

Catalysing Green Hydrogen and Steel markets through EU policy

Policy tools for scaling low-carbon steel and hydrogen

CETP event

A new European industrial policy

How does the Clean Industrial Deal help shape a sustainable and competitive steel industry?

How can EU public policy create credible, long-term markets for renewable H₂ and low-carbon steel? Why focus on hard-to-abate sectors?

How does the Clean Industrial Deal help shape a sustainable and competitive steel industry?

- The Clean Industrial deal is a response to strengthen **European industry's competitiveness** - it brings a set of **incentives** to encourage industrial decarbonisation in Europe.
- It renews the commitment to the **2050 objective** of the EU becoming the first climate neutral continent.
- It focuses primarily on **energy-intensive industries** and the **clean tech** sectors, as well as circular business models.
- It focuses on building a **business case** for industries including steel based on 6 pillars; **access to affordable energy, lead markets, investments**, circularity and access to resources, international partnerships and skills



Access to affordable energy

- **Action Plan on Affordable Energy**
- Lowering energy bills by
 - supporting the rollout of **power purchase agreements**
 - lowering **taxation levels** for electricity, supported by Commission recommendation
 - making **network charges** more efficient
- Faster **permitting** for renewables, grids and storage as well as industrial decarbonisation
- Gas Market Task Force to ensure optimal market functioning



Public and private investments

- **EU funding**
 - **Industrial Decarbonisation Bank** aiming to mobilise EUR 100 billion.
 - A **EUR 1 billion pilot call** will be launched in 2025, using carbon emission reduction as a metric.
- **Private investment**
 - **InvestEU amendment** to leverage approx. EUR 50 billion by mobilising left-over guarantees.
 - Work with EIB to finance **disruptive innovation** and **clean tech scale-ups**.
- **National financing**
 - **Clean Industrial State Aid Framework** will simplify access to national funding for decarbonisation projects.
 - Recommendation to Member States to adopt **tax incentives** to support the Clean Industrial Deal's objectives.



Lead markets: boosting clean supply and demand

- Adopt the delegated act on **low-carbon hydrogen** → adopted on 8th July
- The Industrial Decarbonisation Accelerator Act **planned for Q4 2025**, to:
 - **Boost manufacturing** by speeding-up permitting for industry to access electricity and hydrogen as well as for decarbonisation projects.
 - **Boost demand** by introducing a low-carbon product label starting with steel in 2025 and develop non-price criteria in public procurement for decarbonised industrial products.
- A revision of the **Public Procurement Directives** to ensure alignment with broader EU competitiveness objectives.



How does the Clean Industrial Deal help shape a sustainable and competitive steel industry?

- The Steel sector received particular attention and a **specific action plan** published in March 2025 just after the Clean Industrial Deal
- Besides re-iterating the need for affordable and secure energy supply for the sector, it lays out the work needed to protect European industrial capacities, promote circularity and de-risk decarbonisation.
- The Commission will allocate **€150** million through the **Research Fund for Coal and Steel in 2026-27**, with an additional **€600 million via Horizon Europe** devoted to the Clean Industrial Deal objectives.
- the Commission targets **€100** billion through the Industrial Decarbonisation Bank, drawing on the **Innovation Fund** and other sources, with a €1 billion pilot auction in 2025 focusing on decarbonising and electrifying key industrial processes.



How can EU public policy create credible, long-term markets for renewable H₂ and low-carbon steel? Why focus on hard-to-abate sectors?

- The focus for hydrogen on hard-to-abate sectors is in line with our original hydrogen strategy of July 2020 – direct electrification is the priority and renewable hydrogen should be used in sectors where it is not possible or too costly to electrify .
- To stimulate markets for renewable (and electrolytic) hydrogen, we are currently launching the third auction under the Innovation Fund –industries and mobility are the main offtakers in those auctions.
- Those auctions provide a long term predictable stream of revenue to hydrogen producers, therefore enabling creation of markets for such products
- Some key low-carbon steel projects already benefits from grants from the Innovation Fund such as STEGRA and Hybrit



Focus on the steel label

- To create a lead market we need a **reliable**, transparent and clear definition of what is low-carbon steel
- In the Clean Industrial Deal, we have a voluntary label on the carbon intensity of industrial products which will be based on a simple methodology with ETS data and building on the CBAM methodology.
- The main is to provide a transparent and relatively simple label with a strong verification and certification system to create a clear measure for what low-carbon steel is that could then be used further – the label is an enabler for such policies not an end in itself
- There are some already existing international initiative on steel such as the IEA. Our current workstream on the label fully take this into account.



A new European industrial policy

How does the Clean Industrial Deal help shape a sustainable and competitive steel industry?

- Presents actions for access to affordable energy
- Targeted actions for the steel industry, including trade related measures – circularity to come

How can EU public policy create credible, long-term markets for renewable H₂ and low-carbon steel?

- Targeted incentives – including on financial supports e.g. carbon contracts for difference
 - Leverage demand side tool e.g. public procurement