EU CLEAN INDUSTRIAL DEAL IN ACTION:
OPENING FLOODGATES TO DIRTY HYDROGEN FROM FOSSIL FUELS

Corporate Europe Observatory

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Fossil Free Politics

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Corporate Europe Observatory (CEO) is a research and campaign group working to expose and challenge the disproportionate influence that corporations and their lobbyists exert over EU policy-making. CEO works in close alliance with public interest groups and social movements in and outside of Europe to develop alternatives to the dominance of corporate power.
www.corporateeurope.org

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"The 'Fossil Free Politics' campaign was launched in 2019 with the support of nearly 200 civil society organisations, and is calling for an official limit to the power of fossil fuel lobbyists in Europe that mirrors what's in place for the tobacco industry. Friends of the Earth Europe, Corporate Europe Observatory and Food and Water Europe are coordinating this campaign."
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OIL, GAS AND OTHER POLLUTING COMPANIES WOULD LIKE US TO BELIEVE THAT HYDROGEN IS OUR SUSTAINABLE ENERGY FUTURE. BUT BEHIND CLOSED DOORS THEY HAVE BEEN LOBBYING TO SKEW EMISSION ACCOUNTING MODELS SO THAT THEY CAN LABEL DIRTY HYDROGEN FROM FOSSIL GAS AS CLEAN. WITH THE RESPECTIVE RULES EXPECTED TO BE PUBLISHED SOON, CORPORATE EUROPE OBSERVATORY EXPOSES POLLUTERS' LATEST GREENWASHING SCAM.

Today's hydrogen production is a dirty business: 99 per cent of it is based on fossil fuels, mostly gas. As a result, global hydrogen production is responsible for more annual CO_2 emissions (920 Mt in 2023) than the aviation industry (545 Mt) and the EU's most polluting country, Germany (572 Mt).

However, under the EU's so called Clean Industrial Deal, the European Commission is about to publish rules that will rebrand some hydrogen from fossil fuels as low carbon. And together with other polluting industries Big Oil and Gas have lobbied heavily for models that will produce results skewed in their favour. This could pave the way towards billions in new subsidies for fossil fuel projects that exacerbate the climate crisis – and extend our fossil fuel dependency for decades.

THE EU'S LOW CARBON HYDROGEN DELEGATED ACT

The issue at hand is how the EU defines what qualifies as so-called low carbon hydrogen and fuels. The EU's gas legislation from last year ("Gas Package") already sets the broad parameters, determining that low carbon hydrogen should have 70 per cent less greenhouse gas emissions than traditional hydrogen made from fossil fuels. But the precise methodology for calculating the emission reduction is still missing.

This is being developed in a delegated act, a draft version of which was published by the European Commission in September 2024. Under the EU's Clean Industrial Deal the revised and final version of the act has recently been announced for the first quarter of 2025. This follows industry calls for a quick adoption of the act under the Clean Industrial Deal, which not only deepens the EU's commitment to false solutions to the climate disaster, but also contains a strong deregulatory drive, which will go as far as weakening recently adopted laws. *(see our critique of the dirty deal here and more information in the box further down)*

The delegated act will cover hydrogen made in different non-renewable ways. Examples range from when the gas is produced in an electrolyser supplied with nuclear electricity (known as pink hydrogen) to so called blue hydrogen. Blue hydrogen is fossil-based, but the CO_2, which is created at the hydrogen production site, is supposed to be captured and stored in products or underground (via CCS – carbon capture and storage). Research shows that blue hydrogen's total greenhouse gas footprint can be 20 or even up to 50 per cent worse for the planet than burning gas directly.

> **"THE DELEGATED ACT IS THE FIRST OPPORTUNITY FOR EUROPE TO PASS FROM WORDS TO ACTION AND MOVING TOWARDS A MORE PRAGMATIC, CLEAR, STABLE AND RELIABLE REGULATORY FRAMEWORK."**
> JOINT LETTER OF 19 EUROPEAN COMPANIES, SENT TO DECISION-MAKERS IN JULY 2024

> **"BLUE HYDROGEN IS NOT CLEAN OR LOW-CARBON AND NEVER WILL BE."**
> INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS (IEEFA)

FOSSIL GAS DRESSED IN BLUE

This is why, the European Renewable Energies Federation, for example, has called on the EU to exclude fossil-based hydrogen from the low carbon delegated act, which otherwise "opens multiple risks of greenwashing unsustainable sources and technologies". Instead, the EU should exclusively focus on green hydrogen, which is produced by using renewable electricity to split water into hydrogen and oxygen and is widely considered as the only genuinely clean hydrogen. *(Note that Corporate Europe Observatory is also critical of green hydrogen, not least because it perpetuates neocolonial extractivist practices like the large-scale appropriation of land, water and renewable energy in countries like South Africa – and because it works as a Trojan Horse to extend the fossil fuel economy)*

Environmental groups, too, have expressed "deep concerns" about the delegated act's strong focus on blue hydrogen (Climate Action Network Europe). The act "could become a greenwashing tool for fossil gas... and even incentivise additional fossil gas production," Environmental Action Germany (DUH) has warned.

IN NUMBERS: THE DIRTY SECRETS OF CCS AND BLUE HYDROGEN

- **Blue hydrogen's total greenhouse gas footprint can be 20 per cent worse for the planet than burning gas directly,** according to calculations of US scientists Robert Howarth and Mark Jacobson. According to a study from 2024, its climate impact could even be 50 per cent worse than that of fossil fuels.
- Research by Desmog from 2024 revealed that dozens of planned blue hydrogen projects in **Europe could consume 48 billion cubic metres of fossil gas per year – more than the gas burned annually in France.**
- And yet blue hydrogen might never happen at large scale. **In 2023,** less than 1 per cent **of global hydrogen production used CCS to reduce emissions.** And CCS is an extremely expensive, dangerous and proven failed technology: Even though the industry has been developing it for 50 years with generous public subsidies there were just 50 operational CCS projects in the entire world in 2024, according to the International Energy Agency. According to the industry they have the capacity to capture just 50.5 Mt of CO_2 per year – a tiny 0.1 per cent of the world's fossil emissions. As CCS projects consistently fail or underperform, the amount of emissions actually covered is likely much lower. If blue hydrogen remains a fantasy, unabated fossil hydrogen production is likely to just continue longer.

> **"SOME CLIMATE ADVOCATES SUSPECT THAT THE FOSSIL FUEL INDUSTRY IS BACKING BLUE HYDROGEN IN PART BECAUSE THE RESULTING DEMAND FOR NATURAL GAS WILL SERVE TO PROLONG THE USEFUL LIFE OF EXISTING GAS DEPOSITS, DRILLING RIGS, PIPELINES AND OTHER INFRASTRUCTURE."** FROM A DESMOG INVESTIGATION OF BLUE HYDROGEN IN EUROPE

LOBBYING BLITZ FOR BLUE HYDROGEN

Fossil fuel lobbyists have for years lobbied to label blue hydrogen as low carbon, low emission or even clean. In the run up to the publication of the draft delegated act and the Clean Industrial Deal, they stepped up their lobby efforts.

We only know the tip of this lobbying iceberg as most of it reportedly happened behind closed doors. In addition the European Commission has so far only responded half-heartedly or not at all to respective freedom of information requests, breaching legal deadlines and shrouding many of its lobby contacts in secrecy. Still, Corporate Europe Observatory found evidence of dozens of corporate lobby letters and meetings on the delegated act.

Even in the European Parliament, which has not that much to say on the issue as it can only reject but not amend the delegated act, it is a big topic. "Blue hydrogen sourced from fossil fuels and the delegated act is currently a big topic in the European Parliament," Esther Bollendorf of Climate Action Network Europe told Corporate Europe Observatory. She added: "Industry is using the current moment – the EU's competitive mantra, the environmental rollback, a looming trade war with the US – to push for blue and other fossil hydrogen and make it acceptable."

“TECHNOLOGY NEUTRALITY”: NIXING THE PREFERENCE FOR GREEN HYDROGEN

In their lobbying blitz, fossil fuel lobbyists pushed policy-makers for “technology neutral policies” on hydrogen, which would treat green and blue hydrogen as “complementary”, as the company Linde, one of the world’s largest producers of fossil hydrogen, framed it in a behind-closed doors meeting with Germany’s outgoing Chancellor Olaf Scholz in April 2024, which was revealed thanks to the German lobby register.

Already in January 2024, Linde and the Norwegian oil and gas major Equinor had lobbied high-ranking European Commission officials, demanding a “renewed focus” on “large scale” blue hydrogen projects, “providing security for converted assets” (i.e. fossil hydrogen factories with CCS) “and stimulating investments in new assets” (i.e. new gas fields, pipelines and the like). Note that Equinor is amongst the worst companies in the world when it comes to approving new oil and gas extraction projects and is using blue hydrogen to justify this expansion. Linde and Equinor also asked for new “incentive schemes” for blue hydrogen in Europe, for example, “via dedicated tenders under the European Hydrogen Bank”, which, so far, only subsidises green hydrogen.

“Once there are rules that define blue hydrogen as low carbon, the fossil fuel industry will try to grab the subsidies,” Geert de Cock of the Brussels-based Transport & Environment explained to Corporate Europe Observatory. He added: “This is why the concept of technology neutrality is key for the industry: to blur the lines between different types of hydrogen and get public money for fossil fuel infrastructure.”

> **“WE NEED TO STOP TO TALK COLOURS… THE FOCUS ON ONE COLOUR – IT WAS GREEN HYDROGEN – HAS LED TO A SITUATION WHERE OTHER POSSIBILITIES WERE A LITTLE BIT RULED OUT...”**
> JORGO CHATZIMARKAKIS,
> HYDROGEN EUROPE,
> DURING A WEBINAR ON THE LOW CARBON DELEGATED ACT

BIG OIL AND GAS TEAMING UP WITH ENERGY-INTENSIVE INDUSTRIES

Powerful industry lobby groups like the International Association of Oil and Gas Producers (IOGP), Fuels Europe, Eurogas and Hydrogen Europe also lobbied for a delegated act, which “includes all production pathways”, including fossil gas with CCS technologies. They teamed up with corporate giants and associations from other energy intensive industries like chemicals and steel. These sectors use massive amounts of fossil gas and hydrogen to manufacture their products. They place their bets on allegedly ‘low carbon’ hydrogen to seemingly decarbonise their industries while protecting their polluting assets.

EU steel lobby group EUROFER, for example, called the delegated act “a deal breaker for the steel sector and demanded that “all forms of low-carbon hydrogen that can effectively contribute to the transformation of steelmaking and to the cost-effective reduction of emissions shall be harnessed.”

> **“THE REGULATORY REGIME SHOULD BE DEVELOPED IN SUCH A WAY THAT IT FACILITATES COMPLEMENTARITY BETWEEN DIFFERENT TYPES OF HYDROGEN, RATHER THAN COMPETITION.”**
> CHEMICAL LOBBY GROUP CEFIC,
> ONE OF MANY LOBBYING TO EXPAND THE USE OF FOSSIL-BASED HYDROGEN

FLAWED CLIMATE MATHS

For blue hydrogen to magically appear as low-carbon the delegated act's accounting model for measuring greenhouse gas emissions will be decisive. The more loopholes it contains and the more unrealistic the model's assumptions are, the more dirty hydrogen will look good for the climate.

In fact, the September 2024 draft delegated act already contains unrealistic assumptions about emissions along the hydrogen supply chain *(see table below)*. As a result, the climate impact of blue hydrogen would be seriously underestimated. And yet the fossil fuel lobby is trying to rig the model even further.

Examples for how the draft low carbon delegated act underestimates blue hydrogen's climate impact

ISSUE	WHAT'S THE PROBLEM IN THE DRAFT DELEGATED ACT?
EMISSIONS FROM THE PRODUCTION OF FOSSIL GAS, BLUE HYDROGEN'S FEEDSTOCK	Gravely underestimated – due to • an overly optimistic default value for methane leakages (1.4 and later 1.92 per cent instead of the global average 3 per cent cited in the literature, which are likely to go up, thanks to more production of particularly polluting liquified natural gas (LNG) from fracking operations in the US); for a large share of imported fossil gas and hydrogen this default value could apply well into the 2030s • ignoring methane's massive short term climate impact (the model only accounts for its lesser, long term impact), giving the impression that methane is not as harmful
EMISSIONS FROM HYDROGEN LEAKAGE	Not accounted for at all – even though hydrogen is a powerful indirect greenhouse gas, which increases the global warming potential of methane and other greenhouse gases; hydrogen is also likely to leak easily because it is so small

Based on analyses and comments by Hydrogen Science Coalition, Research Institute for Sustainability Helmholtz Centre Potsdam (RIFS), Transport & Environment and others

EMISSION ACCOUNTING TRICKS

On methane emissions, for example, corporate giants like BASF (chemicals), ArcelorMittal (steel), Yara (fertilisers), Engie and E.ON (fossil gas and other energy) have been lobbying to further reduce the wildly underestimated values in the Commission's draft model (see table above). Methane is a powerful greenhouse gas, which heats the atmosphere over 80 times more than carbon dioxide during the first 20 years after it reaches the atmosphere. It leaks whenever fossil fuels are produced, transported, stored or used. This is why methane leakage rates need to be accounted for properly if one does not want to underestimate the climate impact of fossil-based hydrogen.

Yet BASF and the like want to reduce both the proposed default value for upstream methane emissions as well as its future increase. The "excessive" values "would lead to a possible exclusion of promising supply countries," two dozen fossil fuel and other polluting companies wrote to EU policy-makers in December 2024, in a letter, which they had to upload in the German lobby register. According to research by the think tank Agora, fossil gas imports from major EU suppliers like the US or Algeria are indeed so dirty that they would not qualify as inputs for low carbon hydrogen – not even under the EU's proposed flawed emissions accounting model.

Within the EU, too, the fossil fuel lobby considers the proposed values for upstream methane emissions as "too ambitious", as the Czech Gas Association wrote in its contribution to the public consultation on the draft delegated act. If the values were applied, "the majority of projects" applying CCS technologies would not be able to meet the threshold for producing low-carbon hydrogen, the gas lobby group warned.

Belgian chemical company Solvay went even further, demanding that "the upstream emissions linked to natural gas used for producing the low carbon fuel" should be completely "removed from the calculation". Even the delegated act's overall and arguably unambitious requirement – that low-carbon hydrogen should be 70 per cent less polluting than its fossil equivalent – is being challenged by industry lobby groups, for example, the German Chambers of Commerce and Industry (DIHK).

This is how polluters want to make fossil gas and hydrogen look clean: by simply removing from emission calculations what makes it so damaging for the climate – or by lowering emission reduction ambitions.

> **"UPSTREAM EMISSIONS ARE THE LARGEST SOURCE OF EMISSIONS FOR FORTHCOMING BLUE HYDROGEN AND GAS-CCS PROJECTS, YET THEIR IMPORTANCE IS UNDERESTIMATED IN CURRENT REGULATIONS AND REPORTING FRAMEWORKS."**
> CLIMATE THINK TANK CARBON TRACKER

> **"WE SUGGEST STARTING WITH A MUCH LOWER REDUCTION TARGET."**
> GERMAN CHAMBERS OF COMMERCE AND INDUSTRY ON THE PROPOSED EMISSION REDUCTION TARGET FOR LOW CARBON HYDROGEN

IGNORING HYDROGEN'S CLIMATE RISK

This is also the case when it comes to emissions from hydrogen itself. Independently of how it has been produced, hydrogen acts as a powerful indirect greenhouse gas. When it reacts with other greenhouse gases in the atmosphere – for example, methane – hydrogen increases their global warming potential. This means that any leakage of hydrogen will fuel the climate crisis. Nonetheless, it has been left out of the draft delegated act's emission accounting methodology. There is only a vague indication that "values for the global warming potential of hydrogen should be added as soon as scientific evidence has sufficiently matured."

While polluting industries support this omission – ExxonMobil, for example, has stated that anything else would be "premature" – environmental organisations and researchers have criticised it heavily. The Research Institute for Sustainability Helmholtz Centre Potsdam (RIFS), for example, considers it "irresponsible" to leave hydrogen emissions out of the delegated act's climate maths "as it neglects a potentially significant source of climate-relevant emissions". The researchers also reject the European Commission's justification – that there is not yet enough scientific data on hydrogen's warming potential – as "unfounded".

Incidentally, academics and research institutes made up less than 3 per cent of the 228 responses to the Commission's consultation on the low carbon delegated act. The vast majority, over 70 per cent of the feedback, came from companies and business lobby groups, outnumbering the 10 per cent of responses from environmental and other civil society groups by far.

RENEWED ASSAULT ON GREEN HYDROGEN RULES

Another factor in the delegated act's emission accounting model, which the fossil fuel lobby wants to water down, concerns the calculation of emissions related to the use of electricity. That includes, for example, the substantial amount of electricity that is needed to run carbon capture equipment, to liquefy hydrogen for ease of storage and transport or to power an electrolyser to make low carbon hydrogen that is not fossil based. According to the EU's September 2024 draft this electricity will be considered 'zero emission' when it is renewable and fulfils the strict criteria from the EU's emission accounting rules for green hydrogen.

These criteria were agreed in two other delegated act in 2023 (known as the "RFNBO" delegated acts in EU jargon, short for "renewable liquid and gaseous fuels of non-biological origin"). Their purpose is to make sure that green hydrogen factories do not just suck up scarce existing renewable electricity – with the risk that more coal and gas-fired power production will fill the resulting gaps in the electricity grid, leading to higher emissions overall. The so called 'additionality' criterion, for example, requires that, from 2028 onwards, 'additional' new renewable energy installations need to be built alongside green hydrogen plants.

The fossil fuel and other polluting industries had aggressively fought against these conditions *(see page 30 of this report for a quick take on this 2021-23 lobby battle).* Now, they are re-launching their attack: by trying to further delay and weaken the RFNBO delegated acts; and by attempting to prevent that the same conditions will apply to low carbon hydrogen.

Belgian gas pipeline operator Fluxys, for example, demands, quite bluntly: "No future incorporation of additionality… in the Low-Carbon Delegated Act and removal of these from the renewable Delegated Acts". For green hydrogen the Belgian Hydrogen Council wants "additionality to kick in later - 2035 instead of 2028". And Hydrogen Europe, the EU's most powerful hydrogen lobby group, suggests the Clean Industrial Deal should be used to "simplify" the "overly complex framework of… additionality, which significantly increases the cost of hydrogen." And yet conditions like additionality are key to ensure that hydrogen production does not just lead to more gas and coal electricity generation, exacerbating the climate crisis.

> **"BASF BELIEVES THAT THESE CRITERIA OVER-REGULATE THE MARKET… THEY SHOULD THEREFORE BE AMENDED AGAIN AND DESIGNED MUCH MORE PRAGMATICALLY."**
>
> CHEMICAL GIANT BASF ON THE RFNBO DELEGATED ACT – FROM ONE OF SEVERAL LOBBY LETTERS THAT CAN BE FOUND ON THE ISSUE IN THE GERMAN LOBBY REGISTER

SHIELDING BLUE HYDROGEN FROM STRICTER FUTURE RULES

Polluters also want to shield blue hydrogen projects from tougher emission accounting models in the future, for example, via the general review of the delegated act, which is foreseen for 2030.

"Projects should be exempted from future more stringent changes in regulation", Dutch gas network operator Gasunie demanded in its contribution to the public consultation on the act. And lobby group Eurogas, which represents over thirty gas majors like Shell and TotalEnergies, suggested: "The text should provide a general grandfathering clause for all projects having taken FID [final investment decision] before the end of 2030 to safeguard nascent projects from potential future restrictions". Grandfathering clauses exempt certain actors – in this case upcoming blue hydrogen projects – from certain future changes to an existing rule.

According to Eurogas' fellow lobby group ENTSOG, which represents the gas infrastructure industry, such a grandfathering clause should apply for the entire duration of blue hydrogen projects, so that "products that are nowadays recognised as low carbon will keep that label for the lifetime of their investment and/or their gas supply contract."

In other words: if the EU improved its hydrogen emission accounting framework in the future, for example, by including figures for hydrogen leakage, those would never apply to projects, which will be signed off by company bosses during the next six years. The climate credentials of these projects would forever be labelled low carbon, on the basis of by then outdated models.

> **"WE RECOMMEND THAT THIS DELEGATED ACT PROVIDE A GRANDFATHERING CLAUSE TO ENSURE PROJECT DEVELOPERS THAT THE METHODOLOGY AND THRESHOLDS ARE FIXED AT THE TIME OF PROJECT FID AND REMAIN UNCHANGED THROUGHOUT THE ASSET'S LIFETIME."**
>
> INTERNATIONAL ASSOCIATION OF OIL AND GAS PRODUCERS, IOGP

FOSSIL HYDROGEN FOREVER

By the way: while publicly, most fossil fuel lobbyists still talk up blue hydrogen as a bridge technology that is just needed before green hydrogen becomes more economical and widely available, ENTSOG is remarkably open about the fact that, for them, blue hydrogen and fossil gas are here to stay. "Low carbon hydrogen is not just a temporary substitute, but also a permanent complement to renewable one", ENTSOG writes in its comment on the draft low carbon delegated act (echoed by its Polish member GAZ-System).

Despite all the greenwash, PR and lobby campaigns, it was clear from the beginning of the hydrogen hype 5 years ago, that the fossil fuel lobby pursued a two or indeed three steps strategy around hydrogen. The first goal was convincing the EU to embrace hydrogen as the clean' fuel of the future, including regulatory and financial support for green hydrogen. It is followed by a second phase, which is mostly about securing support for blue hydrogen. Phase three will be about accepting any kind of hydrogen', as there will simply never be enough green nor blue hydrogen. By then, years will have passed without a concrete plan for a fossil fuel phase-out, polluters will have cashed in on taxpayer money and fossil fuels and their infrastructure will have greatly expanded.

> **"LOW-CARBON HYDROGEN IS NOT JUST A TEMPORARY SUBSTITUTE BUT ALSO A PERMANENT SOLUTION TO COMPLEMENT RENEWABLE HYDROGEN."**
>
> POLISH GAS PIPELINE AND TERMINAL OPERATOR GAZ-SYSTEM

COMING UP NEXT: BLUE HYDROGEN TARGETS AND SUBSIDIES

Other lobby asks fit this long-term strategy to eternalise the use of fossil hydrogen and gas – for example, fixed targets for the use of blue hydrogen in certain sectors as well as subsidies. Although these issues are not covered by the delegated act, the fossil fuel lobby is already jumping into position for coming hydrogen lobby battles, notably those expected under the EU's industry-friendly Clean Industrial Deal *(see box below)*.

"The ramp up of low-carbon H2 should be supported with targets for low-carbon products and molecules," demands French company Air Liquide, one of the largest producers of fossil hydrogen today. Its competitor, Linde, also calls for "quotas and incentives" for blue hydrogen, "complementary to the adoption of the proposed delegated regulation". Such quotas could mirror those, which the EU set for the use of green hydrogen in industry, shipping and aviation, and which have been criticised as unrealistically high. "We expect demand in Europe to start developing – and supplies flowing – only when it is addressed by targets and financial support," argues Danish company Topsoe, which sells technology to produce blue hydrogen.

Fossil fuel lobby groups like the Carbon Capture and Storage Association (CCSA) therefore want to open EU funding tools like the European Hydrogen Bank and H2Global, which are focused on green hydrogen, to blue hydrogen. Other EU funding programmes should also be reviewed "to ensure low-carbon fuels have similar support as provided to renewable-derived fuels," the CCSA wrote in its response to the draft low carbon delegated act. This is hardly surprising: the lobby group, whose membership is populated by fossil fuel majors like BP, Eni, ExxonMobil and Snam, has long been pushing for subsidies for CCS technologies. Promoting CCS and hydrogen does not just allow the fossil fuel lobby to prolong the use of fossil fuels. It is also a massive transfer of taxpayer money to corporate coffers.

New EU state aid rules to support the Clean Industrial Deal, which are being consulted now and are expected to come into force in June, are very hydrogen-friendly, designed to attract 'risk-averse' pension funds and get more government funds flowing to hydrogen. Investments in hydrogen related projects could get up to 50 percent of the cost of the project. The fossil fuel industry wants to rush the low-carbon hydrogen delegated act, so they can get their hands into billions of state aid money.

"GOVERNMENTS MUST MEET THEIR LONGSTANDING COMMITMENTS TO ELIMINATE SUBSIDIES... FOR FOSSIL FUEL EXTRACTION OR INFRASTRUCTURE, INCLUDING FOR CARBON CAPTURE AND FOSSIL HYDROGEN."

OIL CHANGE INTERNATIONAL

WHAT'S WRONG WITH THE EU CLEAN INDUSTRIAL DEAL?

In February 2025, the European Commission published its flagship 'Clean Industrial Deal' (CID). It has its roots in a closed door meeting of Commission President Ursula von der Leyen with 70 or more corporate leaders in February 2024 (inking the 'Antwerp Declaration for a European Industrial Deal') and a series of dialogues with mostly energy companies and the fossil fuel industry in 2023 and 2024 ('Clean Transition Dialogues'). "Our proposals are directly tailored to their needs," the CID explains. It is a deal invented by industry for industry and takes the principle of co-regulating with business to another level.

The main elements of the CID and the initiatives, which were presented alongside it, mirror key demands of Europe's most polluting industrial sectors: billions in state aid and from EU funds; strong regulatory and financial support for false climate solutions like carbon markets, CCS and hydrogen; an energy action plan with a strong focus on fossil gas, including support for liquified natural gas (LNG) infrastructure in export countries; a series of Clean Trade and Investment Partnerships to get access to energy and raw materials from the Global South; and the so called Omnibus deregulation package, which, under the false premise of 'simplification', will drastically reduce sustainability reporting requirements for businesses and go as far as weakening recently adopted climate and corporate accountability laws.

One example of how corporate giants will use the CID's simplification mantra and Omnibus package to roll back hard-won climate protection is the EU's 2024 Methane Regulation. It will set requirements around methane emissions and maximum limits allowed. Imports of particularly polluting gas such as LNG from fracking operations in the US are unlikely to meet the requirements. Not surprisingly, the International Association of Oil and Gas Producers, in its reaction to the CID, called for "the removal of import barriers in legislation such as the Methane Regulation (through future Omnibuses)". Just days later Politico reported Commission officials were in talks with the bosses of US gas majors, to discuss the rules. The magazine cited one industry representative suggesting that, while a complete overhaul of the regulation was unlikely, "the requirements around measuring methane emissions and the maximum limits allowed could change."

POLLUTERS' UTOPIA: WEAK RULES, FREE MONEY

For blue hydrogen, the fossil fuel lobby seems to repeat what it already did with green hydrogen: first hype it as a climate panacea and dazzle society and politicians with ever more grandiose pipe dream projects; then lobby for weak rules, unrealistically high production and use targets as well as massive subsidies; only to then argue that the rules are still too strict and the subsidies and targets too little to get the hydrogen pipe dream off the ground. All of this, of course, with fearmongering rhetoric about deterred investments and Europe's biggest industries ultimately having to relocate abroad.

"It's a vicious circle", Geert de Cock of Transport & Environment said in an interview with Corporate Europe Observatory. "You ask for a high target, which becomes unattainable, then the rules are relaxed and you get a new, higher target and more financial support."

De Cock also stressed how challenging it will be to have all the alleged emissions savings of blue hydrogen properly monitored across today's complex supply chains. "It will be really hard to tell the difference between the different production pathways for traditional fossil hydrogen and blue hydrogen", he said. "The weaker the rules, the more impossible the monitoring will become. It's just asking for fraud. That has also been the experience with biofuels" Add to this the slashing of corporate reporting requirements under the EU Clean Industrial Deal (see box above) and you end up in a polluters' utopia with hardly any oversight.

Bit by bit the champions of the hydrogen hype get to where they always wanted to go: the go ahead for old and new polluting fossil projects, which will extend our fossil fuel dependency for decades, while benefiting from practically unlimited amounts of EU and national public money and showing climate benefits on paper. This will pump more climate pollution into our atmosphere and harm communities living in the shadow of oil and gas infrastructure, who have suffered from air and water pollution, high cancer rates and human rights violations for decades (for examples see the Toxic Truth of the EU's growing gas imports from the US, revealed by our colleagues from Food & Water Action Europe).

EU TIPPING ITS HAT TO FOSSIL FUEL LOBBY

The upcoming delegated act on low carbon hydrogen is an important part of the fossil fuel lobby's plan to prolong the fossil economy, as it will set the conditions, under which fossil based hydrogen qualifies as sustainable and, possibly, for lucrative subsidies. There is reason for concern that the fossil fuel lobby's deceptive modelling proposals and its wider narrative on the delegated act seem to have been adopted at the highest levels in the European Commission. In its Clean Industrial Deal the Commission announced that it "will set out the conditions to produce low carbon in a pragmatic way", parroting polluting industries' call for a "pragmatic" hydrogen rulebook.

> **"AGREEMENT TO CONTINUE AND EXTEND THE DIALOGUE BETWEEN THE HYDROGEN VALUE CHAIN AND THE EUROPEAN COMMISSION."**
> CONCLUSION FROM THE MINUTES OF A LOBBY MEETING OF COMMISSION VICE-PRESIDENT TERESA RIBERA AND ENERGY COMMISSIONER DAN JØRGENSEN WITH HYDROGEN LOBBY GROUPS ON 8 JANUARY 2025

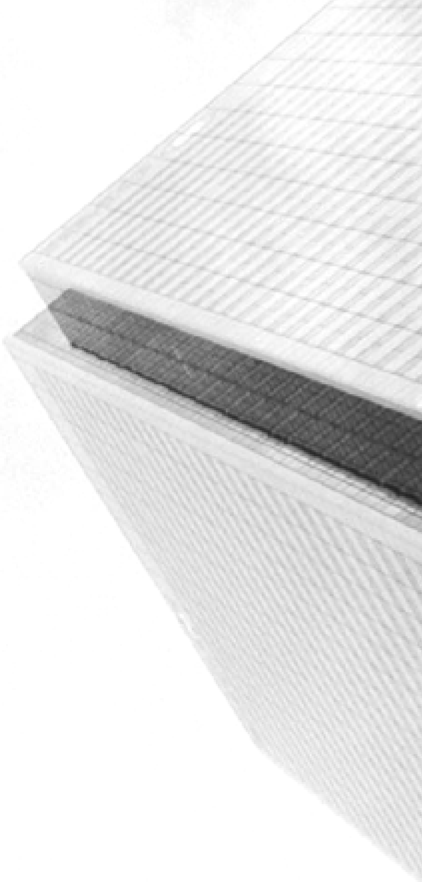
More and more EU member states also seem to be siding with polluters. The German government is leading the charge against what Germany's outgoing Chancellor Olaf Scholz lambasted "the excessively strict requirements for green hydrogen". The new far-right led Belgian government is reportedly also lobbying to water them down. The EU's Clean Industrial Deal announcement of a study to assess the existing rules for green hydrogen suggests that they could indeed be reviewed earlier than originally planned for 2028.

And the European Parliament? In early March 2025, the coordinator of the Conservatives in the Parliament's influential committee on Industry, Research and Energy (ITRE), German MEP Michael Ehler, insisted that, to save the steel sector, the EU should embrace any kind of hydrogen, including from fossil fuels. "Every type of hydrogen is good hydrogen," Ehler wrote on Linkedin, calling for "less strict rules" and a "decisive stop to the color discussions", code for no more preferences for green hydrogen.

On the other hand, there is no indication that the EU will adhere to proposals from climate advocates, which could reduce some of the damage the delegated act and blue hydrogen will inflict on the planet. If it is genuinely seen as a bridge fuel, why does the text not include an end date for the use of fossil based hydrogen? And what about comparing low carbon hydrogen with better alternatives like renewables – instead of just picking the worst and dirtiest comparator, namely unabated fossil hydrogen? Then, blue hydrogen would not look low carbon at all.

Rather than putting our faith in proven failed technologies such as CCS and in hydrogen, which can never be sustainably delivered in the necessary quantities, we need to plan a phase-out of fossil fuels and their associated infrastructure – in line with climate science and while protecting communities and workers. Also, fossil fuel companies and other polluters, which have knowingly and systematically sabotaged climate solutions for decades, should not be granted access to climate and energy policy-making.

But unfortunately, it looks like the hydrogen book in Europe will – again – be largely written by the fossil fuel lobby and its commitment to false solutions to the climate disaster. Welcome to the kind of initiatives we can expect under the EU Clean Industrial Deal.



Images: Gioia M., Pietro Naj-Oleari, Sean Pollock.

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