



Press Release

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Smart policies urgently needed to achieve Europe's decarbonisation objectives, warns Brussels-based think tank Bruegel

The Fuel Cells and Hydrogen Joint Undertaking welcomes the publication of the Bruegel report 'the great transformation: decarbonising Europe's energy and transport systems' which underlines that further public support and new innovative policies are needed to bring low-carbon technologies such as fuel cells electric vehicles to market and to compete with incumbent technologies. The report, released today, highlights that public support mechanisms are imperative because otherwise the private sector alone will not have sufficient incentive to invest in the process of transition towards a sustainable economy.

Clean innovative technologies such as fuel cells and hydrogen (FCH) contribute to a healthier environment, increase energy security and bring business opportunities. Transition towards these technologies will foster EU competitiveness in challenging times. However, Bruegel underlines that these innovative technologies face existing market failures, impeding the prospect of a purely market driven transition: they are still expensive, require new infrastructure and imply non-recoverable costs for first movers. Furthermore, path dependencies due to institutions, risk aversion and network effects prevent a quick roll out.

To overcome these particular challenges, Bruegel calls for smart actions and policies, including alignment of the cost of carbon in different sectors, temporary infrastructure consortia, reimbursable grants in successful cases or strategic use of public procurement for experimenting with alternative technologies.

Bert De Colvenaer, Executive director of the Fuel Cells and Hydrogen Joint Undertaking, the public-private partnership created to accelerate the market entry of fuel cells and hydrogen technologies states: *"Partnering of public and private stakeholders creates the necessary forces for transition. In combination with the right financial and regulatory frameworks, the shift to low-carbon technologies can be made. The Bruegel report provides good and particularly relevant suggestions in view of the forthcoming discussions on the next phase of the Joint Undertaking under the Horizon 2020 framework"*.

Pierre-Etienne Franc, the Chairman of the Governing Board and representative of the FCH industry sector as Chairman of the Industry Grouping of the Joint Undertaking, also emphasises the need for public-private cooperation to overcome the initial market-gap, share the initial risks and implement appropriate market support policies to attract sufficient private investments in low-carbon technologies:

“Innovative support schemes to private infrastructure development, including temporary consortia, as well as credible public procurement mechanisms could contribute to risk reduction for private actors. This will create longer term predictability for those large and heavy investments which are a critical need for investors’ decision-makings. FCH structures are a good basis for this, as it provides a kind of sanctuary for long tail projects, needed for such significant economic transformation”.

Next to technology-neutral policies, the development of technology-targeted mechanisms based on adaptable metrics and political priorities need to be explored. This is to ensure the consistency and predictability of public decisions necessary for stakeholders to commit to long-term and risky investments.

Background

The Fuel Cells and Hydrogen Joint Undertaking was established on 14 October 2008, to run firstly until 2013, as the first illustrative example of a public-private partnership instrument under the European Strategic Energy Technology Plan (SET-Plan), technology pillar of the EU's energy and climate policy. Its objective is to accelerate the development of fuel cell and hydrogen technologies in Europe to enable their commercialisation between 2010 and 2020. Current membership includes the European Commission and 49 companies, from multinationals to SMEs represented by the Industry Grouping (NEW-IG) and covering the whole sector, as well as 61 universities and research institutes, represented by the Research Grouping (N.ERGHY) engaging more than 2000 researchers in the field of fuel cells and hydrogen.

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