



Commission approves up to €6.9 billion of State aid by seven Member States for the third Important Project of Common European Interest in the hydrogen value chain

Brussels, 15 February 2024

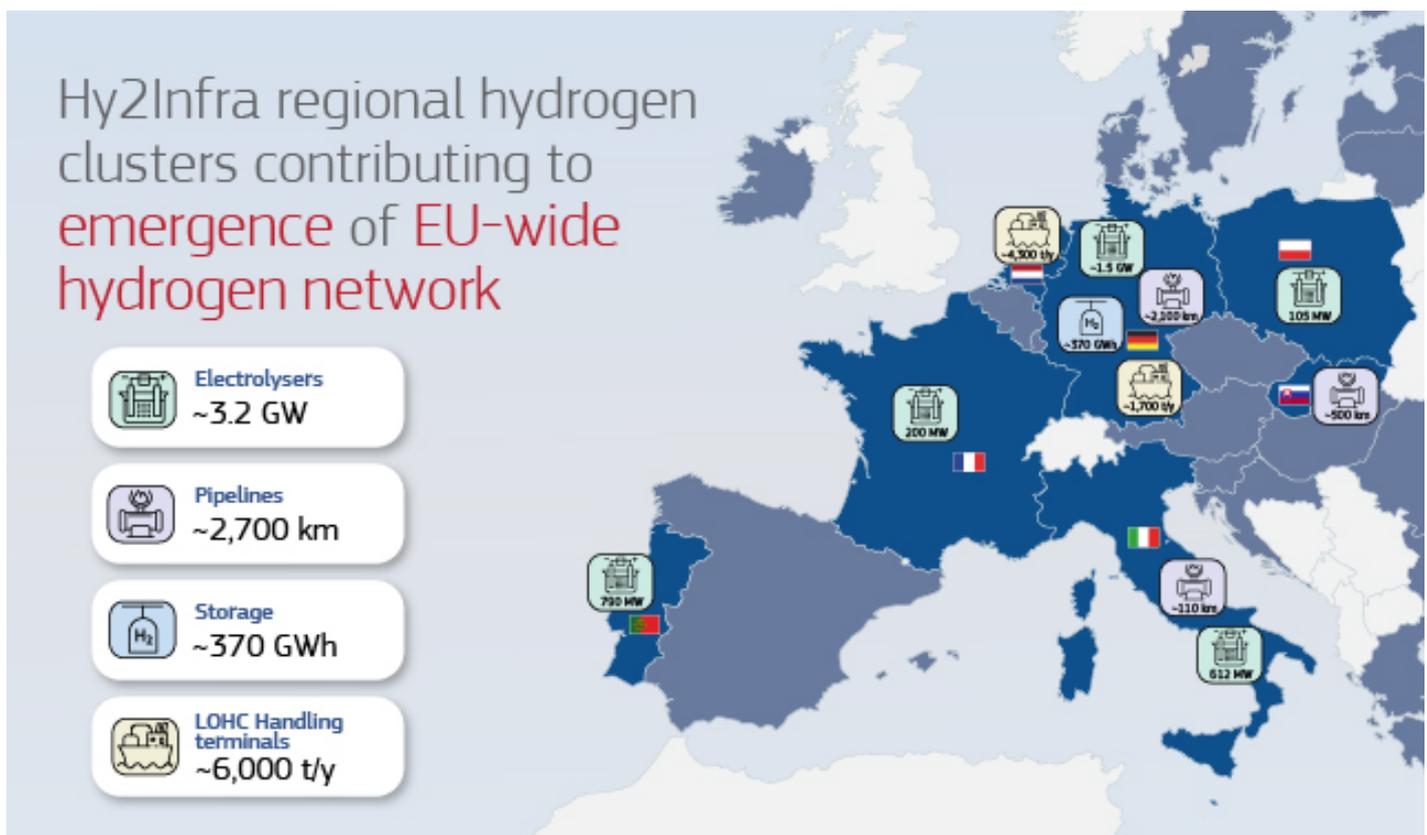
The Commission has approved, under EU State aid rules, a third Important Project of Common European Interest ('IPCEI') to support hydrogen infrastructure. This IPCEI is expected to boost the supply of renewable hydrogen, thereby reducing dependency on natural gas and helping to achieve the objectives of the [European Green Deal](#) and the [REPowerEU Plan](#).

The project, called "**IPCEI Hy2Infra**", was jointly prepared and notified by seven Member States: France, Germany, Italy, the Netherlands, Poland, Portugal, and Slovakia.

The Member States will provide up to €6.9 billion in public funding, which is expected to unlock €5.4 billion in private investments. As part of this IPCEI, 32 companies with activities in one or more Member States, including small and medium-sized enterprises ('SMEs'), will participate in 33 projects.

IPCEI Hy2Infra will cover a wide part of the hydrogen value chain by supporting:

- i. the deployment of 3.2 GW of **large-scale electrolysers** to produce renewable hydrogen;
- ii. the deployment of new and repurposed **hydrogen transmission and distribution pipelines** of approximately 2,700 km;
- iii. the development of large-scale **hydrogen storage facilities** with capacity of at least 370 GWh; and
- iv. the construction of **handling terminals** and related port infrastructure for **liquid organic hydrogen carriers** ('LOHC') to handle 6,000 tonnes of hydrogen a year.



Participants will also collaborate on **interoperability and common standards** to prevent barriers

and facilitate future market integration. The IPCEI will support the gradual emergence of an EU-wide hydrogen infrastructure starting from different regional clusters.

Several projects are expected to be implemented in the near future, with various large-scale electrolysers expected to be operational between 2026 and 2028, and pipelines between 2027 and 2029 depending on the geographic area. The overall completion of projects is planned for 2029, with timelines varying depending on projects and companies.

IPCEI Hy2Infra complements the first and second IPCEIs on the hydrogen value chain. The Commission approved IPCEI “Hy2Tech” on [15 July 2022](#), which focuses on the development of hydrogen technologies for end users. IPCEI “Hy2Use” was approved on [21 September 2022](#) and focuses on hydrogen applications in the industrial sector. Hy2Infra concerns infrastructure investments, which are not covered by the first two IPCEIs.

Commission assessment

The Commission assessed the proposed project under EU State aid rules, more specifically its [Communication on Important Projects of Common European Interest](#).

Where private initiatives supporting breakthrough innovation and the construction of large-scale infrastructure of great EU importance fail to materialise because of the significant risks such projects entail, IPCEI rules enable Member States to jointly fill the gap to overcome these market failures. At the same time, the rules ensure that the EU economy at large benefits from the investments and limit potential distortions to competition.

The Commission has found that the IPCEI Hy2Infra fulfils the required conditions set out in its Communication. In particular, the Commission concluded that:

- The project contributes to a **common objective** by supporting the deployment of hydrogen infrastructure important for achieving the objectives of key EU policy initiatives such as the [European Green Deal](#), the [REPowerEU Plan](#) and the [EU Hydrogen Strategy](#).
- All 33 projects included in the IPCEI are highly ambitious, as they aim at **developing infrastructure that go beyond what the market currently offers**. They will lay the first building blocks for an integrated and open hydrogen network, accessible on non-discriminatory terms, and enable the market ramp-up of renewable hydrogen supply in Europe. This will allow for the decarbonisation of economic sectors that depend on hydrogen to reduce their carbon emissions.
- The IPCEI also involves significant financial risks. Therefore, public support is **necessary to provide incentives to companies to carry out the investments**.
- Aid to individual companies is limited to what is **necessary and proportionate, and does not unduly distort competition**. In particular, the Commission has verified that the total planned maximum aid amounts are in line with the eligible costs of the projects and their funding gaps. Furthermore, if projects covered by the IPCEI turn out to be very successful, generating extra net revenues, the companies will return part of the aid to the respective Member State (**claw-back mechanism**).
- The technical knowledge and experience acquired during the construction and first years of operation of the projects will be widely shared by participating companies through publications, conferences, and joint recommendations for the development of operational rules and technical standards. As a result, **positive spill-over effects will be generated throughout Europe**, beyond the companies and Member States that are part of the IPCEI.

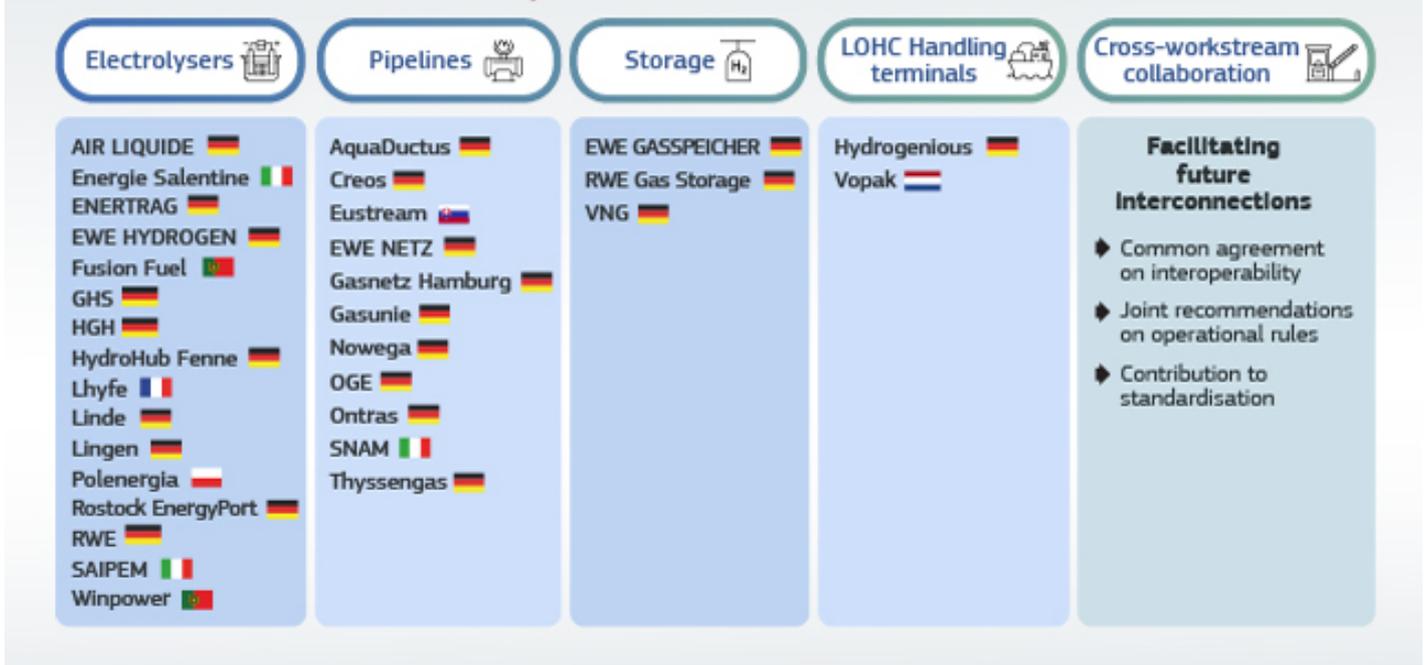
On this basis, the Commission concluded that **the project is in line with EU State aid rules**.

Funding, beneficiaries and amounts

The IPCEI will involve **33 projects by 32 companies**, including five SMEs. The participating companies will closely cooperate with each other through numerous collaborations, as well as with external partners, such as transmission system operators, potential offtakers, universities, research organisations, and equipment suppliers across Europe, including SMEs.

The figure below presents the workstreams of Hy2Infra, including the individual projects.

IPCEI Hy2Infra workstreams



Several Member States (France, Germany, Poland and Portugal) included their participation in the IPCEI Hy2Infra in their Recovery and Resilience Plans and thus can partially fund some of their projects through the Recovery and Resilience Facility.

More information on the amount of aid to individual participants will be available in the public version of the Commission's decision, once the Commission has agreed with Member States and third parties on any confidential business secrets that need to be removed.

Background

A statement of Executive Vice-President Margrethe Vestager on the approval of this IPCEI is available [here](#).

The Commission's approval of this IPCEI is part of the wider Commission efforts to support the development of an innovative and sustainable European hydrogen industry.

The Commission published the [REPowerEU plan](#) on 18 May 2022, which sets out a series of measures to rapidly reduce EU's dependence on Russian fossil fuels by accelerating the clean energy transition, including a [Hydrogen Accelerator](#). The Plan sets a target of 10 million tonnes of domestic renewable hydrogen production and 10 million tonnes of imports by 2030, to replace natural gas, coal and oil in hard-to-decarbonise industries and transport sectors. On 8 December 2023, the European Parliament and Council have provisionally agreed on [updated EU rules to create a hydrogen market](#) that will make a key contribution to the EU's efforts to reach climate neutrality by 2050. In July 2020, the Commission published its [EU Hydrogen Strategy](#), and launched the [European Clean Hydrogen Alliance](#), bringing together the European hydrogen community (industry, civil society, public authorities). Jointly with the policy priorities set out in the [European Green Deal](#), notably in terms of environmental sustainability as well as the transition of industry and transport sectors to climate neutrality, these initiatives played an important role for the objectives of the IPCEI Hy2Infra and facilitated the creation of partnerships.

Today's decision concerns the eighth integrated IPCEI approved under EU State aid rules. It is approved on the basis of the [2021 State aid IPCEI Communication](#), setting out criteria under which several Member States can support transnational projects of strategic significance for the EU under [Article 107\(3\)\(b\)](#) of the Treaty on the Functioning of the European Union. The Communication aims at encouraging Member States to support highly innovative projects that make a clear contribution to economic growth, jobs, and competitiveness or to support the construction of ambitious infrastructure on condition that the projects receiving this funding are highly innovative, of European relevance and do not cover mass production or commercial activities or – for infrastructure – that the projects are ambitious, have a cross-border dimension and ensure open access. The Communication also requires extensive spillover commitments, such as the dissemination of new knowledge throughout the EU, as well as a detailed competition assessment to minimise any undue distortions in the internal market.

The IPCEI Communication complements other State aid rules such as the [Climate, Energy and Environment Aid Guidelines](#), the [General Block Exemption Regulation](#), and the [Research, Development and Innovation \(R&D&I\) Framework](#), which allow supporting innovative projects whilst ensuring that potential competition distortions are limited.

As part of an effort to support a transparent, inclusive, and faster design of IPCEIs, the Commission [published](#), on 17 May 2023, a Code of Good Practices on DG Competition's dedicated [IPCEI website](#). In addition, the Commission has set up the [Joint European Forum for Important Projects of Common European Interests](#) (JEF-IPCEI). The objective of the forum is to identify areas of strategic EU interest for potential future IPCEIs and to increase the effectiveness of the IPCEI process. The JEF-IPCEI brings together experts from Member States and the Commission services, as well as representatives from the industry, academia, and other stakeholders where relevant.

The non-confidential versions of the decisions will be made available under the case numbers SA.102821 (France), SA.102825 (Germany), SA.102815 (Italy), SA.102807 (The Netherlands), SA.102810 (Poland), SA.103494 (Portugal), SA.102811 (Slovakia) in the [State Aid Register](#) on the [competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

IP/24/789

Quotes:

"While the renewable hydrogen supply chain in Europe is still in a nascent phase, Hy2Infra will deploy the initial building blocks of an integrated and open renewable hydrogen network. This IPCEI will establish the first regional infrastructure clusters in several Member States and prepare the ground for future interconnections across Europe, in line with the European Hydrogen Strategy. This will support the market ramp-up of renewable hydrogen supply and take us steps closer to making Europe the first climate-neutral continent by 2050."

Margrethe Vestager, Executive Vice-President in charge of competition policy - 15/02/2024

"For a successful roll-out of renewable and low-carbon hydrogen, all pieces of the puzzle need to come together. With this new Important Project of Common European Interest, 32 companies, including 5 SMEs, will invest in hydrogen infrastructure, for a total of more than 12 billion euro of private and public investment, to match supply and demand of hydrogen. It provides industries with more options to decarbonise their activities while boosting their competitiveness and creating jobs."

Commissioner Thierry Breton - 15/02/2024

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Related media

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