

ICIS EXPLAINS: EU Hydrogen Bank Pilot Auction Results, Second Auction Ts and Cs

Pilot Auction Results

On 30 April 2024, the European Commission released the results of the first EU Hydrogen Bank auction, providing market participants with a range of price information that can support future market participants when bidding under the programme. The auction was launched on 23 November 2023 and closed 8 February 2024. The results can be accessed [here](#).



€720m across 7 projects

Seven renewable hydrogen projects were selected as recipients of nearly €720m



1.5GW

Total electrolysis capacity from the selected projects amounted to 1.5GW



1.58mt of RFNBO

The winning projects are expected to produce 1.58mt of RFNBO hydrogen over ten years, resulting in 158kt/year



€0.37-4.5/kg bid range

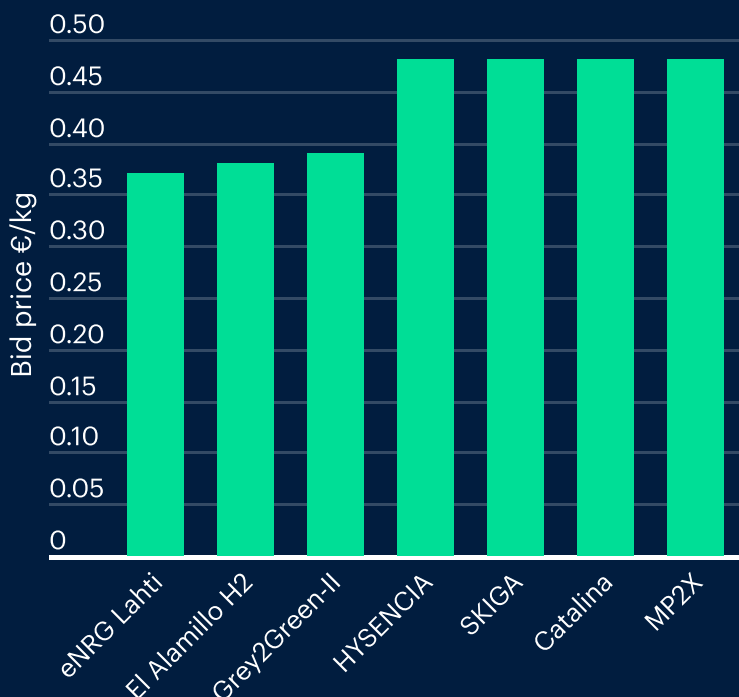
Submitted bids ranged from €0.37-4.50/kg of hydrogen, meaning bidders did submit up to the upper limit



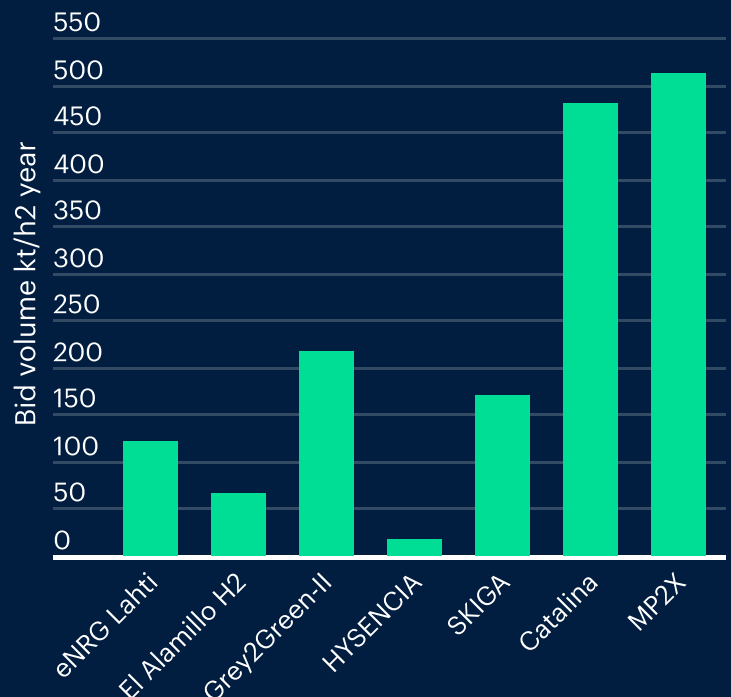
Average time to delivery 2.9 years

Across all bids, the timeline to operation averaged 2.9 years

Successful bids



Bid volume (kt/h2 year)



Additional information and full results table



November 2024

Individual grant agreements are expected to be signed by November 2024 at the latest



Five years

Following the signing of the grant agreement, project developers will have to commence production of renewable hydrogen within a five-year period

Project	Coordinator	Country	Bid volume kt_h2/10 years)	Expected GHG avoidance (kt_CO2/10 years)	Bid price (€/kg)
eNRG Lahti	Nordic Ren-Gas Oy	Finland	122	836	0.37
El Alamillo H2	Benbros Energy S.L.	Spain	65	443	0.38
Grey2Green-II	Petrogal S.A.	Portugal	216	1477	0.39
HYSENCIA	Angus	Spain	17	115	0.48
SKIGA	Skiga	Norway	169	1159	0.48
Catalina	Renato Ptx Holdco	Spain	480	3284	0.48
MP2X	Madoquapower 2x	Portugal	511	3494	0.48

Background information on pilot auction bids



132 Bids Submitted

Over the pilot auction, the European Climate, Infrastructure and Environmental Agency (CINEA) noted 132 bidders, of which 119 proposals were considered eligible



8.5GW

CINEA noted the combined bids amounted to demand for electrolyser capacity of 8.5GW, equivalent to 8.8mt of hydrogen over a ten-year period



17 EEA countries

Bids came from 17 countries of the 30 comprising the European Economic Area (EEA)

Changes between pilot and second auction

On 24 April 2024, the European Commission published its draft terms and conditions for the second EU Hydrogen Bank auction. The draft document is open for consultation until 6 June 2024, offering market parties to submit feedback and shape the second auction's rules.

Core proposed changes between first and second auctions



Budget TBC

The draft Ts and Cs document stated the budget for the second auction was yet to be confirmed. Previous market expectations were a budget of €2.2bn.



Ceiling price dropped to €3.5/kg

The ceiling price for the auction has been reduced from €4.5/kg to €3.5/kg.



Inclusion of a "maritime basket"

A set amount of the final budget shall be allocated specifically for use in the maritime sector. Bidders under this basket must stay within half of the total available maritime allocation. The other budget basket will be labelled as "General". If a portion of the maritime basket is not allocated, the funds shall be transferred to the general basket.



Completion guarantee increase from 4% to 10%

A completion guarantee covering 10% of the maximum grant amount is requested. Should a project not enter operations three years post signing the grant agreement, the guarantee will be called by the granting authority.



Entry into operation timeline cut from 5 years to 3 years

Projects must enter operations within three years after signing the grant agreement.

Areas of consistency

Type of hydrogen supported	RFNBO
Support format	A €/kg payment per kilo of hydrogen produced, known as a fixed subsidy
Payment duration, minimum project size	10 years, 5MWe
Reference price and indexation	No reference price required, no indexation
Ranking process	Preference given to lowest bidder
Offtake sectors	No limitation to offtake sectors, however, introduction of maritime-specific basket
Scope of auction	Projects must be developed in the EEA
Production flexibility	Semi-annual production can be increased up to 140% compared to half of expected avg annual production
Certification	Auction winners must evidence 70% GHG emissions saving through certificates
Granting authority	Climate, Infrastructure and Environment Executive Agency (CINEA)
Maximum grant amount for general basket	1/3 of the total budget for the general auction basket