

Green hydrogen policy and way ahead

Experts say, policy push will cut generation cost down to viable levels, but incentives for manufacturing of electrolyser and blending norms will be key to promote commercial use



Published: 27th February 2022 08:32 AM | Last Updated: 27th February 2022 08:32 AM

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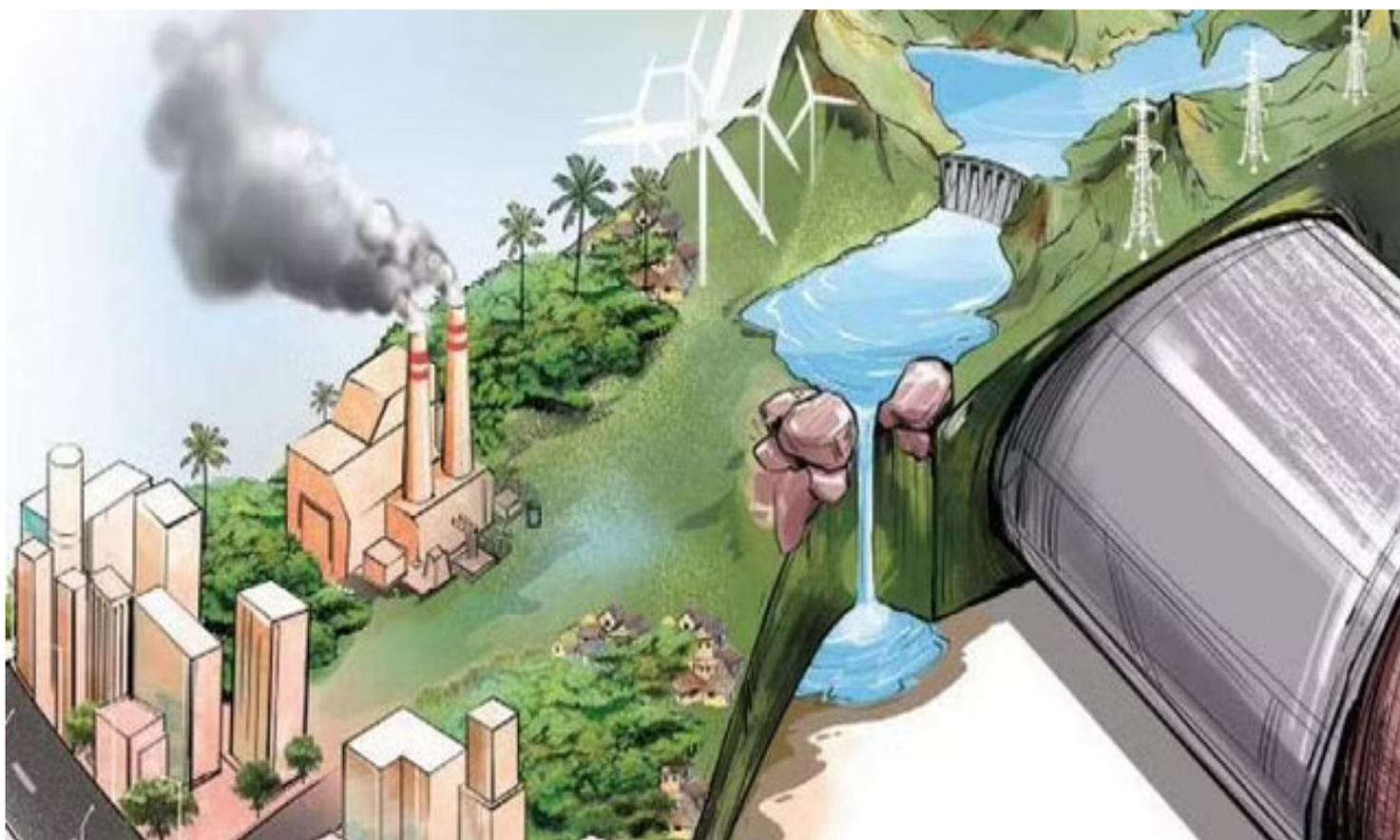


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By Rakesh Kumar

Express News Service

NEW DELHI: Prime Minister Narendra Modi, in his Independence Day speech last year, aggressively pitched for green energy and announced the National Hydrogen Mission. The aim of the mission is to help the country achieve its target of producing 5 million tonnes of “green hydrogen” by 2030 and the related development of

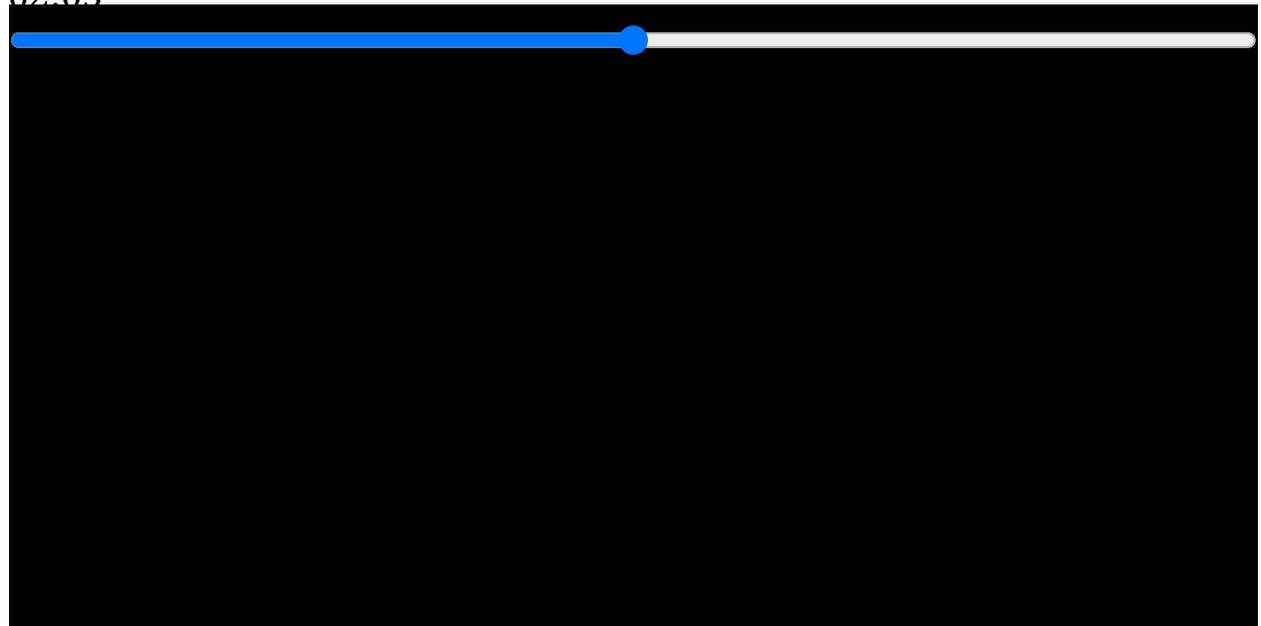
renewable energy capacity. This led to hectic efforts to achieve the target. Subsequently, the Union power ministry introduced the green hydrogen and ammonia policy on February 17, 2022.

Hydrogen and ammonia are considered future fuels and ideal substances to replace fossil fuels. Since the production of these fuels is highly energy consuming, using power from renewable energy to produce green hydrogen and green ammonia is one of the major requirements towards environmentally sustainable energy security of the nation. The government, therefore, is taking various measures to facilitate the transition from fossil fuel to green hydrogen / green ammonia.

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What does the policy say?

The green hydrogen and ammonia policy notified by the government has a lot to do with promoting renewable energy in the country. As per the policy, the green hydrogen/ammonia manufacturers may purchase renewable power from the power exchange or set up renewable energy capacity themselves or through any other developer, anywhere.

Also, the policy grants open access to procure electricity within 15 days of application. The manufacturer can bank his renewable power for 30 days with distribution companies and take it back when required. “The policy promotes renewable energy (RE) generation as RE will be the basic ingredient in making green hydrogen. This, in turn, will help in meeting the international commitments for clean energy,” said the power ministry.

Distribution licences can procure and supply renewable energy to the manufacturers of green hydrogen / green ammonia in their states at concessional prices, which will only include the cost of procurement, wheeling charges and a small margin as determined by the state commission.

The government, in its policy, also mentioned that the manufacturers of green hydrogen/ammonia and the renewable energy plant shall be given connectivity to the grid on a priority basis to avoid any procedural delays. It will waive inter-state transmission charges for 25 years to manufacturers of green hydrogen and green ammonia for the projects commissioned before June 30, 2025.

The benefit of Renewable Purchase Obligation (RPO) will be granted incentive to the hydrogen/ammonia manufacturer and the distribution licensee for consumption of renewable power. The government has set up a single portal for carrying out all the activities. Connectivity, at the generation end and the green hydrogen / green ammonia manufacturing end, to the ISTS for renewable energy capacity set up for the purpose of manufacturing green hydrogen / green ammonia shall be granted on priority.

Last but not least, the manufacturers of green hydrogen / green ammonia shall be allowed to set up bunkers near ports for storage of green ammonia for export/use by shipping. The land for the storage for this purpose shall be provided by the respective port authorities at a fee.

Views from experts

According to energy experts, the National Hydrogen Mission is a clear commitment from the government of India towards a greener future for our generations to come. They are hopeful that India will achieve its target of 500 GW of renewable energy by 2030.

“Specific policy push through it to bring generation cost down to viable levels will make hydrogen competitive and scalable. This will make it attractive for use not just in commercial and industrial areas, but potentially also in the critical transportation sector across the country within the next few years as fuel cell technology matures further, especially for trucks, which account for more than 40% of total transportation fuels consumed today,” said Gaurav Moda, India Energy Leader, EY.

Hemant Mallya, Senior Programme Lead, Council on Energy, Environment and Water (CEEW), said the policy will benefit all states, where renewable energy has to be wheeled in from other states. “CEEW analysis indicates that the cost of green hydrogen production could drop by 17% in a state such as Uttar Pradesh (UP) due to the waiving of the central transmission charges when the power is wheeled in from outside the state. This policy will benefit all states where renewable energy has to be wheeled in from other states,” said Mallya.

Manoj K Upadhyay, Founder and Chairman of ACME Group, opined that the policy is the first concrete step in the direction of creating a favourable regulatory and enabling environment for the green hydrogen and ammonia sector in India. He believes that with this policy, the government has tried to address some of the key demands of the industry in terms of open access, grid banking and faster approvals for green hydrogen and ammonia projects. “We specifically welcome the provisions to set up bunkers near ports for the export of green ammonia,” said Upadhyay.

Despite the initial euphoria, some experts remain wary. “The policy on waiver of inter-state transmission charges was only an enabling policy, not the main Hydrogen Mission Policy that is expected to be released in the coming weeks, says Hemant Mallya of CEEW. India has publicly stated that there will be two key aspects to the mission document — a production linked incentive (PLI) scheme for electrolyser manufacturing and blending norms for green hydrogen — both of which, Mallya says, is missing from the current policy.

Policy in a nutshell

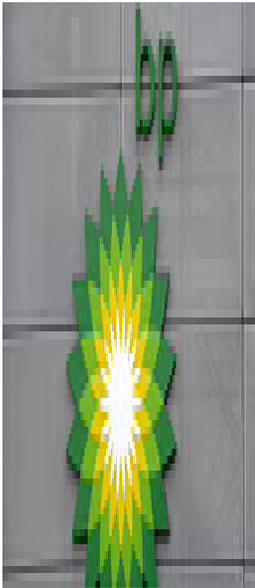
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