

*Brussels, 18 June 2021*

Cerame-Unie reply to the Open Public Consultation on the Hydrogen and Gas Market Decarbonisation Package

This reply is submitted on behalf of Cerame-Unie, the Association of the European Ceramic Industry. Our membership is drawn from the national ceramics associations and companies across Europe with whom we work to provide solutions to challenges affecting the industry in Europe and globally. Due to the high energy intensity of industry, our members have a particularly strong interest in EU energy regulation.

Currently, the production of ceramics in Europe relies on natural gas as the main energy carrier (80% gas, 20% electricity). Our sector is committed to decarbonise significantly and reach net zero emissions by 2050, in line with the goals under the EU Green Deal. In order to achieve this ambitious goal, we believe that green hydrogen (hydrogen generated with renewable electricity) can play a major role. However, the extent to which hydrogen can in fact become a substitute of natural gas for our producers depends on two main preconditions which are not in the hand of our industry.

Firstly, **green hydrogen needs to be available at prices that allow our members companies to compete** with international competitors who continue to produce with conventional fuels. Otherwise, the risk of carbon leakage will further increase and jeopardise the profitability of the EU ceramic industry and put at risk the 200.000 jobs directly dependent on it. It must be considered that the availability of green hydrogen does not only depend on the production of the gas but also on the timely built-up of the distribution infrastructure. In addition, it is crucial that the manufacturing industry will receive sufficient green hydrogen as energy carrier and thus, politics must provide the necessary legislative framework, infrastructure as well as the required quantities.

Secondly, the ceramic industry requires a **constant and pre-defined quality of gas within a certain range and only little fluctuations** in the composition of molecules. Today, this reliability is guaranteed by a high level of CH<sub>4</sub> methane in the grid. If hydrogen were to be added into the existing natural gas grid, it is of utmost importance for our producers that a constant ratio of hydrogen to methane is assured. This is because kilns need to be fine-tuned to changes in the composition of the gas mix. Fluctuations in the gas mix do not only reduce energy efficiency but can severely affect the quality of the final product due to related changes in the firing temperature.

In order to facilitate the access to the market for low-carbon technologies, the **revision of the Gas Directive (2009/73/EC) and Gas Regulation ((EC) No 715/2009)** should be oriented to the creation of a single European market of gas, including existing options such as natural gas. In particular, it is necessary to overcome long-term capacity contracts and entry-exit tariffs between the various Member States, which represent a barrier to the creation of a genuine and effective single European energy market, including hydrogen.