

## Press Release

### Hydrogen ramp-up in Germany stuck in investment backlog

- E.ON's fourth "H2-Bilanz" (H2 balance) shows the large gap between planned projects and final investment decisions, confirmed for the first time with figures
- The generation capacity planned by 2030 has increased significantly – all planned projects would have to be implemented to achieve the German government's targets
- No development in the hydrogen pipelines in operation

The ramp-up of the hydrogen economy in Germany is well underway – but only on paper. This is the result of the fourth H2-Bilanz published today by E.ON based on data from the Institute of Energy Economics at the University of Cologne (EWI). The hydrogen generation capacity planned by 2030 has risen from 8.7 gigawatts in August 2023 to 10.1 gigawatts in February 2024. This means that the upward trend in planning has intensified somewhat but remains theoretical for the time being. This is because only the realization of all planned projects would also mean that the German government's goal of installing 10 gigawatts of electrolysis capacity in Germany by 2030 would be achieved.

However, there is a large discrepancy between planned projects and final investment decisions. This is underpinned by figures for the first time in the fourth H2-Bilanz: out of 88 announced projects, a final investment decision has only been made for 16 projects with a planned generation capacity totaling 0.3 gigawatts – and thus for only around three percent of the announced electrolysis capacity.

E.ON sees various reasons as potential obstacles to investment decisions. The publication of the EU Delegated Acts on the definition of renewable hydrogen has led to greater legal certainty overall. However, there are still uncertainties with regard to the certification and crediting of renewable hydrogen. In addition, funding is still insufficient, and strict conditions and delayed funding commitments are also barriers to investment. There is also a lack of transportation and storage infrastructure. The agreement on the conditions and financial structure for the core network is an important step in the development of a hydrogen infrastructure. However, with a possible extension of the completion date to 2037, some pipelines may not be available for customer supply until later.

The length of the pure hydrogen pipelines operated in Germany has not changed, as was the case when the last H2-Bilanz was published in November 2023. However, after a clearly positive development in the planning of a hydrogen network in autumn (increase of more than 100 percent), the fourth H2-Bilanz

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shows only a slight increase from 5,708 kilometers of planned pipelines to 6,207 kilometers (increase of just under 9 percent). Although the recent agreement on the financing of the hydrogen core network provides more certainty, it remains to be seen whether the financing conditions are attractive enough for potential investors. Rapid implementation of the announced Hydrogen Acceleration Act could speed up infrastructure expansion by shortening planning and approval procedures.

The “Regulatory milestones” section is new to the H2-Bilanz. It provides an overview of which framework conditions have already been adopted and which milestones are still outstanding. This makes it possible to show causal relationships between political decisions and the development of data.

Gabriël Clemens, Managing Director at E.ON Hydrogen: “Germany is only at the beginning of a long road to hydrogen ramp-up. The clear upward trend in the electrolysis capacity planned by 2030 since the first H2-Bilanz was compiled looks good in theory. In practice, we are still a long way from our target. The current installed capacity has hardly developed at all. The proportion of planned projects that have a final investment decision is far too low. We would need thirty times more to reach the 10 gigawatts set by the German government. With this fourth H2-Bilanz, we want to demonstrate once again the urgency for more speed in the hydrogen ramp-up. We at E.ON see it as our responsibility to support policymakers with the appropriate impetus.”

In order to accelerate the hydrogen ramp-up, E.ON believes that all options must be exhausted. One of these is the promotion of system-supporting electrolyzers. They can provide relief where there are power grid bottlenecks, they can produce green hydrogen centrally or close to the customer, and they stimulate the domestic market. E.ON and Thüga have commissioned the EWI to carry out a further study in order to give a boost to the planning of system-serving electrolyzers. The study examines where system-serving electrolysis projects would make sense in Germany. This is because they have a double benefit – both on the electricity and hydrogen side. The results are to be communicated in summer.

### **About the H2-Bilanz**

The H2-Bilanz is published twice a year. The scientific, data-based approach is intended to help ensure that the right adjustments are made for a successful hydrogen ramp-up. The analysis includes the specific project plans through 2030 and indicators such as green hydrogen generation capacity, import volumes, infrastructure, and possible applications. The H2-Bilanz data and further information can be found at <https://www.eon.com/de/hydrogen/h2-bilanz>.

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