

Contribution of Sunfire to the European Commission Consultation on the targeted review of the State Aid General Block Exemption Regulation (GBER)

December 2021

Sunfire is a global leader in the development and production of industrial electrolyzers based on alkaline and solid oxide (SOEC) technologies. With its electrolysis solutions, Sunfire is addressing a key challenge of today's energy system: Providing renewable hydrogen and fuels from renewable electricity, water, and CO₂ as climate-neutral substitutes for fossil energy. Sunfire's innovative and proven electrolysis technologies enable the transformation of carbon-intensive industries that are currently dependent on fossil-based oil, gas, or coal. The company employs more than 270 people located in Germany, Norway, and Switzerland.

Sunfire welcomes the Targeted review of the General Block Exemption Regulation (GBER) on State aid, and the opportunity given to stakeholders to contribute to the update of the current Regulation regarding certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty. This is of utmost importance in the light of the overarching and fast paced transformations generated by the green and digital transitions that will require massive investments and adequate funding support and financing.

Sunfire welcomes the objectives presented in this Revision, which aim to facilitate the public support for the deployment and roll out of hydrogen activities that previously didn't have adequate legal coverage, and acknowledges in particular the following improvements:

- The extension of the scope of the GBER to a wide range of activities that are relevant to develop the hydrogen sector under a value chain approach, ensuring thereby coherency and continuity with the upcoming Climate, Energy and Environment Guidelines (CEEAG).
- The recognition of renewable hydrogen produced using only renewable sources of energy as a separate category of hydrogen with a particularly important role in furthering the EU's climate and energy agendas.
- The possibility given to exempt operating aid from notification in certain circumstances, for the first time, along with investment aid.
- The possibility of providing 100% of aid intensity to hydrogen activities under certain circumstances, recognising thereby the needs of hydrogen deployment.

The revision is a huge step forward in the EU state aid policy, but the new framework should be further streamlined to allow state aid to fully deploy its potential in support of the ambitions of the EU Hydrogen Strategy and guarantee the ramp up of a fully-fledged and synchronised European value chain.

We therefore invite the European Commission to take into consideration the following key points:

- Clearly reflect the GHG reduction potential of renewable hydrogen vis-à-vis other forms of hydrogen, especially “low-carbon”. While the draft Regulation includes separate definitions for renewable and low-carbon hydrogen, the two are put on equal footing with respect to most of the material scope of the Regulation (e.g. in Art. 36 with respect to Investment aid for environmental protection, including climate protection). Aid for fossil-based “low-carbon” hydrogen will have important negative externalities and risk stranded assets.
- Include in the scope of the GBER the support to the manufacturing of renewable hydrogen equipment and components. The current end use approach of the state aid policy as a way of incentivising technology supply, could indeed undermine EU leadership in a number of key hydrogen related technologies, if not balanced by dedicated support to technology manufacturing scale up.
- Clarify with respect to Article 41 of the Regulation what “only for installations producing exclusively renewable hydrogen” means and in this context consider that certain electrolysis technologies like Co-SOEC can produce both renewable hydrogen and renewable syngas with CO₂ from direct air capture in one single step. Syngas is an important feedstock for the production of renewables-based chemical products and synthetic fuels for the aviation and shipping sectors. For more information see [here](#).
- Full-fledged integration of operating aid for renewable hydrogen to compensate the high cost of renewable H₂ production and use compared to grey hydrogen.

Sunfire believes that these changes are of utmost importance to provide a fit-for-purpose state aid framework, that fosters the inception and the deployment of hydrogen and hydrogen-related assets for the next ten years.