



## Hydrogen Energy Association

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Dear Colleague,

### The Hydrogen Energy Association's response to 'Energy Intensive Industries: Consultation on the British Industry Supercharger package for strategic Energy Intensive Industries (EII)s'

I am writing on behalf of the Hydrogen Energy Association (Formerly the UK Hydrogen and Fuel Cell Association) and in response to your current consultation on the British Industry Supercharger package for strategic Energy Intensive Industries (EII)s. The Hydrogen Energy Association (HEA) is the leading pan-UK trade body in the hydrogen energy sector, with a Mission to support the growth of our members and the sector, and to ensure that the right policy framework is in place. Our 110 plus member companies represent over 200,000 employees globally, with combined revenues over £400 billion, and cover the entire value chain from raw material sourcing, to supply chain and components, financing, professional services, B2B and consumer facing solutions.

With over 15 years of experience, the HEA is a leader in advocating for and accelerating the transition to Net Zero in the UK through the deployment of hydrogen & fuel cell solutions. We promote and represent our members' interests across the hydrogen value chain, and campaign for the best policy outcomes for the industry across the full range of applications and opportunities.

Hydrogen will play a substantial role in all aspects of energy, and can make an important contribution to the decarbonisation of energy intensive industries, an area of significant importance to the UK's Net Zero transition. Hydrogen also represents a major economic opportunity for the UK – whether this be in meeting our domestic needs or via exports of products, technology or services. These exemptions will play an important role in helping UK produced electrolytic hydrogen be more competitive with that produced by EU member states or other nations internationally.

Our response to the Consultation focuses on Question 3.

Q3 Do you have views on whether the proposed process will deliver on the intent of the policy?

The HEA supports the proposed changes and would like to highlight how these elements will facilitate the development of electrolytic hydrogen production projects, with low carbon hydrogen recognised as an important energy vector for the delivery of industrial decarbonisation. Increasing the relief on the costs of renewable levies via the Exemption Scheme, and creating a 100% indirect exemption from Capacity Market charges will incentivise UK electrolytic projects by ensuring that the input electricity is more affordable, in turn resulting in lower cost hydrogen for end users. These elements also help to reduce the need to transport hydrogen as the electrolyser will not need to be co-located with the renewable energy resource (whereby private wire connections avoid the above non-commodity costs), but can be located at the point of hydrogen demand, with the electrolyser connected to the electricity grid. This will also reduce the cost of low carbon hydrogen, by reducing the need for non-pipeline transport. Furthermore, it will enable early transition to hydrogen, by allowing production of hydrogen at the point of use, ahead of the build out of major hydrogen network infrastructure which will take a period of years.

Developing policy that boosts the growth of UK electrolytic projects will drive early decarbonisation of industry through the utilisation of hydrogen help to reduce the costs of hydrogen production through economies of scale and stimulate further growth.

The HEA would welcome the opportunity to discuss our recommendations further.

Kind Regards,



**Celia Greaves**

**CEO**