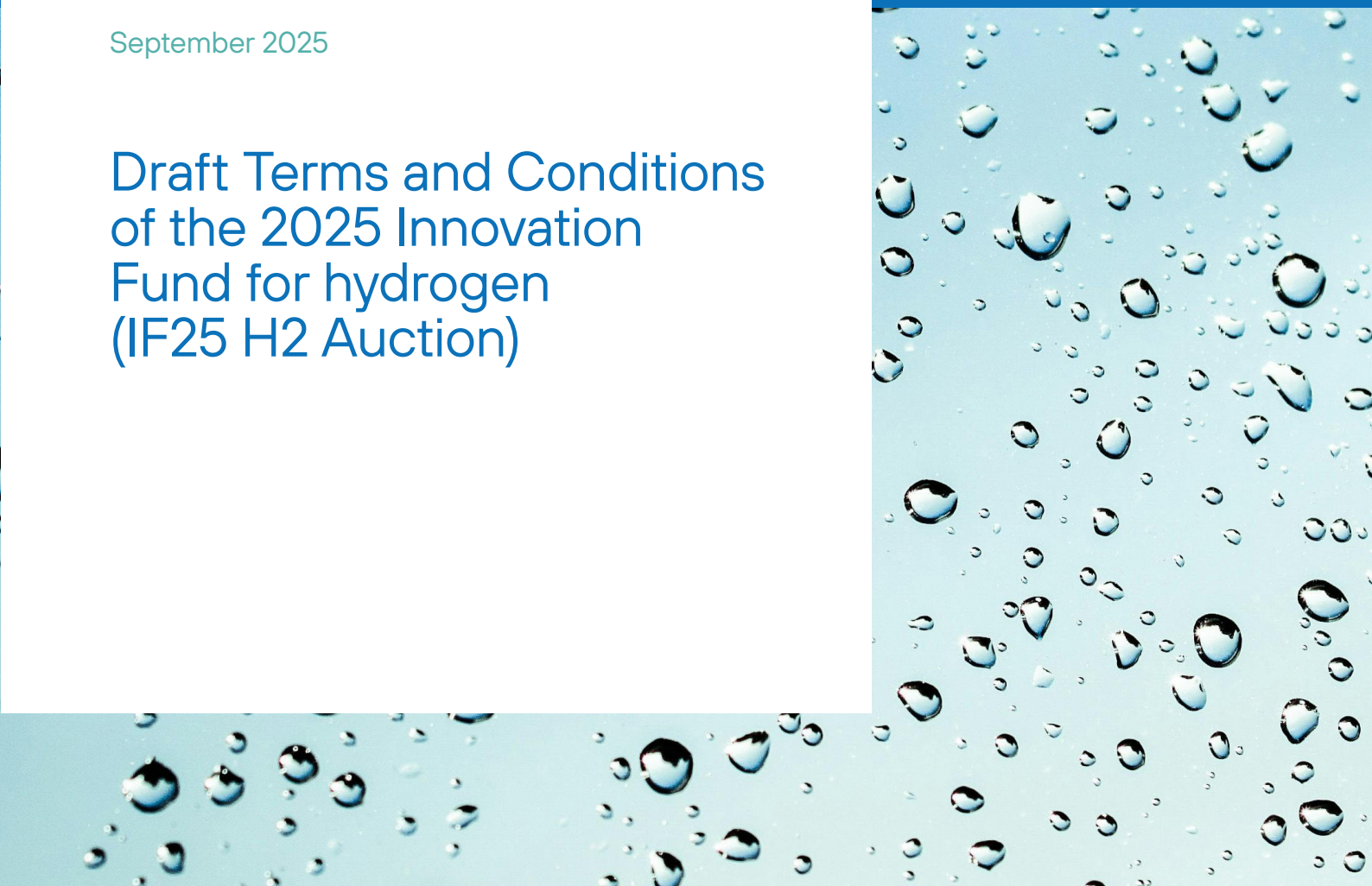
BELLONA EUROPA

CONSULTATION RESPONSE

September 2025

Draft Terms and Conditions of the 2025 Innovation Fund for hydrogen (IF25 H2 Auction)



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IF25 Auction - Draft T&Cs public consultation

Fields marked with * are mandatory.

Introduction

Thank you for taking the time to provide written feedback on the **Draft Terms and Conditions ("Draft T&Cs")** of the 2025 Innovation Fund for hydrogen (**IF25 H2 Auction**).

Please provide your structured feedback in this survey on the different design elements of the auction. Your feed-back will be taken into account for the final design of the auction.
Given the high number of interested stakeholders and our ambition to review all relevant feedback in very short time, please mind the following:

- Short, concise feedback, e.g. in bullet points is sought. If you have overall, high-level feedback, please provide it at the beginning restricting yourself to a few paragraphs.
- Please substantiate your feedback with evidence, wherever possible.
- Don't feel obliged to provide feedback on all points in the survey.

The Commission may share publicly the results of this consultation only in an aggregated and anonymised manner.

A. Background Questions

If you agree to be contacted by the European Commission for clarification questions, as well as if you have interest to receive updates from the Innovation Fund in the future (including announcements about other public consultations, calls for proposals, and upcoming events), please provide your contact details.

Your name

Guillermo Ramo

The name of your organisation

Bellona Europa

Your email address

guillermo@bellona.org

☑ I accept your privacy statements

CLIMA-IF_Privacy_Statement_2025_rev1.pdf

In the following questions we would like to understand the context of the entity that you represent and your specific interest in the auction

What kind of entity do you represent?

NGO

If directly engaged in hydrogen production, how would you describe your company?

Other

If Other, please explain

200 character(s) maximum

Civil society organisation engaged in climate and energy policy

Name of the entity you represent?

250 character(s) maximum

Bellona Europa AISBL

Where is the entity you represent based?

BE - Belgium

What is the size of your company?

- ○ Medium (50 to 249 employees and ≤ € 50 m turnover or ≤ € 43 m balance sheet total)
- ○ Large (250 or more employees and > € 50 m turnover or > € 43 m balance sheet total)
- ◉ Does not apply

Does your company intend to submit any project/s bid for the IF25 H2 Auction?

- ○ Yes
- ◉ No

What reason(s) might prevent you from submitting a bid for the IF25 H2 Auction call? *Please select all that apply.*

- [ ] Energy prices / energy supply uncertainties
- [ ] Uncertainties about combining shares of electrolytic low-carbon H2 and RFNBO H2
- [ ] Uncertainties for the certification of electrolytic low carbon hydrogen
- [ ] Uncertainties regarding the H2 offtake price or availability of (an) offtaker(s)
- [ ] Overall uncertainties regarding the business case of the project
- [ ] Difficulties in finalising the financing model
- [ ] Difficulties in developing a strong technical feasibility study
- [ ] Difficulties with the rules on cumulation with other public support
- [ ] Regulatory barriers in your project's Member State
- [ ] Uncertainties regarding permitting processes
- [ ] Uncertainties regarding the resilience criteria
- [ ] Difficulties in compliance with Do No Significant Harm (DNSH) criteria
- [ ] Project already awarded by the Innovation Fund
- [ ] Waiting for lessons learnt from this first low-carbon auction round to participate in later rounds
- [ ] Issues relating to qualification requirements or other eligibility and admissibility requirements (see also Q4)
- [x] Other

If Other, please explain

300 character(s) maximum

not engaged in commercial activities

If eligibility, admissibility or qualification requirements might prevent you from submitting a bid for the IF25 H2 auction, which requirements are an impediment?

- [ ] Securing a Letter of Intent for the completion guarantee
- [ ] Electricity sourcing strategy
- [ ] Hydrogen off-take and price hedging strategy
- [ ] Demonstration of having a maritime off-taker for the dedicated topic
- [ ] Electrolyser procurement strategy
- [ ] Maximum bid volume of 200 million EUR
- [ ] Minimum electrolyser size of 5MWe
- [ ] Five-year entry into operation period ("maximum realisation period")
- [ ] Two-and-a-half years to reach financial close
- [ ] Ceiling price of 4,00 €/kg
- [ ] Completion guarantee of 8% of the maximum grant amount
- [ ] Necessity to comply with the "no start of works" requirement
- [ ] Certification that the total volume of hydrogen produced will achieve the minimum 70% GHG savings at the end of the support period
- [ ] Evidence of initiated procedure for environmental permits
- [ ] Do No Significant Harm (DNSH) criteria
- [ ] Resilience criteria (related with the origin of the electrolyser)

- [ ] Resilience criteria (related with cybersecurity requirements)
- [ ] Data transparency issues: Publication of bid prices, volumes, origin of the electrolyser, capacities, names of bidders, and off-take prices, (partially anonymized, as outlined in the call text)
- [x] Other

If Other, please explain

300 character(s) maximum

not engaged in commercial activities

If your company was unable to submit a bid in the previous Innovation Fund auctions, will it be able to do so under the updated terms and conditions for the third auction call?

- ( ) Yes
- (•) No

B. Questions related to the general auction design elements

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*The following questions refer to the general auction design elements described in the IF25 Auction Draft Terms & Conditions (**Section 2.1)***

Are any of the g**eneral auction design elements** unclear or for which you would propose additional changes? *Please select those elements for which you have any comments*

- [ ] 1.0 Objective of the auction
- [ ] 1.1 Auctioned good
- [x] 1.2 Constraining value
- [ ] 1.3 Support type
- [ ] 1.4 Safeguards against over-subsidisation
- [ ] 1.5 Ranking of bids
- [ ] 1.6 Bid components
- [ ] 1.7 Production flexibility rules
- [ ] 1.8 Grant duration (disbursement period)
- [ ] 1.9 Indexation of support
- [ ] 1.10 Auction topics/baskets
- [ ] 1.11 Method to estimate the subsidy per ton of CO2e abated
- [ ] 1.12 Resilience related requirements for the electrolyser
- [ ] 1.13 Auction-as-a-Service
- [x] 1.14 Do-Not-Significant Harm (“DNSH”) criteria

1.2 Please explain why you think the selected aspects are unclear

500 character(s) maximum

We understand the aim of including low-carbon electrolytic hydrogen is to support future RFNBO production. However, without clear, enforceable pathways to meet RFNBO criteria (additionality, temporal and geographic correlation), this risks undermining climate ambition. Grouping RFNBO with low-carbon hydrogen may displace RFNBO projects due to unequal requirements and inefficiencies from non-additional electricity use.

1.14 Please explain why you think the selected aspects are unclear

500 character(s) maximum

We welcome the inclusion of DNSH compliance but note unclear implementation. Table 1.16 uses "may" when listing the assessment timing, creating uncertainty. Section III.7 lacks detail on required documentation or indicators, making consistent evaluation difficult. We recommend clearer wording on assessment points and specifying the evidence needed to demonstrate compliance, to ensure credible and consistent project evaluation.

C. Questions related to the qualification requirements

*The following questions refer to the **qualification requirements** described in the IF25 H2 Auction Draft Terms & Conditions (**Section 2.2, Annex III, and Annex IV**). Bidders need to fulfil qualification requirements to have their bids ranked. Qualification aims to ensure that bidders are capable of implementing the project, the project is sufficiently advanced to be implemented in time, and to prevent speculative bidding.*

Are any of the general auction **qualification requirements** unclear or for which you would propose additional changes? *Please select those elements for which you have any comments*

- [ ] 2.1 Qualification requirements (section 2.2 and Annex III of draft terms and conditions)
- [ ] 2.2 Completion guarantee
- [ ] 2.3 Minimum or maximum restriction for project size and for bid volume
- [x] 2.4 Off-taker restrictions
- [ ] 2.5 Regulations for transporting hydrogen
- [ ] 2.6 Consideration of ‘General measures’ (see also section IV of draft terms and conditions)
- [ ] 2.7 Combining support under auction with other public support for hydrogen producer (see also section IV of draft terms and conditions)
- [ ] 2.8 Combining support under auction with other public support for hydrogen off-taker (see also section IV of draft terms and conditions)
- [ ] 2.9 Exclusion of cross-subsidisation of “grey” hydrogen
- [ ] Annex III.1 Electricity sourcing strategy - for RFNBO H2 volumes
- [ ] Annex III.1 Electricity sourcing strategy - for low carbon electrolytic H2 volumes
- [x] Annex III.2 Hydrogen off-take and price hedging strategy
- [ ] Annex III.3 Electrolyser procurement
- [ ] Annex III.4 Environmental permits
- [ ] Annex III.5 Grid connection permits
- [ ] Annex III.6 Letter of intent for a completion guarantee
- [x] Annex III.7 DNSH Compliance Strategy
- [ ] Annex III.8 Technical Feasibility Study

- [ ] Annex III.9 Support from equity providers
- [ ] Annex IV Rules on combination of support under the auction with other public support

2.4 Please explain why you think the selected aspects are unclear

500 character(s) maximum

Hydrogen should only be supported where no more efficient decarbonisation alternatives exist, such as in hard-to-abate sectors like steel. Without clear restrictions on off-takers, there's a risk hydrogen will be used inefficiently. As Innovation Fund support is tied to ETS sectors, funding should exclude projects whose off-takers have better alternatives or outside ETS scope, like home heating.

Annex III.2 Please explain why you think the selected aspects are unclear

500 character(s) maximum

We recommend requiring binding agreements in force to prevent potential speculative bidding and ensure competitive bid pricing.

Annex III.7 Please explain why you think the selected aspects are unclear

500 character(s) maximum

We welcome the inclusion of DNSH compliance but note unclear implementation. Table 1.16 uses "may" when listing the assessment timing, creating uncertainty. Section III.7 lacks detail on required documentation or indicators, making consistent evaluation difficult. We recommend clearer wording on assessment points and specifying the evidence needed to demonstrate compliance, to ensure credible and consistent project evaluation.

D. Design elements defining the auction procedure

The following questions refer to the **design elements defining the auction procedure** described in the IF25 H2 Auction Draft Terms & Conditions (**Section 2.3**).

Are any of the **design elements defining the auction procedure** unclear or for which you would propose additional changes? *Please select those elements for which you have any comments*

- [ ] 3.1 Competitiveness of the process
- [ ] 3.2 One-stage or two-stage auction
- [ ] 3.3 Auction type
- [ ] 3.4 Pricing rules
- [ ] 3.5 Minimum prices
- [ ] 3.6 Ceiling prices
- [ ] 3.7 Clearing mechanism and marginal bid
- [ ] 3.8 Tie-breaking rules
- [ ] 3.9 Minimum number of bidders

E. Design elements defining rights and obligations

*The following questions refer to the design elements defining the **rights and obligations** described in the IF25 H2 Auction Draft Terms & Conditions (**Section 2.4**).*

Are any of the design elements defining the the **rights and obligations** unclear or for which you would propose additional changes? *Please select those elements for which you have any comments*

- ☐ 4.1 Maximum time to reach financial close and entry into operation
- ☐ 4.2 Sanctions in case of non-compliance with support requirements
- ☐ 4.3 Payment schedules
- ☐ 4.4 Reporting requirements

F. Design elements defining the auction and framework conditions.

*The following questions refer to the design elements defining the auction and framework conditions described in the IF25 Auction Draft Terms & Conditions (**Section 2.5**).*

Are any of the design elements defining the **auction and framework conditions** unclear or for which you would propose additional changes? *Please select those elements for which you have any comments*

- ☐ 5.1 Scheduling/auction frequency
- ☐ 5.2 Timing of the auction (early stage or late-stage auction)
- ☐ 5.3 Granting authority

G. Final general comments

In case you want to provide additional general comments about the IF25 H2 Auction Draft T&Cs, please insert them here

1500 character(s) maximum

We welcome the Hydrogen Bank auction as a key step toward scaling renewable hydrogen in the EU. It has strong potential to support industrial decarbonisation, but key improvements are needed to ensure climate and environmental integrity. First, grouping RFNBO and electrolytic low-carbon hydrogen under a single funding pool in Topic 1 risks displacing RFNBO projects due to their stricter requirements. Electrolytic hydrogen projects should follow clear, enforceable pathways to meet RFNBO criteria (additionality, temporal and geographic correlation). Second, the absence of restrictions on hydrogen off-takers risks supporting inefficient uses. Public funding should focus on sectors with no better decarbonisation alternatives (such as steel). Sectors that can be easily electrified should not be included. Finally, DNSH requirements remain too vague. Table row 1.16 and Section III.7 lack clarity on when and how DNSH will be assessed and what evidence is required. To ensure credible, consistent evaluations, the terms and conditions should specify assessment stages, indicators and required documentation.

THANK YOU!

You have completed the questionnaire.

Thank you for your feedback and for your time!

We will take your inputs into consideration for the final design of the IF25 H2 Auction

Contact

Contact Form