

**Dear Executive Vice-President Timmermans, Dear Commissioner Valean, Dear Commissioner Simson, Dear Commissioner Breton,**

We, Transport & Environment and Hydrogen Europe, express our support for the goals of the European Green Deal for shipping, notably the objective to deploy sustainable alternative marine fuels/energy via a dedicated FuelEU Maritime initiative.

Even though the objective of this initiative, i.e. creating predictable demand for alternative sustainable marine fuels, is commendable, we are concerned that it might not give enough incentives for truly sustainable and scalable fuels like green e-fuels, notably hydrogen and ammonia. As nascent technologies, green hydrogen is more expensive but is also facing other non-financial risks. Without tailor-made incentives as part of the forthcoming FuelEU Maritime Regulation, green hydrogen and green ammonia might not be initially cost-competitive against other alternatives, including advanced biofuels that are not scalable.

To help address this, we strongly recommend that:

- 1. The FuelEU Maritime gives a clear investment signal for the production and deployment of green hydrogen for shipping.** This could be done either by adopting a clear sub-target for green hydrogen-based fuels and/or by providing multipliers to companies using them:

**Option 1:** The FuelEU Maritime regulation sets a **minimum share of 50%** green hydrogen and hydrogen-based fuels to contribute to the GHG intensity reduction efforts under the FuelEU targets. This would lead to more certainty for producers, distributors and infrastructure providers, as well as the consumers, and make shipping one of the key sectors driving investments in green hydrogen production.

**Option 2:** The FuelEU Maritime regulation introduces a **multiplier of 5** for sustainable e-fuels, specifically green hydrogen and ammonia, to boost their competitiveness vis-a-vis advanced biofuels. Smaller multipliers are unlikely to bridge the cost-competitiveness gap.

- 2. The FuelEU Maritime Regulation system incorporates a credit exchange mechanism.** This would help the companies to deploy full zero emission hydrogen and ammonia vessels as opposed to marginally improving the existing fleet via biofuel blending. **However, we should limit credit trading to e-fuel ships only.** The desired outcome is for progressive companies investing in e-fuels to overcomply and to be rewarded for that by overcompliance credit sales, which can in turn help other ships/companies to comply.

With these two fixes, a FuelEU Maritime Regulation covering all journeys under the EU MRV regulation could help create a predictable market for green hydrogen and incentivise the necessary public and private investments into their production and deployment. We remain at your disposal should you like to discuss these issues further.

Sincerely,

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