Energy Transition Weekly

Contents

In Focus Page 2
GOs Page 3
PPAs Page 4
Carbon Page 5
News Page 6-8

Navigating the road to climate neutrality

MONTEL
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Watchdog investigates CO2 market abuse claim

EU financial authority Esma is considering a complaint of market abuse in the EU emissions trading scheme, Montel learned on Monday

The complaint, contained in a letter dated 10 August to the European Securities and Markets Authority, centred around an absence of constraints – or position limits – on large financial speculators.

In its letter, German energy discounter Stromio alleged an increasing number of such market participants – now more than 200 – appeared to be using the leverage available via short-term options contracts to drive up carbon prices, manipulating the value of their portfolios higher.

European carbon prices have almost tripled since November to reach a record high above EUR 63.35/t on Wednesday.

Stromio cited commitment of trader data it said corroborated its assertion.

This showed a doubling of speculative long positions from hedge funds as banks Embraer RJ170 liquidated bets against the market while compliance entities like utilities and industrial installations sold off long positions despite supportive signals from low wind generation and strong power demand. The data pointed to "an epic short squeeze" for banks left holding the other end of options contracts that turned profitable for speculators as prices rose, Stromio said.

The German discounter specifically drew attention to the increasing market relevance of options contracts held by speculators. *Continues on p.2*

EU industry faces 2 years of carbon uncertainty

European industry is braced for two unpredictable years as the EU considers how to tighten its CO2 market while discouraging capital flight to regions with laxer climate standards

The EU is looking to phase out the free allocation of emissions allowances to industry under the bloc's emissions trading scheme.

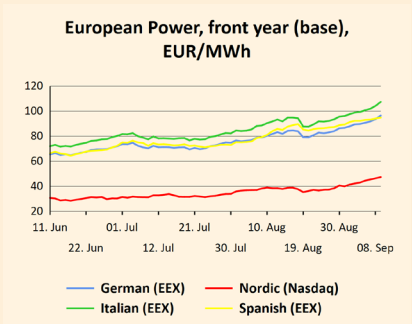
Free permits have so far shielded industries such as steel and chemicals from competition with parts of the world that do not price carbon. However, they also provide little incentive to invest in cleaner production processes and remain incompatible with a long-term goal to become carbon neutral.

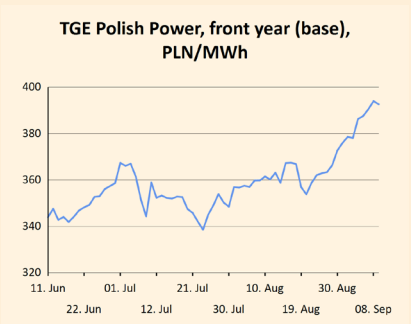
Instead, the European Commission has proposed phasing in a tax on the carbon intensity of competing imports into the EU. This idea, known as a Carbon Border Adjustment Mechanism (CBAM), has provoked concerns among trade partners and domestic manufacturers alike.

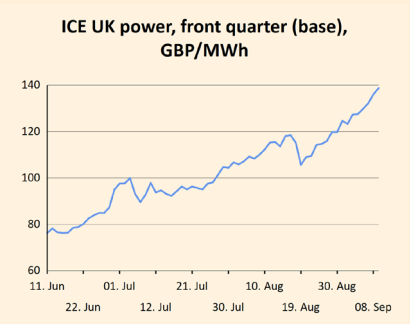
"We face two years of very intense discussion," said Felix Matthes of the Institute for Applied Ecology. "Only at the end...will there be clarity about incentives, about redistribution and about which carbon leakage mechanisms are really effective."

Matthes expected the EU to dispense with free allowances by around 2030 at the latest, given the bloc's aim to align emissions reductions more closely with a goal of becoming carbon neutral by mid-century. *AL*

Power







EC wants quick approval of carbon market reserve plan

The European Commission wants fast approval for its plan to maintain a 24% intake rate of EU allowances to the ETS market stability reserve (MSR), a senior EC official said.

The EC did not want the carbon market disrupted while the European Parliament and EU Council of Ministers debated and decided on the MSR changes, Beatriz Yordi, the EC's director for European and international carbon markets, told the parliament's environment committee on Thursday.

It had proposed wider reforms of the ETS, including introducing a new ETS for buildings and road transport, separately so that the MSR proposal could be fast-tracked, she said.

The MSR changes included a buffer to mitigate "threshold effects", as the market became tighter and prices higher, and as numbers in circulation moved closer to the current 833m threshold for putting surplus allowances into the MSR.

"When you have 833m or 832m, the mechanism is radically different," said Yordi. "We introduced a buffer to avoid this binary, too-radical effect in a more stretched market."

Under the EC proposal, the 24% intake rate would continue from 2024-30 as long as there were more than 1.096bn EUAs in circulation. It had been due to drop to 12% from 2024.

If the total in circulation were between 1.096bn and 833m, then the quantity of EUAs equal to the difference between the higher figure and 833m would be placed in the MSR. *SH*

Continued from p.1

"We note with concern that in June 2021, the open interest of in-the-money (ITM) call options of EUA futures reached 270m tonnes," the letter said. This amounted to more than half the volume of EUAs available at auction this year and a fifth of total 2021 supply.

"The influx of speculators' money may cause serious problems ahead if the situation is not tackled rapidly," Stromio said, pointing to the risk of surging costs for the 11,000 installations obliged to take part in the cap-and-trade scheme.

The purpose of Europe's carbon market "should be to combat climate change at the lowest possible cost instead of being a casino for hedged-funds where a transfer of wealth from end-consumers to hedge-funds is taking place", it continued.

Esma did not have a legal basis to impose position limits on derivatives on emission allowances on its own initiative as this was a political decision, the authority's communications officer Dan Nacu-Manole said in a statement to Montel.

"Nevertheless, Esma is ready to liaise with its relevant committees, which comprise representatives of EU securities markets regulators, as well as representatives of the European Commission and Acer as observers, to convey Stromio's concerns and consider possible next steps," Nacu-Manole added.

Analysts approached by Montel earlier this summer dispelled accusations of market abuse as unlikely.

"Yes, [open interest] in options suggests that lots of investor money has come into the market. That is all it suggests," said Trevor Sikorski of Energy Aspects. "There was an analyst consensus this market was becoming structurally bullish and I think investors have jumped on that."

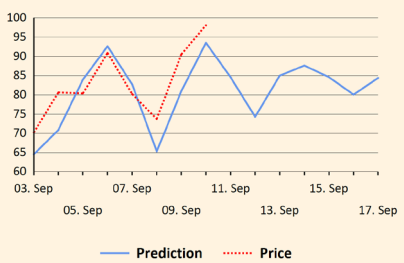
The bullish case for carbon has been underscored by this year's need to price more coal-fired generation into the power mix – even as the long-term need to comply with tougher climate goals spells sharper supply reductions in the years ahead, agreed Mourad Farahat of Clear Blue Markets.

"In our view the reason speculators are/have been coming into the market is because of the market's fundamentals – especially given their trust in the future of the EU-ETS."

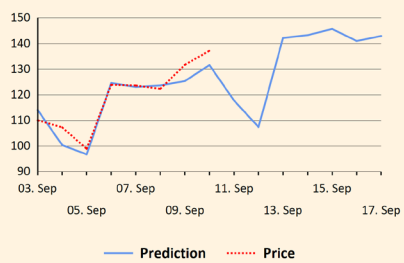
Stromio director of supply and trading Juan Useros said speculators' positions should be limited to a maximum of 20% of those of compliance entities to draw a safer balance between promoting liquidity and risking bubbles in a key cost component for European industry. *NW*

AI

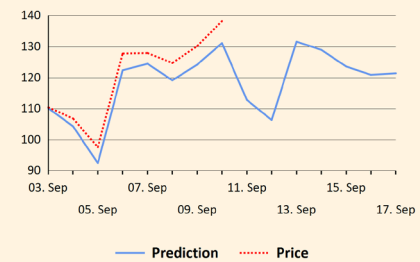
Montel AI Day Ahead Auction forecasts Nord Pool (base), EUR/MWh



Montel AI Day Ahead Auction forecasts France (base), EUR/MWh



Montel AI Day Ahead Auction forecasts Germany (base), EUR/MWh



Nordic hydro GO contracts surge

Prices for European guarantees of origin (GOs) surged across the curve this week amid expectations of diminished hydropower production in the Nordics

The benchmark Nordic Hydro Cal 21 contract was seen at EUR 0.58/MWh, around 0.10/MWh higher than a week ago, according to broker indications. Other price discussions saw the product offered mid-week at EUR 0.57/MWh. Meanwhile, dealers said bespoke deals were concluded at EUR 0.64/MWh.

Further along the curve, the Nordic Hydro Cal 23 was heard around EUR 1.08/MWh, with the Cal 24 product around EUR 1.16/MWh.

Wind Cal 21 GOs were heard between EUR 0.55/MWh and EUR 0.59/MWh.

"We've seen quite aggressive price increases on the curve," said one broker active in Scandinavian markets. "Prices are up by more than 20% from Cal 22 onwards. Many buyers aren't used to these levels, but there's plenty of demand and no problem finding buyers to pay the asking price."

Another broker attributed more expensive GOs to demand from larger end-users. "Some brokers are dealing with bigger end-consumers, so you see higher prices," he said.

The Nordic Hydro Cal 21 contract could increase further this year if the hydrological deficit in the Nordics deepens. Following a period of dry, warm weather in the Nordics, the hydrological balance - a measure of reserves stored in reservoirs, snow and soil – was set to decrease from 21.3 TWh below normal currently to 23.3 TWh below normal in the coming two weeks, according to data from Montel's Energy Quantified.

"The Cal 21 has risen much less than Cal 24-26, so it has more upside. I think sellers are banking on low hydropower production in the Nordics this year and low wind output in Europe," one Norwegian producer said. *KP*

Fuel, CO2 prices incentive for green investment

Current high fuel and carbon prices should be a boost for investments in renewable energy capacity, despite likely prompting complaints that green policies have failed to deliver, consultancy Eurasia Group said this week.

"The surging coal, gas, and carbon prices make a strong case for investment into clean energy and storage solutions," it said in a note, adding this would be to avoid high CO2 permit and fossil fuel costs for utilities.

"This is in line with the EU's long-term policies to support a green transition and gradually push fossil fuels out of its energy systems."

Front-month TTF gas and API 2 coal contracts this week have reached new multi-year highs of over EUR 57/MWh and USD 168/t, respectively, while the Dec 21 EUA carbon contract exceeded EUR 63/t.

The consultancy said, given low gas inventories and low volumes being supplied by Russia, energy prices this winter could rise further, and there may even be an outright supply shortage.

"Though shortages could prompt complaints that green policies have failed to deliver supply security, the spike in fossil fuel and carbon permit prices sends a strong signal to invest in clean energy solutions over the long term," it said.

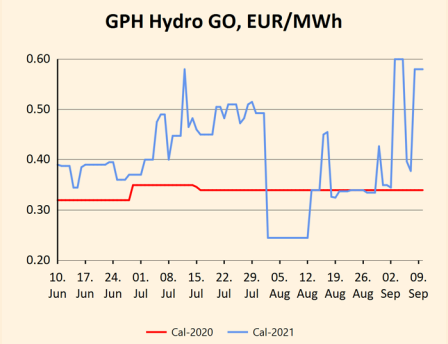
"Climate sceptic politicians will claim high carbon prices cause household fuel poverty [and] some industries will complain that Europe's energy policies have failed to make the region more secure from supply disruptions."

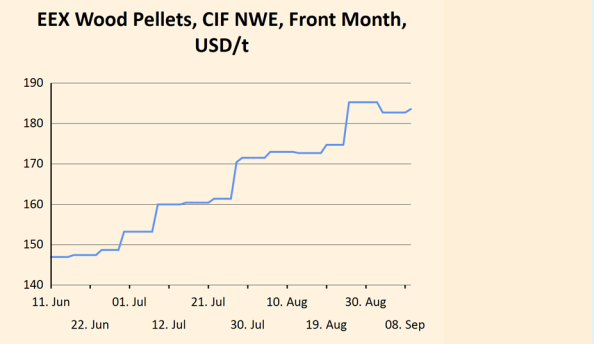
But Eurasia said the EU's energy and climate policies look "unphased" by the current price spikes for the time being.

"Instead, its main domestic and global climate goals and policy tools, including the 'Fit for 55' package and a carbon border adjustment mechanism, still enjoy support."

However, it noted "lots of politics" were still at play. This included Europe's "bumpy relationship" with Russia, the EU's ambitions to drive fossil fuels out of its energy markets via high carbon prices and subsidies for green energy, and the political priority to keep energy affordable. *LW*

GOs





Demand grows for behind-the-meter PPAs

There is growing demand for behind-the-meter (BTM) power purchase agreements (PPAs) from companies in Europe, solar firm Alight told Montel this week

There was "huge" scope to sign PPAs for rooftop installations, particularly among industrials, said Harald Overholm, CEO at the Swedish solar developer and PPA provider.

The installations could be owned and operated by a developer with the power sold to the customer through a PPA, he added.

"Behind-the-meter potential is huge because it's only capped by the amount of space on rooftops or land," he said.

Europe has around 90 GW of installed rooftop solar, which could jump to 570 GW by 2030, according to SolarPower Europe.

The potential could be "significant", with up to 90% of Europe's roof surfaces unused, it added in a recent report.

Around EUR 12.5bn was invested in BTM solar and storage in Europe last year, up from EUR 5bn in 2015, consultancy Delta-EE reported in a recent webinar.

This was mainly in Spain, France, Italy, Netherlands, Belgium, Germany and UK, led by industrials in Germany and the Netherlands, it added.

Around 70% of Europe's power demand comes from companies, with "strong and growing" demand for BTM PPAs, Overholm said.

Much of this demand came from large power users, such as pan-European industrial companies, he added.

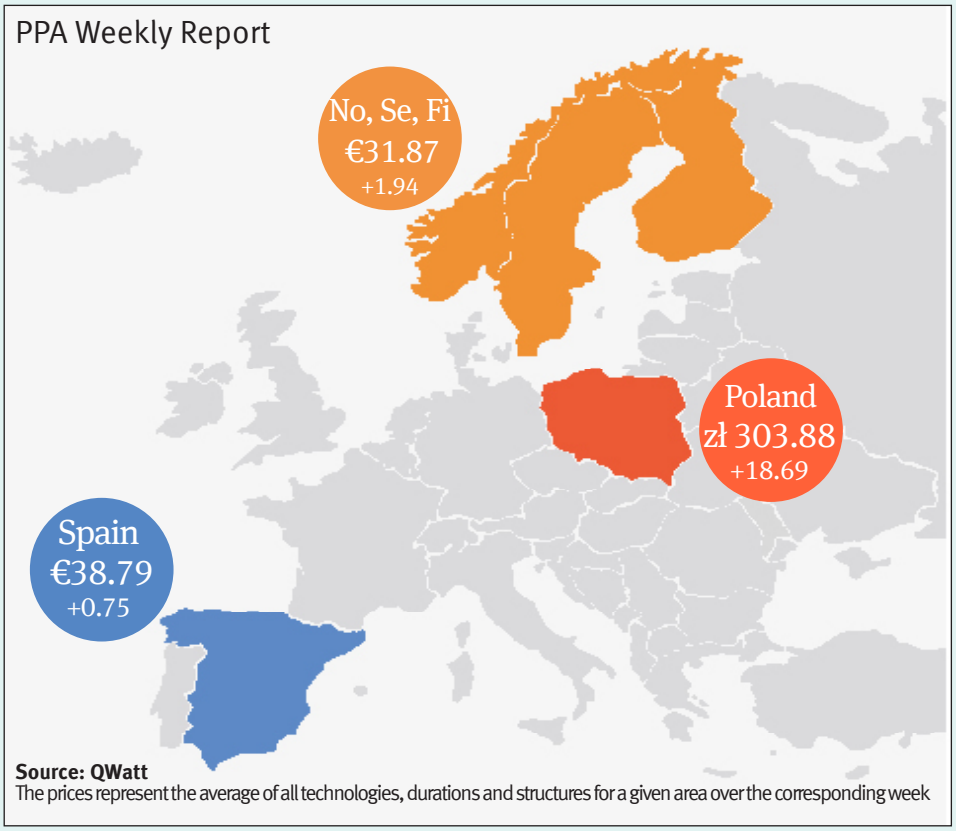
BTM appeals to companies because they can save money, meet their sustainability targets with a "visible symbol of being green" while helping boost supply resilience.

BTM projects are often done in tandem with PPAs as part of a "strategic decision" to use power consumption for sustainability, he continued.

He cited the UK as an example, where corporate PPAs covered around a third of on-site solar installed this year (almost 300 MW).

"When large industrial customers decide to go behind the meter, they do so on all their sites. It used to be insignificant, but with major industrial customers across all sites and potentially with storage, it ends up behind 25% of total power consumption and changes the profile of what they're buying from the market," he added.

Alight has around 43 MW of installed capacity with another 90 MW under construction. The developer is looking to add on-site storage, which is set to boom in the coming years, Overholm said.



Source: QWatt
The prices represent the average of all technologies, durations and structures for a given area over the corresponding week

"Storage will make its mark and the idea of co-located storage at almost every location will become predominant in a commercial way, not based on subsidies," Overholm added.

Projects without storage balanced supply and demand with the grid, with on-site generation typically accounting for 15-20% of consumption, he said.

Alight signed the biggest BTM solar PPA to date earlier this year with global building materials firm Kingspain in Sweden.

The rooftop solar installation would produce 1.15 GWh/year, covering 20% of the factory's power demand.

Meanwhile, Swiss utility Axpo signed a nine-year PPA this week with Austrian chemicals manufacturer Borealis for 100 GWh of annual power production from two Belgian wind farms from 2022.

Norwegian power producer Statkraft sign a 15-year deal for 1.6 TWh/year with Swedish metal group Boliden. *RB*

EUAs set to face volatile week

European carbon prices tested resistance at EUR 63/t and could move in either direction next week after setting two record highs in the last few days, analysts said on Friday

The benchmark Dec 21 EUA contract was last seen trading at EUR 62.10 up around 1% on last Friday's settlement.

It has largely been trading within a EUR 62-63/t range over the past few days after peaking at EUR 63.35/t earlier in the week.

"Participants are reluctant to push above EUR 63.50/t which is the new record. It seems like there's a lot of selling interest at this level and participants are wary of pushing above," said Riham Wahba, market analyst at Vertis.

The "psychological" price of EUR 65/t would be the next resistance level "but after that EUR 70/t is out there and could easily happen within a month or so", she added.

A "convincing" break below EUR 61.30/t could see further declines, while a strong move above EUR 63 could see prices push up to EUR 65, said Tom Lord of Redshaw Advisors.

"I think from here you could easily get a decent move in either direction – neither would surprise me," he added.

This week's minimum could be a strong support level for "next week at least", as well as EUR 59/t "if we have a downside crash", Wahba said.

Gas is causing a lot of volatility in the carbon market "because everyone's nervous about the crunch coming into the winter."

The front-month Dutch TTF hit a record high of EUR 57.28/MWh on Thursday and was last seen trading at EUR 57.03/MWh, up EUR 0.45 on the day.

Some utilities had warned of high prices and potential blackouts, which is causing further hedging and gas rises, she added.

"There's a lot of competition on LNG so prices are really tight and I don't see any relief any time soon."

High gas prices had also seen more fuel switching to coal, which also boosted carbon as generators needed to buy more EUAs to offset these higher emissions, the analysts said.

Financial speculators would also continue to play a crucial role in carbon as there was "undoubtedly interest in this market like never before", Lord said.

"The system has been set up for higher prices, it's as simple as that," he added.

Wahba said the market was "structurally bullish" and speculators could come back in Q4 as they did last year "so we could see a lot of manipulation of prices". *RB*

Europe must inject EUAs to lower CO2 prices – Repsol CEO

European authorities should supply more EUAs into the market to curb speculation and high prices, Spanish energy firm Repsol's CEO said this week.

The carbon market was in an "exceptional situation" due to speculation, Josu Jon Imaz told a webinar hosted by Spanish daily El Economista on Wednesday.

EU financial watchdog Esma is considering a complaint of market abuse in Europe's emissions trading scheme involving a surge in CO2 prices this year.

"The EU and governments have to act on it, and it's very easy: Put more allowances in the market while there's no border adjustment mechanism to protect European industry," he added. This would be a "temporary" measure but could be taken immediately, Imaz said.

The carbon border adjustment mechanism (CBAM) would impose a levy on imports of carbon intensive products from third countries.

The benchmark Dec 21 EUA contract hit a fresh record high of EUR 63.35/t on Wednesday on support from rising gas.

"Such high CO2 prices have consequences, on consumers' bills and on industries," Imaz said. "You cannot have CO2 prices at EUR 60-70/t in Europe and no border adjustment mechanism," he added.

Implementing the EU's CBAM proposal would take a long time, Imaz said.

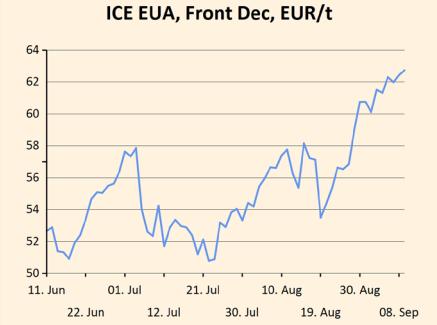
The EC wants to phase in the mechanism from 2023, but the industry "is going to suffer" until then, he added.

Meanwhile, high power prices would also make it harder to develop green hydrogen projects, which need EUR 29-32/MWh to be "profitable and compete", Imaz said.

Spanish daily power prices hit on Friday a high of over EUR 152/MWh and executives at major utilities warned they were likely to stay high until spring.

Repsol, which consumes 1.3% of Spain's power and 13% of its gas, needs low energy prices to compete abroad, Imaz added.

However, Spanish energy firm Naturgy's president Francisco Reynes said in the same event that high carbon prices were "fulfilling their function" in bringing down European emissions. *PB*



EEX EUA Auction Results & Calendar		
	This week's results	Next week's schedule
	EUR/t	Volume
Monday	62.87	4,330,500
Tuesday	61.71	4,330,500
Wednesday	61.93	2,911,500/614,500
Thursday	61.98	4,330,500
Friday	61.85	3,760,000

Investors drive CO2 gains more than fundamentals – analyst

Investor appetite for European carbon allowances has been the main cause of this year's rally to record CO2 prices, as opposed to the supportive energy market backdrop, Trevor Sikorski of Energy Aspects said this week.

Low wind generation, a recovery in power demand and a more pronounced shortage of gas relative to coal had supported a net increase of around 40m tonnes of demand for carbon allowances this year, Sikorski told a webinar organised by Redshaw Advisors on Wednesday.

This demand – amounting to around 5% of last year's auction supply – provided added impetus to this year's carbon rally, though it was not the main factor, Sikorski said.

"It is certainly not the primary driver for why carbon has gone from pricing around EUR 30/t to EUR 60/t. That primary driver is probably based in something else – we think probably in investor flows," he added.

The Dec 21 EUA contract hit a new record high of EUR 63.35/t on Wednesday – prices having almost tripled since November.

Since last year, speculative financial investors have shifted their position in the market from being slightly short to becoming 50-60m tonnes long.

"That net shift has probably been also really, really important in driving what we've seen."

Sikorski linked the influx of capital to growing faith the market will become especially constrained as policymakers sought to make supply reflect a goal of becoming carbon neutral by mid-century.

He also noted investors might be inclined to put their money into the market for long-term returns as a hedge against inflation.

The difficulty of picking profitable ways to play the transition from fossil fuels made carbon one of the most attractive assets to offset the risk of inflationary pressures arising from the investments that would be needed to decarbonise economies over the next two decades, he said.

Closer in, carbon was likely to remain supported by the constrained gas market heading into winter.

Gas had been seeking to rise to levels that priced it out of power generation to allow more of the fuel to be diverted to storage, yet rising coal and carbon prices had kept at least some efficient gas plants more competitive than low efficiency coal units, Sikorski said.

The gas market was looking so tight this winter the potential for shedding industrial demand to make it through the heating season no longer seemed implausible, he added.

Energy Aspects estimated the combined storage deficits of Europe and Ukraine at around 28bcm this year, or more than 25% lower year on year.

"That raises a lot of concerns in the market about the storage adequacy for the winter."

Russian supplies would be key to unravelling these concerns, which was why the market has focused so closely on the potential start of Nord Stream 2 flows.

The main hurdle for the completed but controversial 55bcm/year pipeline from Russia to Germany was now regulatory and unlikely to be resolved before December at the earliest, Sikorski said.

The forward market was pricing in an eventual fall in gas prices next year when the pipeline was expected to be operating, yet this would not necessarily translate into a similar reversal in carbon given the commodities' independent drivers, Sikorski said.

"That positive feedback loop seems obvious but what is not so obvious is that when this loop ends, presumably with Nord Stream 2 going online, the carbon price may not go down afterwards, because the carbon market will continue to be short for several years yet," said host Louis Redshaw.

The main bearish risk Sikorski identified for carbon was an exodus of speculative investors from their long positions due, for example, to a general financial market collapse in Europe. *NW*

Italian CO2 emissions jump 25% in Q2 – agency

Italian carbon emissions in the second quarter jumped 25% year on year and are expected to rise 6% over the whole of 2021, said the State Energy and Technology Research Centre this week.

Below average temperatures combined with Italy's economic recovery in the wake of the coronavirus – with a 17% increase in GDP and a 34% surge in industrial production – were behind a sharp rise in energy consumption, it added in its latest quarterly report.

CO2 emissions rose 14m tonnes in the April-June period, while energy demand rose 24% and for H1 emissions and energy consumption increased 10% apiece.

However, emissions were 9% lower when compared to H1 2019 – before the coronavirus crisis – while energy demand was 5% below the corresponding period in 2019.

The strong increase in emissions was mainly attributable to transport, which accounted for 60% of the total and to a lesser extent to power generation and the industrial sector, said the agency.

Increasing emissions brought into question decarbonisation targets, said report author Francesco Gracceva, with the EU planning to cut carbon output by 55% on 1990 levels by 2030.

In June, the government Institute for Environmental Protection and Research, had said in a preliminary report that the country's carbon emissions were set to rise 0.3% year on year to 378.6m tonnes in 2021.

The country's carbon emissions totalled 377.5m tonnes in 2020, compared with 418m tonnes in 2019 and 519m tonnes in 1990. *EZ*

Higher carbon prices a reality business must accept – EC

Higher carbon prices in the EU ETS are a reality business must accept, said a senior official from the European Commission.

"We need our business to be on board to meet our 55% [CO2 cut by 2030] goal and to adjust to this," Gerassimos Thomas, director-general of the EC's taxation and customs union directorate, told the European Parliament's environment committee on Thursday.

Thomas was presenting the EC's proposal for a carbon border adjustment mechanism (CBAM) which aims to prevent carbon leakage. This happens when EU production moves abroad to areas with less strict carbon constraints or EU products are replaced with more carbon intensive imports.

The EU's recently increased climate ambitions, with new binding targets to cut CO2 by 55% on 1990 levels by 2030 and become climate neutral by 2050, had increased the risk of carbon leakage, said Thomas.

"The reality is that the ETS will be strengthened and free allowances will be phased out. There is no other way we can meet the 55% target," he said.

The EC has proposed cutting free allowances by 10% each year for 10 years from 2026 for four pilot sectors – aluminium, cement, fertilisers, iron and steel products. It also wants to include electricity in the pilot CBAM but the power sector no longer receives free allowances so is not affected by this proposed phase out.

The EC has also proposed reducing the number of free allowances available to all ETS industrial sectors after 2025 under its separate proposal to strengthen the ETS.

Environment committee members had strong opinions on the future of the free allowances.

The parliament's biggest political group, the centre-right European People's Party (EPP), saw them as needed even in the context of a CBAM, said German EPP member Peter Liese.

"We must look at competitiveness as well as climate," he said.

Free allowances were given to industry's best performers on lowering emissions and could also be used as a reward for companies switching to low-carbon steel, for example, "so we shouldn't criticise them".

The EPP in general supported the CBAM but was afraid of potential side effects, such as undermining international climate talks.

Liese also thought the CBAM's scope should be narrowed, for example to electricity and cement. That would mean the EU would "not have to fight the whole world, only our direct neighbours".

Dutch member Mohammed Chahim from the centre-left S&D called for the scope to be widened, however, as he believed other regions would follow and for free allowances to be assessed and only given to the cleanest, least polluting firms.

Belgian Greens member Sara Matthieu went further, suggesting the EU moved to full auctioning of allowances when CBAM is introduced.

The environment committee is leading the parliament's debate on the CBAM and ETS reforms and must produce recommendations on how to amend the EC's proposals as part of the formal approval process. Both the parliament and the EU Council of ministers have to agree on common texts before the proposals can become binding, a process which usually takes 18 months to two years. *SH*

UK renewable developers face lower PPA prices

Renewable energy developers who wait to sign power purchase agreements (PPA) until after the UK's forthcoming contracts for difference (CFDs) auction could face lower prices, energy consultant Cornwall Insight said.

The UK's next allocation round for CFDs is set to begin in December. Factors including supply concerns, which are bolstering wholesale commodity prices, could be alleviated during the first quarter, which could dampen wholesale power prices after the auction.

"High wholesale prices of late are making utility PPA deals potentially more attractive, but the curve remains in steep backwardation," where prompt contracts trade above those further out, said Tim Dixon, lead analyst of assets and infrastructure at Cornwall Insight. "So waiting for CFD allocation round 4 to finish could impact PPA prices being offered."

CFDs establish a fixed wholesale electricity price between the government and developers of low-carbon assets. The government pays subsidies when wholesale prices are below the agreed fixed price, while operators pay the government in the event of higher prices.

About 8 GW of solar and onshore wind assets are set to take part. With more renewable assets in the pipeline, the auction could see a record number of new builds vying for eligibility, Cornwall Insight said.

Strong participation in the auction could in turn stall development in merchant financing, including PPAs and corporate PPAs, until the spring or summer of next year because companies would sign CFDs instead of PPAs.

Still, the impact of falling prices was unlikely to be significant for long-term projects, given that PPAs for new builds tend to extend beyond the wholesale price curve, he added. *KP*

EU plans for real-time hydrogen tracking impractical – lobby

Draft EU plans to require real-time tracking of what power has been used in electrolysers to produce hydrogen are impractical, said Jorgo Chatzimarkakis, CEO of lobby group Hydrogen Europe.

"We need more renewables to make hydrogen – nobody doubts that," Jorgo Chatzimarkakis, told a Politico webinar. He also backed the concept of "additionality", that green hydrogen must be produced from new, additional renewable power projects.

"However, we cannot prove [the renewables link] every 15 minutes. We should prove it in bidding zones or at member state level, on a trimester, semester or even yearly basis," he said.

The idea of such short time correlations emerged in the EC's unofficial draft plans for detailed technical rules to track the link between grid power and hydrogen produced by electrolysers.

These seemed to show that the EC wanted renewable power and renewable hydrogen production correlated every 15 minutes, and for the electrolyser and the renewable power used to be in the same bidding zone, according to Korinna Joerling from consultancy Guidehouse, who is advising the EC on hydrogen sustainability criteria.

The rules were required by the EU's renewable energy directive and the EC intended to present them later this year, EU energy commissioner Kadri Simson told the webinar. They would then go to an EU committee of national government experts for feedback before the EC formally adopts them.

The rules become binding if the European Parliament and EU Council of ministers, representing national governments, do not formally object to the EC's adoption within a fixed timeline.

This process is not affected by the EC's proposal in July to update the renewable energy directive, which will likely take two years or more to agree and become binding.

That proposal includes extending the EU database for tracking renewable transport fuels in the current directive to renewable fuels used in all sectors.

The EC is also working on draft rules for certifying low-carbon hydrogen. These are expected on 14 December as part of proposals to update the EU's gas legislation to include market rules for renewable and decarbonised gases. *SH*

Uniper, Port of Rotterdam sign green hydrogen deal

Germany utility Uniper has signed a memorandum of understanding with the Port of Rotterdam to develop a 100 MW green hydrogen plant at the utility's Maasvlakte facility in the Netherlands.

A feasibility study shows it is possible for North Sea offshore wind to power a hydrogen plant and feed into the planned HyTransport hydrogen pipeline at the port, according to a company statement.

Rotterdam industrial consumers account for about 40 % of total hydrogen demand in the Netherlands, the company said.

The project at the port should help industry switch from grey hydrogen, produced with natural gas, to green hydrogen, produced with renewables. It should also contribute to the country's goal of cutting carbon emissions by 95% from 1990 levels by 2050.

The next stage is the design study for an electrolysis plant, whose capacity would start at 100 MW and increase to 500 MW, and the start of permit and funding applications, the utility said.

The project is shortlisted among Dutch so-called important projects of common European interest. TC

Statkraft sells 234 MW solar portfolio in Spain

Statkraft has sold four Spanish solar projects (234 MW total) to UK fund Trig, the Norwegian energy group said.

Construction should start this month and the plants in Cadiz, Andalucia, should be connected in Q4 2022, it added. Statkraft would be responsible for their construction, operation and maintenance, a spokeswoman said. No financial details were released.

The company said in May a power purchase agreement for the portfolio was possible.

Statkraft aims to develop 8 GW of solar and wind power by 2025 globally. *PB*

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