

H2Global's First Auction

Case study for:
State-Backed Intermediaries

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Case Study: H2Global's first auction (1/2)

Germany 

First implemented: 2022

Applies to: e-methanol, e-ammonia and e-SAF

H2Global aims to stimulate the market for green hydrogen and its derivatives. Through its subsidiary, Hintco, H2Global has implemented a double-sided auction with hydrogen derivative producers and offtakers. This overcomes mismatches between production costs and willingness to pay, and expectations for contract durations. It also enables production projects to become bankable.

A first pilot auction has taken place, with results announced in 2024. This focused on procuring hydrogen derivatives from outside the EU for import into the EU. Future rounds are being developed with partner countries (such as Canada and Australia) and state aid has been approved by the European Commission for a future round worth up to € 3bn.

Hydrogen value chain

Stakeholders impacted

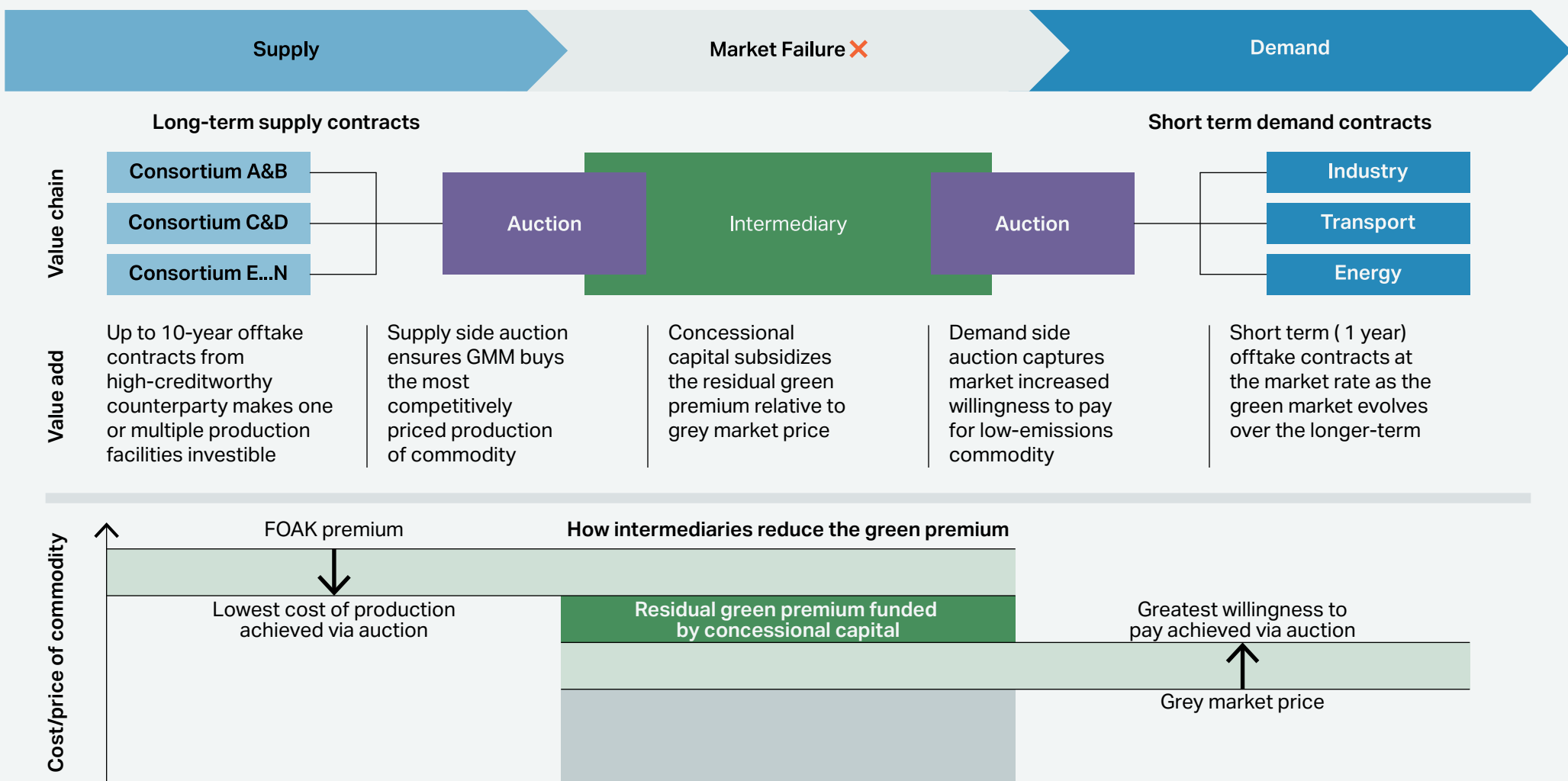
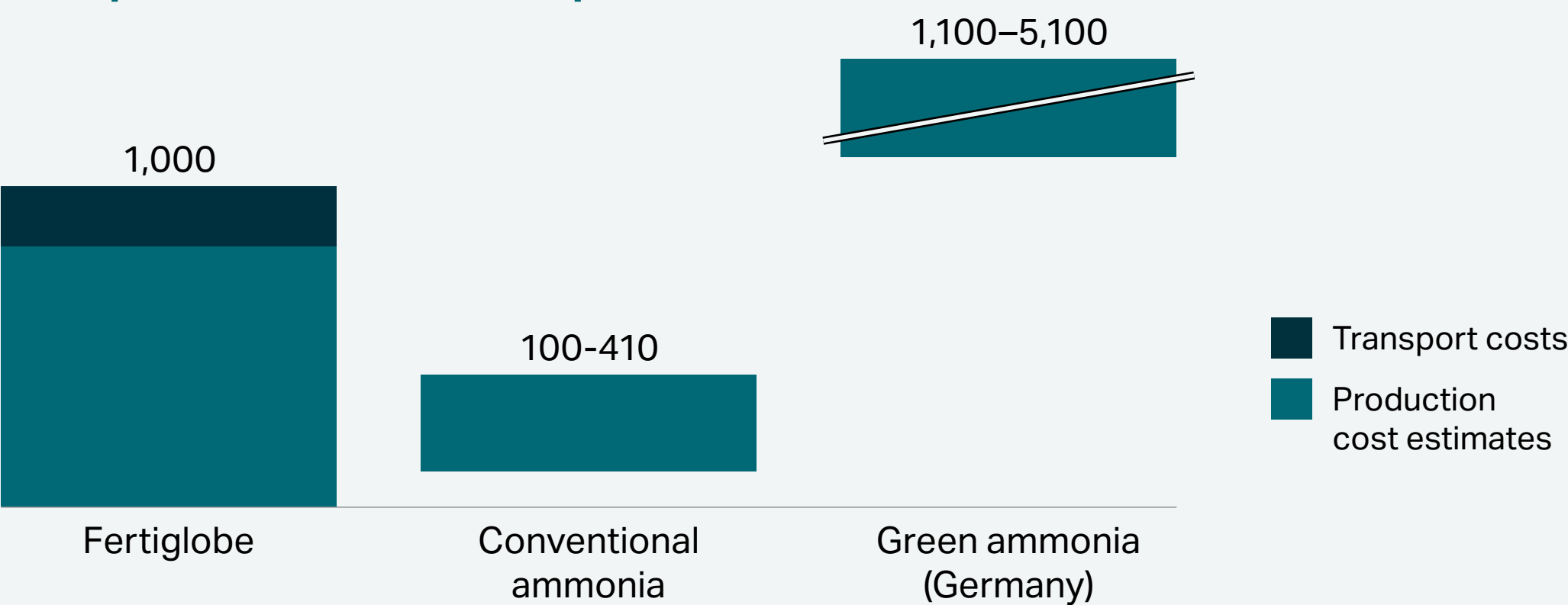


Figure adapted from MPP: [Unleashing Market Forces to Scale Green Industry \(2024\)](#)

Impact

- Fertiglobe won the pilot auction for renewable ammonia. It will deliver approximately 400,000 tonnes of ammonia to Europe via the Port of Rotterdam between 2027-2033. The renewable hydrogen will be produced by Egypt Green Hydrogen. Hintco secured the contract at €1000/tonne of ammonia with a net production price (excluding transport and import costs) of €810/tonne. This corresponds to a green hydrogen input cost of less than €4.5/kg.
- When compared with hydrogen production costs based on bid data disclosed via funding programmes (e.g. the [European Hydrogen Bank's first auction](#)) this is significantly cheaper. The estimated levelised cost of green ammonia in Germany ranges from €1100/tonne to €5100/tonne with an average price of €2300/tonne. This is much more expensive than conventional, grey ammonia, which ranges from €110/tonne to €410/tonne depending on geography.

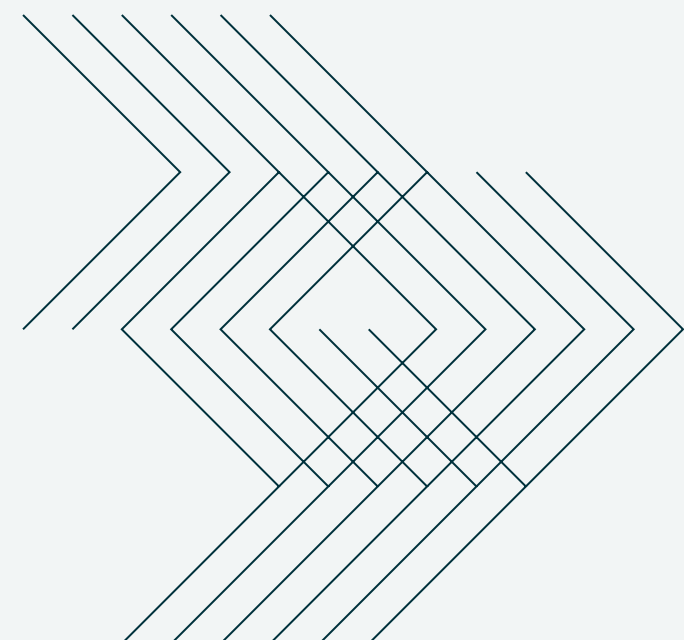
Comparison of ammonia prices (€/t)



Sources: H2Global, EHB

Case Study: H2Global's first auction (2/2)

Key challenges/risks



1 Nascent supply chains networks

H2Global focuses on hydrogen derivatives that can be transported more easily than hydrogen itself (e.g. green ammonia, methanol and e-SAF, which can leverage existing infrastructure). Nevertheless, access to port infrastructure has been a challenge for some bidders. Ultimately, all but one bidder proposed to import derivatives through the same port (Rotterdam) suggesting potential limitations on infrastructure elsewhere. Hintco will try to address this through the contractual arrangements and facilitate transport in future auctions.

2 Complexity of compliance requirements

Overall, the auction process took [two years](#) to conclude and required compliance with extensive sustainability criteria. This included meeting the EU's green hydrogen definitions, protection of arid regions, sustainable land use, and more.

3 Market uncertainty with little precedence

Given the nascency of this market, there are still uncertainties of the demand, supply and pricing that could hinder potential bidders. As such, H2Global has focused on providing transparency and information from its bids as price signals to the market. This means future bidders/industry players can rely on this information to make business decisions.

4 Difficulty securing e-SAF bids

H2Global's auction allocated funding to separate auctions for ammonia, methanol and e-SAF. The pilot e-SAF auction [did not result in final offers from bidders](#), which has been attributed to two factors:

- **Regulatory uncertainty:** ambiguity and nuances regarding whether/how the imported e-SAF would count towards the targets set under the EU's hydrogen goals
- **Contract value:** given the high cost and project development timescales for e-SAF production.