

Press release

ITRE reports set key milestone in EU hydrogen market design by prioritising access for high-impact sectors, welcomes EUROFER

Brussels, 09 February 2023 – Hydrogen is at the core of the green steel transition. Ensuring access to this scarce resource – with a share of a bare 2% in today’ EU energy mix – will be paramount in the upcoming years to enable carbon-neutral steelmaking in practice. The reports adopted today by the European Parliament’s Industry, Research and Energy Committee (ITRE) represent a significant step towards industrial decarbonisation, as they acknowledge the importance of prioritising hydrogen access for sectors that have the greatest potential for emissions reduction and the largest impact on climate mitigation, says the European Steel Association (EUROFER).

“We welcome the outcome of the ITRE Committee’s work on the Gas Package. Hydrogen will be a game-changer, and the steel sector can lead the decarbonisation of our economy. It is therefore essential to recognise the role of strategic industries such as steel for the transition by providing them with faster access to fossil-free energy. If steel decarbonises, many other value chains will follow suit: this is the only way to speed up the advent of the Net-zero Age in the EU”, said Axel Eggert, Director General of the European Steel Association (EUROFER).

Hydrogen will remain a scarce resource for at least the next ten years. A race to the bottom among competing sectors for access to the small volumes available would be detrimental to the EU’s climate targets. By enshrining the principle of prioritising hydrogen access where it is most needed and most efficiently used, the Gas Package rapporteurs and the shadow rapporteurs have outlined a viable path for the development of the EU’s hydrogen economy. This would ensure that, in the absence of alternative technologies, sectors that can deliver the highest CO2 abatement per kilogramme of hydrogen used would be granted enhanced security of supply.

The steel sector alone has an estimated need for at least 2 million tonnes of hydrogen per year already in 2030, as a feedstock for most of its 60 industrial scale low-carbon projects. This corresponds to about 90 TWh of electricity, if hydrogen is produced through water electrolysis, which is more than Belgium’s yearly electricity consumption.

“With the first low-carbon projects starting operations as early as 2025, timely deployment of hydrogen infrastructure and affordable hydrogen prices comparable to those delivered in the U.S. through the Inflation Reduction Act, are critical requirements. Companies investing billions

of euros today cannot afford the risk of being ready to start green production without access to hydrogen. The ITRE report contains important elements to prevent such bottlenecks, but more needs to be done to ensure that industrial customers have the right to grid connections. We hope that this issue will be addressed in the next stages of the legislative process”, concluded Mr. Eggert.

Notes for editors

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About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in the United Kingdom and Turkey are associate members.

The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €125 billion and directly employs around 310,000 highly-skilled people, producing on average 153 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe’s manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.

Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO2-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.