



About bp

bp is a leading global energy company – we provide heat, light, and mobility solutions for customers all over the world. Our purpose is to reimagine energy for people and the planet. bp has operated for more than 50 years in The Netherlands.

bp supports a rapid transition to a lower carbon future because we believe it is in society's and bp's best interests. We agree on the need for the world to move to net zero emissions and we support the climate goals of the Paris Agreement. We also support the UNFCCC and Intergovernmental Panel on Climate Change (IPCC) processes, particularly the acceleration of climate ambition in revised NDCs ahead of and post-COP26. We support countries setting ambitious NDCs that are consistent with global attainment of the Paris Agreement climate goals and global net zero.

In 2020 we set our ambition to become a net zero company by 2050 or sooner, and to help the world get to net zero. Our underlying strategy will allow us to integrate our existing capabilities with significant growth in low and zero carbon businesses and markets. bp believes that the world requires a rapid transition to a lower carbon energy system.

Renewable energy is the world's fastest growing energy source and vital to getting the world to net zero - we have an ambition to have developed 50 gigawatts to financial close by 2030.

It is on this basis we are happy to respond to this call for ideas, and we hope our response can help build a common understanding of the opportunities and challenges ahead in aid of the Netherlands' national climate ambitions.

Netherlands | Consultation Climate Policy Programme

bp welcomes the Netherlands' national ambition to rapidly deploy hydrogen and its derivatives to meet the European decarbonisation objectives and REPowerEU hydrogen targets. Hydrogen, both green and blue, has a critical role in achieving the goals of the Paris agreement – complementary to electrification, it will be pivotal in the decarbonisation of the hard-to-abate transportation and industrial sectors, where electrification is either too expensive or not feasible.

To accelerate the growth rate needed to scale up, hydrogen production in the near-term requires government and policy support. We welcome the government's proposal to introduce a hydrogen purchase obligation. In the short to medium term, this will enable fast scale up of hydrogen demand in industry, similar to existing compliance obligations in the transport sector. The obligation is a clear signal and vital support for hydrogen demand growth and driver for industrial decarbonisation.

We believe that all forms of low carbon hydrogen could and should contribute to reduce GHG emissions and therefore both blue and green hydrogen should be considered under the hydrogen purchase obligation. Blue hydrogen will pave the way



to green hydrogen, currently the cost of CO₂ reduction with green hydrogen is on average €250/tonne CO₂¹ higher than CCS-enabled hydrogen up to 2030.

We support the proposal that the initial obligation should be proportionate to the intended production target of 500 MW in 2025. Given Europe's hydrogen import target, imports should also be considered and included, in a way that does not undermine efforts to scale-up national production.

In terms of the design of the obligation, we believe it should be based on the portion of the used hydrogen, rather than the purchased one – this will ensure a level playing field between industries and facilities which are producing their own hydrogen.

Build-up of key hydrogen and power infrastructure will also be required to support parties in complying with the obligation. The limitations of the new hydrogen infrastructure are likely to mean that not all obligated market participants will be able to fulfil the purchase obligations. We support the proposed idea of tradable certificates to support market participants to fulfil the obligation. However, a level playing field needs to be created by setting an appropriate cap or purchase price for the certificate so that compliant companies with access to early-stage infrastructure are not disproportionately favoured.

We welcome the Ministry's position on hydrogen subsidies and in particular that both capital expenditure (CapEx) and operating costs (OpEx) are supported. State aid, such as IPCEIs alone will not be sufficient to incentivise the switch away from fossil-based hydrogen in hard-to-abate industry.

Key to meeting the green hydrogen ambitions will be the acceleration of projects and procedures for renewable power and necessary infrastructure, both onshore and offshore. We therefore welcome the recent 10 GW addition to the Offshore Wind Roadmap for 2030 and the removal of the 35TWh cap for onshore renewables.

For the realization of the 2050 targets, and potential accelerated climate action, it is essential that planning for the 2040 roadmaps starts early. Interim targets for 2040 could aid in the planning of projects and infrastructure in support of the 2050 targets.

We welcome the governments' initiative to facilitate industries through 'maatwerk', as it provides an important interface between the industry and government to align the right actions and investments. However, we see a very short timeline for industry to meet the (recently upgraded) targets for 2030. The pace of the 'maatwerk' discussions and development of supporting policy instruments, does not seem to match the urgency of investments to realize industrial decarbonization before 2030.

As it is of uppermost importance to develop our climate actions on a profound scientific basis, we strongly support the establishment of the Klimaatraad – as an

¹ Data from the Ministry of Economic Affairs and Climate in the Netherlands



independent scientific body to monitor climate progress and advise on climate policies to deliver a timely reduction of greenhouse gasses. The Klimaatraad advice can aid decision makers in taking the difficult (policy) decisions we face while undertaking necessary climate action.

We look forward to continuing engagement on the obligation through the forthcoming consultations following the publication of the government commissioned assessments.