Europe's Hintco offers to solve India's billion-dollar green hydrogen quandary

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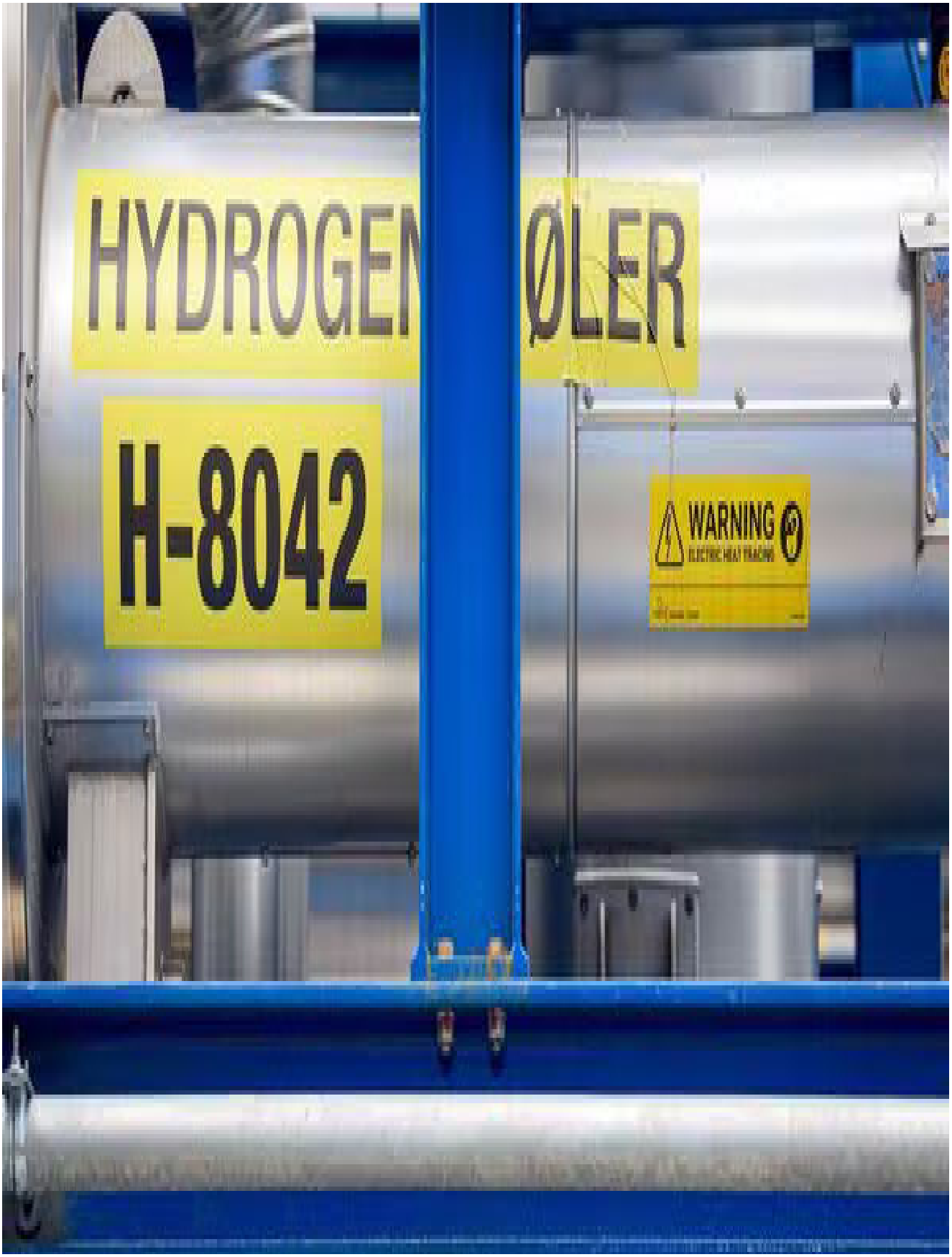
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Machinery at Yara International ASA's 24-megawatt plant for renewable hydrogen production in Norway. (Bloomberg) (Bloomberg)

SUMMARY

Hintco offered to act as an intermediary to help green hydrogen manufacturers get buyers and arrange funding for their projects

Mumbai: A European non-profit organisation that aggregates demand for green hydrogen and arranges project funding through government grants has offered to help resolve the biggest problem for Indian manufacturers of the clean fuel: the lack of long-term buyers.

The Indian green hydrogen industry has cracked the technology required and the investments needed, experts and industry officials said, but the absence of contracts to buy the gas is keeping companies from going ahead with their investment plans.

The issue stems from the difficulty in predicting how the cost of hydrogen will evolve, given that the technology is nascent. Buyers do not want to sign long-term contracts, fearing that green hydrogen prices may drop below what they agree to now. And sellers do not want to invest billions of dollars in manufacturing capacities without long-term offtake agreements.

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Officials from Hintco, a unit of European non-profit organisation H2Global, met Indian government officials this week to discuss a possible solution to this conundrum. Hintco offered the possibility of the Indian government and a foreign government collaborating to set up a demand-supply arrangement for green hydrogen.

Intermediary role

Hintco proposed to act as an intermediary, signing long-term offtake agreements with Indian green hydrogen makers such as Reliance Industries and the Adani Group and short-term supply agreements with companies in markets like Europe. Pricing will be discovered through double-sided auctions and the viability gap between the buy and sell side can be funded jointly by the governments concerned.

“The idea here is that the Indian government and some other government could join forces and pool funds to bridge the cost gap tha[illegible]e," said Timo Bollerhey, CEO of Hintco and co-creator of H2Global.

Hintco is already piloting such a project in Canada, where manufacturers will supply green

hydrogen to Germany. The viability gap is proposed to be jointly funded by the two governments. The Canadian government has committed 300 million Canadian dollars (₹1,830 crore) to the project. The tenders are yet to be put out for the auctions.

Officials at the Ministry of New and Renewable Energy and the Solar Energy Corporation of India (SECI) seemed open to explore further discussions on the matter, said Susana Moreira, executive director and co-chair of the board of H2Global Foundation. However, the discussions were preliminary, and no agreement has been reached, she said.

H2Global was floated by the German government in 2021 to incentivise the development of a global green hydrogen industry. The country is heavily reliant on the import of clean fuels to support its decarbonisation commitments.

Last month, Germany agreed to buy at least 259,000 tonnes of green ammonia from 2027 to 2033 from UAE-based Fertiglobe, which was the lowest cost bidder under the first tender floated by Hintco.

Also Read: NTPC arm in talks with HPCL, Hindalco for green hydrogen supply joint ventures

The Indian government has already facilitated a similar arrangement for green ammonia through SECI, which has invited bids for manufacturing of green ammonia to be supplied to the fertilizer industry. An annual capacity of up to 5.39 lakh metric tonnes (MT) will be subsidised through the scheme under the National Green Hydrogen Mission to bridge the cost gap between grey ammonia and green ammonia.

Green ammonia and green hydrogen are nomenclatures used to classify gases made using renewable energy. Grey gases are made using conventional energy sources, which tends to be emission intensive. The grey and green gases are chemically identical.

The government has said that at least 40% of hydrogen consumption in the country should be met by green hydrogen by 2030, while India becomes the global hub for production, usage and export of green hydrogen and its derivatives.

The renewable energy ministry is executing the National Green Hydrogen Mission with a budget of ₹19,744 crore.