

Business Standard

First Green Hydrogen Policy offers sops to makers and users both

Manufacturing zones to be set up for green hydrogen/ammonia



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The government on Thursday launched the country's first green hydrogen policy as part of its energy transition plan. The objective is to reduce fossil fuel usage and increase penetration of green fuels. The policy follows Prime Minister Narendra Modi's announcement about a National Hydrogen Mission last Independence Day.

The new policy provides several incentives for manufacturers, consumers of green hydrogen and green ammonia.

It's a welcome development for the industry, including big businesses such as Reliance Industries (RIL) and Adani Enterprises. Existing renewable energy generation companies such as ACME group and ReNew Power would also be able to utilise their existing green energy capacity to manufacture green fuels. [Read more](#)

RIL recently announced setting up a facility to produce green hydrogen. Adani Enterprises announced a new company--Adani Petrochemicals--to venture into green fuels.

The power ministry, which launched the policy, has proposed to set up manufacturing zones for production of green hydrogen and ammonia. It has also said these manufacturers "shall be allowed to set up bunkers near ports for storage of green ammonia for export / use by shipping." Land for storage will be provided by port authorities at applicable charges.

To make the price of these new age fuels competitive, the policy document has proposed that the ministry of new and renewable energy (MNRE) will issue tenders, based on the 'demand aggregator' model. [Read here](#)

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Green hydrogen/ammonia is produced using renewable energy and electrolysis to split water. The Centre has also included hydrogen/ammonia produced from biomass as part of the policy.

For procuring renewable energy, green hydrogen and ammonia manufacturers have been given several doles under the policy. These manufacturers may purchase renewable power from the power exchange or set up renewable energy capacity themselves or through any other developer, anywhere, it said. Open access will be granted within 15 days of receipt of application.

To further reduce the cost of green fuels, inter-state transmission charges for a period of 25 years have been waived off for manufacturers. They will also be given connectivity to the grid on priority basis.

The benefit of Renewable Purchase Obligation (RPO) will be granted to the hydrogen/ammonia manufacturer and the distribution licensee for consumption of renewable power.

ACME Group, which recently announced setting up green hydrogen facility in Bikaner (Rajasthan) and also in Oman, was among the first to comment on the policy. It said the government had addressed some of the key industry demands 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 export of green ammonia," said Manoj K Upadhyay, founder and chairman, ACME Group. It will be important to build upon the first phase, he said, adding that the government must subsequently come up with policy measures for initial demand creation through mandatory green hydrogen and ammonia purchase obligations.

ReNew Power, which recently joined hands with L&T to set up green hydrogen facilities, said more clarity was needed on application of cross-subsidy surcharge and additional cross-subsidy surcharge since the policy allowed production at different locations by different parties.

Mayank Bansal, Chief Commercial Officer, ReNew Power, said, "Currently, manufacturing green hydrogen is a costly proposition. The government has correctly waived off ISTS (inter-state transmission charges) for a period of 25 years, which will help bring down the cost of green hydrogen. Further, the decision to include biomass as a fuel for generation of green hydrogen is a step in the right direction."