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From:	General Secretariat of the Council
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Subject:	Council conclusions on the European Court of Auditors' Special Report No 11/2024: 'The EU's industrial policy on renewable hydrogen - Legal framework has been mostly adopted - time for a reality check' (adopted on 5 November 2024)

Delegations will find in Annex the Council conclusions on the European Court of Auditors' Special Report No 11/2024 entitled 'The EU's industrial policy on renewable hydrogen - Legal framework has been mostly adopted - time for a reality check' adopted by the Council at its 4055th meeting held on 5 November 2024.

COUNCIL CONCLUSIONS
on the European Court of Auditors' Special Report No 11/2024:

**‘The EU’s industrial policy on renewable hydrogen –
Legal framework has been mostly adopted – time for a reality check’**

THE COUNCIL OF THE EUROPEAN UNION,

CONSIDERING the European Union’s commitment to becoming climate neutral by 2050 and
RECOGNISING that the production and use of renewable hydrogen are important steps for
decarbonising the Union’s industries and for reducing dependencies,

1. WELCOMES the European Court of Auditors’ Special Report No 11/2024 entitled ‘The EU’s industrial policy on renewable hydrogen - Legal framework has been mostly adopted - time for a reality check’;
2. TAKES NOTE of the focus of the Special Report on assessing how effective the Commission has been in creating the right conditions for the emerging renewable and low-carbon hydrogen markets, given the significant implications of this transition for the future of key EU industries, whether the EU adopted the necessary legal acts to support the nascent market for renewable and low-carbon hydrogen effectively and in a timely manner, and whether the Commission appropriately coordinated market creation between its own services, with Member States and with industry; NOTES that the Special Report also evaluates the EU’s funding programmes to allow the hydrogen value chain to develop in a rapidly evolving landscape;

3. HIGHLIGHTS that the Special Report of the European Court of Auditors is based on an assessment of a wide range of policy communications and measures including, in particular, the Hydrogen Strategy of the EU¹, the REPowerEU Plan², the Renewable Energy Directive (RED III)³, the ReFuelEU Aviation Regulation⁴, the FuelEU Maritime Regulation⁵, the Net-Zero Industry Act⁶ and the Gas Package⁷;
4. RECALLS that the Council and the European Parliament have adopted important legislative acts, in particular the Gas and Hydrogen Package and the Net-Zero Industry Act, in order to support the EU's energy and climate objectives and to strengthen the competitiveness of the EU's strategic net-zero industry, and that those legislative acts will additionally contribute to the emergence of the European hydrogen ecosystem; NOTES the need to implement the existing legal framework in particular with the obligation under Article 9 of the Gas Directive;

¹ Commission communication 'A hydrogen strategy for a climate-neutral Europe' (document 9390/20).

² Commission communication 'REPowerEU Plan' (document 9787/22).

³ Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652.

⁴ Regulation (EU) 2023/2405 of the European Parliament and of the Council of 18 October 2023 on ensuring a level playing field for sustainable air transport (ReFuelEU Aviation).

⁵ Regulation (EU) 2023/1805 of the European Parliament and of the Council of 13 September 2023 on the use of renewable and low-carbon fuels in maritime transport, and amending Directive 2009/16/EC.

⁶ Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724.

⁷ Directive (EU) 2024/1788 of the European Parliament and of the Council of 13 June 2024 on common rules for the internal markets for renewable gas, natural gas and hydrogen, amending Directive (EU) 2023/1791 and repealing Directive 2009/73/EC (recast), and Regulation (EU) 2024/1789 of the European Parliament and of the Council of 13 June 2024 on the internal markets for renewable gas, natural gas and hydrogen, amending Regulations (EU) No 1227/2011, (EU) 2017/1938, (EU) 2019/942 and (EU) 2022/869 and Decision (EU) 2017/684 and repealing Regulation (EC) No 715/2009 (recast).

5. TAKES NOTE of the observations, conclusions and recommendations of the Special Report, namely to find the strategic way forward towards decarbonisation and the development of a hydrogen value chain towards 2030 and beyond with a view to preserving and strengthening the competitive situation of key EU industries, obtain reliable reporting on national funding data under the Governance Regulation⁸, assess the appropriateness of EU funding arrangements for industries, monitor permitting processes in Member States with respect to the transposition deadlines, and take on support and coordinated actions with and for the hydrogen industry;
6. UNDERLINES the importance of better taking into account Member States' national energy and climate plans when considering the aspirational targets at EU level for the production and import of hydrogen;
7. EMPHASISES that, alongside the production capacity for hydrogen, supplemented with imports, the necessary interconnected European network to facilitate cross-border hydrogen transportation and storage should also be developed to link producers and buyers, and that appropriate infrastructure planning should be taken into account;
8. INVITES the Commission to take into account the recommendations of the European Court of Auditors' Special Report No 11/2024 and to follow up on these recommendations with coherent actions, while ensuring the right balance between the competitive edge of the European industry and investors' security.

⁸ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council.