Any credible long-term strategy for hydrogen needs strong and sustainable signals for investments

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Key messages:

- Maintain separate, binding RFNBO targets for industry and transport beyond 2030 by protecting the existing commitments for industry and ensuring a post-2030 trajectory in transport.
- Implement RED III RFNBO mandates without further delay to reduce investment uncertainties.
- Renewable hydrogen deployment cannot be secured without workable RFNBO production rules
- Harmonise certification and cross-border trade rules for all RFNBOs, including hydrogen and e-methane.
- Enable temporary cross-border credit mechanisms with robust safeguards and continued incentives for physical production and grid development

1 Introduction

The European Renewable Gas Registry (ERGaR) welcomes the European Commission's Call for Evidence to revise the EU Hydrogen Strategy in order to establish the direction of travel on the deployment of renewable hydrogen in Europe. The strategy provides an opportunity to address the existing gap between Europe's hydrogen ambitions and current market realities that keeps EU and Member States way below the transport and industry targets as they were established by RED III. Drawing on our experience in renewable gas registries and cross-border certificate transfers, ERGaR calls for a framework that takes into account a series of actionable measures that would truly scale up renewable hydrogen and tackle existing bottlenecks.

2 Temporary flexibility mechanisms with robust safeguards for physical supply

In the early phase of the hydrogen market, the hydrogen grid is in its infancy, hence many off takers lack network connection. This can limit their ability to source renewable hydrogen under mass balance rules and, where applicable, to meet national obligations. While the development of the grid and implementation of the mass balance principle should remain the central objectives, temporary cross-border credit mechanisms with book and claim elements could help mobilise demand and RFNBO hydrogen production while the hydrogen network develops. Based on its experience in renewable gas certification, ERGaR believes that such a mechanism could allow off takers without a grid connection to support certified RFNBO production and give producers access to a wider pool of buyers for long-term contracts.

Such mechanisms should allow the transfer of RFNBO compliance credits from producers to eligible offtakers, including through intermediaries, without requiring physical delivery to the off taker that is not connected to the grid. Surrendering a credit would allow the offtaker to count the corresponding quantity towards an eligible obligation. Any claim that renewable hydrogen was physically consumed at that site would require separate evidence of delivery. Credit mechanisms should complement existing binding targets for hydrogen and maintain incentives to invest in the physical supply of renewable hydrogen and development of the grid.

- **What we ask:** The Commission should use the revised EU Hydrogen Strategy to propose an explicit legal basis and common accounting rules for a temporary cross-border RFNBO credit mechanism that enables transfers of compliance credits within each sector and preserves the distinct demand signal of separate targets. Its design should include the following safeguards:
    - Link every credit to verified physical RFNBO production, with clear issuance, transfer and cancellation rules, independent verification and safeguards against fraud and double counting. Require evidence of eligible end use in the sector concerned before surrender. A unique identifier should link the credit to its underlying Proof of Sustainability and allow the registries involved to reconcile transfers, cancellations and any subsequent corrections. Common rules should specify which Member State may count the quantity and how the Member State of physical use records the transfer. The same quantity must not count towards an industry target and also generate a transport credit.
    - If credits link industry and transport targets, require a minimum share of the transport RFNBO sub-target to be met through physical supply to transport, sufficient to secure investment in RFNBO hydrogen physical production.
    - Limit the scope of the credit mechanism to sites without an available hydrogen network connection and require compliance with mass balance once a connection becomes available. The mechanism must preserve incentives for connection to the grid and capacity bookings.
    - Provide for a dedicated fund to support EU hydrogen network development, ensuring that anyone who uses the mechanisms contributes financially (e.g. through the payment of a levy) to the construction of the European hydrogen backbone.

3 Binding targets beyond 2030

Hydrogen projects require substantial upfront investment and long-term off-take agreements. Binding sectoral targets (e.g. industry, transport) provide a solid business case by providing certainty and predictability for investments. A declared ambition alone cannot offer the same confidence to producers, off takers and investors. RED III has demonstrated over the years that only targets have pushed investors into FIDs. However, this effort needs to be continuous. ACER's 2026 monitoring report illustrates this in refining, which accounts for around half of committed EU electrolyser capacity. Enforceable transport obligations and penalties have helped refiners make the case for investment, alongside public support and the ability to replace fossil hydrogen in existing processes. Uncertainty over the post-2030 renewable energy framework and the presence of targets risks weakening investment decisions today and ending up with hydrogen projects as stranded assets.

- **What we ask:** The revised strategy should commit to maintaining separate, binding targets for renewable and low carbon hydrogen in both industry and transport beyond 2030 and set a clear direction for their inclusion in the upcoming post-2030 renewable energy framework.

4 Timely implementation of RED III mandates

A credible long-term trajectory must be supported by effective implementation of the existing legal framework. As reported by ACER in its latest Monitoring Report (2026) on European hydrogen markets, persisting delays in transposing RED III industry and transport mandates into clear national obligations by Member States and absence of enforceable penalties leave market participants (e.g. producers, off-takers) uncertain about future demand and compliance requirements. This makes long-term off take agreements more difficult to conclude and delays FIDs. It is not sufficient to only write and approve

the national legal text, it is also essential to enforce it. Once national legislation is in place, producers and off-takers still need to know which volumes qualify, what evidence the competent authority will accept and how it will address a shortfall. These details determine whether a buyer can rely on a contracted volume for compliance. The longer implementation is postponed, the greater the uncertainty for investors and the risk that production and infrastructure development will fall behind.

- **What we ask:** The Commission should prioritise timely and complete implementation of RED III renewable hydrogen mandates across Member States. Member States should establish enforceable national obligations without further delay, giving market participants the confidence to conclude off-take agreements and invest. Where these measures place obligations on market participants, the national rules should identify the obligated entities, the volumes and compliance periods covered, the evidence accepted and the penalties for non-compliance. Publishing these rules together would give buyers and producers a common basis for negotiating long-term offtake agreements.

5 Workable RFNBO production rules

The conditions for scaling renewable hydrogen production differ considerably across Member States, including access to renewable electricity, installed electrolyser capacity, grid connections and permitting timelines. Production rules must accommodate this diversity while preserving environmental integrity. Overly restrictive rules on renewable electricity sourcing and where it should be generated, can increase production costs, limit the timeframe of electrolyser utilisation and constrain cross-border electricity sourcing. They can also make it harder to combine renewable hydrogen supplies from different producers and agree long-term contracts, both of which are needed to develop a well-functioning European hydrogen market. Producers need to know which electricity supplies will qualify over the life of a project, and traders and off-takers need to know what volumes they can rely on.

- **What we ask:** The Commission should accelerate the revision of the RFNBO Delegated Act to improve project bankability while maintaining a credible link between renewable electricity generation and hydrogen production. In particular, ERGaR recommends:
    - **Maintain monthly temporal correlation as a permanent compliance option** and remove the automatic transition to mandatory hourly correlation from 2030. Monthly matching can:
        - lead to a practical and predictable time framework for contracts,
        - allow traders to establish a portfolio of eligible RFNBO production and secure long-term contracts,
        - simplify certification and traceability requirements and prevent double counting.
    - **Postpone the binding application of additionality requirements until at least 2035**, allowing producers to use existing renewable electricity generation given the existing strict conditions for permitting of renewable energy installations. Additionality should remain a long-term principle, giving projects enough time to adapt to the new requirements.
    - **Allow hourly accounting as an optional compliance pathway**, offering the opportunity to less matured projects to avoid the increased costs and complexity of hourly accounting.

6 Conclusions

A revised EU Hydrogen Strategy does not need any other unrealistic and aspirational objectives but realistic measures that will bring investments. Binding sectoral RFNBO targets beyond 2030 and timely implementation of RED III should provide the demand certainty that the sector needs. These elements should be developed together to support actual renewable hydrogen production and consumption at lower cost while safeguarding environmental integrity. Finally, recent years have proven that rigidity should be avoided and flexibilities should be encouraged to help the ramp-up of renewable hydrogen. Flexibilities that will be accompanied by safeguards which will prevent fraud and avoid double counting. ERGaR stands ready to contribute its expertise in cross-border trade of renewable gas certificates and connecting registries towards that direction. ERGaR values to work with the Commission, Member States and market participants on the rules that will allow certified renewable hydrogen to be traded and recognised across borders. Its members can contribute practical experience in transferring certificates between registries, reconciling records and documenting the final claim. Agreeing these rules alongside binding sectoral targets would give producers and off-takers greater confidence to contract across the European market.