

HYDROGEN COST TO FALL SHARPLY AND SOONER THAN EXPECTED

📅 January 20, 2020 📰 News, Press Releases

Up to 50% cost reduction appears achievable within this decade as scale up accelerates

Brussels, 20 January 2020 – A new [report](#) published today by the Hydrogen Council, Path to Hydrogen Competitiveness: A Cost Perspective, shows that the cost of hydrogen solutions will fall sharply within the next decade, sooner than previously expected. As scale up of hydrogen production, distribution, as well as of equipment and component manufacturing continues, cost is projected to decrease by up to 50% by 2030 for a wide range of applications, making hydrogen competitive with other low-carbon alternatives and, in some cases, even conventional options.

The study is based on real industry data, with 25,000 data points gathered and analysed from 30 companies using a rigorous methodology. The data was collected and analytical support provided by McKinsey & Company and represents the entire hydrogen value chain across four key geographies (US, Europe, Japan/Korea, and China). It was also reviewed by an independent advisory group comprised of recognised hydrogen and energy transition experts.

transportation, industrial heating, and heavy industry feedstock, which together comprise roughly 15% of global energy consumption, the hydrogen route appears the decarbonisation option of choice – a material opportunity. According to the report, this cost trajectory can be attributed mainly to scale-up that positively impacts the three main cost drivers:

1. Strong fall in the cost of producing low carbon and renewable hydrogen;
2. Lower distribution and refueling costs thanks to higher load utilisation and scale effect on infrastructure utilisation; and
3. Dramatic drop in the cost of components for end-use equipment under scaling up of manufacturing.

To deliver on this opportunity, supporting policies will be required in key geographies, together with investment support of around \$70 billion in the lead up to 2030 in order to scale up and achieve hydrogen competitiveness. While this figure is sizable, it accounts for less than 5% of annual global spending on energy. For comparison, support provided to renewables in Germany totalled roughly \$30 billion in 2019.

“2020 marks the beginning of a new era for energy: as the potential for hydrogen to become part of our global energy system becomes a reality, we can expect fewer emissions and improved security and flexibility. This announces the decade of hydrogen,” said Benoît Potier, Chairman and CEO of Air Liquide and Co-chair of the Hydrogen Council. “A clean energy future with hydrogen is closer than we think, because the industry has been working hard on addressing key technology challenges. This report shows the path forward to scale-up to fully achieve hydrogen competitiveness and deliver the decarbonisation we urgently need.”

“The Hydrogen Council believes that the report’s findings will not only increase public awareness about the potential of hydrogen to power everyday lives, but also debunk the

reach our global climate goals by mid-century and reap the benefits of hydrogen, now is the time to act.”

“Based on real cost data from the industry, the analysis shows that a number of hydrogen solutions can become competitive until 2030 already.” says Bernd Heid, Senior Partner at McKinsey & Company. “Out of 35 use cases analysed, at-scale hydrogen can be the lowest cost low-carbon solution in 22 use cases – such as in the steel industry and heating for existing buildings. And it can beat fossil-based solutions at scale in 9 use cases – for example in heavy-duty transport and trains.”

Today’s report was launched in the presence of more than 80 CEOs and other senior executives at the Hydrogen Council’s annual meeting, which this year takes place alongside the President of France, Emmanuel Macron’s Choose France! Summit and the World Economic Forum in Davos. The CEO event brought these industry leaders together to reiterate their commitment to hydrogen and set the path for scale up of hydrogen in the coming years.

You can read the full report [here](#).

About the Hydrogen Council: The Hydrogen Council is a CEO-led organisation that uses its global reach to promote collaboration between governments, industry and investors, and to provide guidance on accelerating the deployment of hydrogen solutions around the world. The Council acts as a business marketplace, building a comprehensive hydrogen economy and shifting the perception of hydrogen globally. In addition, the Hydrogen Council serves as a resource for safety standards and an interlocutor for the investment community, while identifying opportunities for regulatory advocacy in key geographies. The coalition of 81 members including large multinationals, innovative SMEs and investors collectively represents total revenues of over €18.7 trillion and close to 6 million jobs around the world.

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