

Shaping the global energy transition

Objective of the H2Global program

In line with the Paris Agreement the EU and Germany have set the ambitious climate protection goal of achieving greenhouse gas neutrality by 2045. This requires significant changes in all sectors of the economy. For the complete transformation towards a CO₂-neutral future, we depend on the use of 'green' hydrogen and its derivatives, such as ammonia, methanol, and sustainable aviation fuel (hereafter: Power-to-X (PtX) products). The German government therefore supports the rapid market ramp-up of PtX value chains. Its National Hydrogen Strategy focuses on supporting private investment in the sustainable production, transport and use of PtX products.

In this context, the funding instrument H2Global was developed by an interdisciplinary team of experts with the funding of the German Federal Ministry for Economic Affairs and Energy (BMWi). H2Global intends to pave the way for PtX products sustainably produced from renewable energies in the partner countries to be available in Germany and Europe. In this way, H2Global contributes directly to environmental and climate protection.

How does the H2Global mechanism work?

H2Global is an auction-based mechanism to promote a timely and effective PtX market ramp-up on an industrial scale. To match supply and demand, an intermediary, the Hydrogen Intermediary Company (HINT.Co), will conclude long-term purchase contracts on the supply side and short-term sales contracts on the demand side. Based on a mechanism similar to the Contracts for Difference (CfD) approach, the difference between supply prices (production and transport) and demand prices will be compensated by grants from the German government.

On the purchase side and on the sales side the price is determined via competition-based procurement procedure. In line with sustainability criteria, the lowest bid price and the highest selling price are awarded the contract, so the price difference to be compensated is as low as possible. Thanks to short-term sales contracts, H2Global can benefit from expected increases in market prices for substitute goods. This means the funds required to compensate the price difference will decrease over the course of the funding period.

With H2Global, operators and investors receive the planning and investment security necessary for the development of large-volume electrolysis capacities, as they can base their business and financing model on long-term purchase agreements with a solvent contract partner at cost-reflective prices. On the offtake side of HINT.Co, it enables the integration of PtX products into the economic cycle at market-reflective prices.

H2Global currently addresses number 37 of the German government's economic stimulus programme. According to this, foreign trade partnerships will be established with countries in which green hydrogen can be produced efficiently due to their geographical location. In addition, green technologies will be established in partner countries where the local energy tran-

sition will be supported, and a contribution made to meet the massive demand for PtX products in Germany and Europe. The German government is providing funding of EUR 900 million for H2Global of number 37 of the economic stimulus programme.

The requirements for the use of these funds are set by the German Federal Government. This also includes the selection of the PtX products to be funded and the definition of the sustainability criteria to be met in the production, processing, and transport of the products.

The tendering procedures for awarding the first purchasing contracts will begin as soon as possible after the funding decision is issued.

How is H2Global implemented?

The H2Global funding programme is implemented by the non-profit H2Global Foundation. The founders are well-known German and European companies from the private sector interested in contributing to environmental and climate protection. The foundation's central instrument for implementing the H2Global funding programme is the HINT.Co GmbH. In addition to the H2Global instrument, the H2Global Foundation undertakes a variety of other measures to promote the production and use of green hydrogen and other climate-neutral energy sources nationally and internationally.

How is the H2Global Foundation organised?

The founders have appointed a Board of Trustees to control and monitor the Foundation's activities. The Board of Trustees consists of 13 members elected by the founders and 7 members sent by the federal government. Chairperson of the Board of Trustees is Dr Axel Wietfeld (Uniper SE). Deputy Chairperson is Angela Titzrath (Hamburger Hafen und Logistik AG).

Additional donors have already joined the 18 companies that established the foundation in the summer of 2021. They are united by their commitment to actively contribute to global environmental and climate protection by promoting the production and use of green hydrogen and other climate-neutral energy sources. The H2Global Foundation is always open to further donors wishing to commit to this objective.

