

European Commission

### **Finnish Energy on Low Carbon Delegated Act**

- This legislation provides long-needed clarity for low carbon production
- The method 6 (a) is clear, and it enables the production of low-emission hydrogen in countries where low-emission electricity is available
- We underline the importance that the same production facility will be able to produce both RFNBO and low-carbon hydrogen within the same hour
- Regarding fossil-based hydrogen, the proposal reflects real-world emissions well
- Do not change the rules soon, or near future investments will be compromised

### **The electrolytic low carbon rules are vital to boost hydrogen economy**

Finnish Energy welcomes the production rules for low carbon hydrogen. This legislation provides long-needed clarity for low carbon production. They give clear framework for low carbon hydrogen production in regions where electricity generation is already almost emissions' free and where it's possible to produce low carbon hydrogen alongside RFNBO hydrogen. In this statement, we focus on grid-based low carbon hydrogen production.

Alongside RFNBO-hydrogen, low carbon hydrogen is essential. European low carbon hydrogen improves European competitiveness and energy security. We consider that the future legislation needs to better recognize domestic electrolytical low carbon hydrogen as the input in clean European industry.

We warmly welcome the possibility to produce low carbon hydrogen from clean grid electricity, as described in Annex 6 (a). Indeed, the method 6 (a) is clear, and it enables the production of low-emission hydrogen in countries where low-emission electricity is available.

These countries are also well-positioned to produce RFNBO hydrogen and for enabling the most cost-efficient RFNBO and low carbon hydrogen production, we underline the importance that the same production facility will be able to produce both RFNBO and low-carbon hydrogen within the same hour. Hence the production being partly RFNBO and partly low carbon, depending on the availability of wind, solar and other renewable electricity.

The principles of producing electrolytic low carbon hydrogen are robust. The rules proposed in the delegated regulation do not distort the electricity market with unnecessarily detailed electricity procurement rules. However, we consider methods 6 (b) and (c) ambiguous and challenging to implement in practice.

In the method 6 (c) it can be difficult to identify which is the marginal electricity generating unit and why it is operating. We would consider real-time hourly emission data to be better fit to accurately calculate emission intensity for produced hydrogen. This information on the carbon intensity of electricity is already available in many member states and can easily be provided by TSO, even complemented with emission forecast in day-ahead market.

Some producers might be willing to optimize the minimum emissions for produced low carbon electricity beyond -70 %. In such case, the most realistic approach would also be based on real time emission data.

In any method, real time and forecast data should be available for hydrogen producers, as it would be very challenging for electrolytic hydrogen producer if they would know only afterwards how clean the produced hydrogen was and if it meets the low carbon criteria.

**Fossil-based low carbon should be based on real world emission data, taking account for all lifecycle emissions**

Regarding fossil-based hydrogen, the proposal reflects real-world emissions well. Emissions from fossil-based low-carbon hydrogen are comprehensively considered. Absolutely all production and transmission emissions should be accounted for. Rules for measuring and verifying lifecycle emissions should be described in methane regulation, with the exception that no country-level average emissions should not be allowed, as it would allow dirtier-than-average suppliers to benefit. We welcome the +40 % increase in such a case.

**Do not change the rules soon, or near future investments will be compromised**

We would like to see robust and clear rules for low carbon from the start. Even considering changing the low carbon and RFNBO rules in 2028 review would halt or delay investment decisions before 2030. And delaying early investments would make it impossible to meet 2030 mandates for hydrogen use.

For to proceed with investments, the producers need to have certainty, that the investments in hydrogen production, based on the rules of today, qualify as RFNBO and low carbon hydrogen also in case the rules would be changed.

We are happy to answer further questions. Our contacts are:

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