Bid capacity (MW)
eNRG Lahti	0.37	90
El Alamillo H2	0.38	60
Grey2Green-II	0.39	200
HYSENCIA	0.48	35
SKIGA	0.48	169
Catalina	0.48	480
MP2X	0.48	511

Main takeaways from the first EU hydrogen auction:

1. Winning projects all located in the Iberian Peninsula or the Nordics, which are the areas with cost-competitive renewable energy resources
2. Bid prices were lower than expected, with an average clearing price at €0.48/kg which is way below the ceiling price of €4.5/kg

The new auction has an increased budget with stricter terms

	1st auction (IF23)	2nd auction (IF24)
Budget	€800mn (€720mn awarded)	**€1.2bn (€1,000mn for general + €200mn for maritime)**
Timeline	COD* in 5 years	**FC* in 2.5 years,** COD in 5 years
Ceiling price	€4.5/kgH2	**€4/kgH2**
Completion guarantee	4%	**8%** of max. grant per bid (€250mn)
Local content requirements	None	**<25% (in MWe) of electrolyser sourced from China**

**COD: Commercial operation date / FC: Financial close*

What remains the same...

- **10-year fixed premium** will be provided to winning bids
- Projects must be **located in the EU and EEA**
- Support is allocated through a competitive process based **price-only ranking**
- **Minimum 5MWe** of newly installed electrolyzer capacity is required

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The Net Zero Industry Act enforces the resilience criteria

The new **resilience requirements** on electrolyser procurement are introduced to achieve security of supply and and to contribute to European industrial leadership

*"contribute to **a diversified supply chain** and **avoid depending on a single third country** which may threaten the security of supply of electrolysers"*

meaning

Limit the ELY* stacks sourced from China to <25% in MWe including:

- surface treatment
- cell unit production
- stack assembly

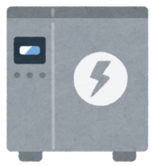
**ELY: electrolyser*

It is necessary to provide evidence (e.g. MoU or LoI with ELY supplier stating the intended origin of the equipment, etc.) in the application and to report the origin of ELY at the FC and COD

This measure is boosted by the **Net-Zero Industry Act (NZIA)** which aims to **scale up the manufacturing capacity to meet at least 40%** of the annual clean technology needs within the EU by 2030

Solar PV and thermal technologies

Onshore and offshore wind turbines



Battery/storage technologies

Electrolysers and fuel cells

and more

Looking for a partner to apply to the second European Hydrogen Bank auction?
Contact us!

Yamna is a specialised green hydrogen and derivatives platform developing several projects worldwide

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