

Press release

HCOB white paper: Green hydrogen – Is tomorrow's energy source bankable?

- Europe's growing demand requires a clear framework for financing
- Green hydrogen could be a solution for industries where decarbonization is difficult

HAMBURG – In its recently published white paper, Hamburg Commercial Bank (HCOB) explores “Green Hydrogen: Is tomorrow's energy source bankable?” and considers the prospects for green hydrogen and the conditions that need to be met to make hydrogen projects bankable. “Green hydrogen will play an important role in the transition to a low-carbon economy. It provides CO₂-neutral energy and is particularly attractive for industries that have high energy requirements and are difficult to decarbonize,” says Hans Lötzer, Head of Project Finance Analysis at HCOB and co-author of the white paper.

The European Union (EU) has set itself the target of producing ten million tons of renewable hydrogen by 2030, as well as importing the same amount. According to the latest data from the International Energy Agency (IEA), the EU is currently lagging far behind in achieving its energy targets. There are also bottlenecks in the green hydrogen value chain. “Uncertainties such as access to large amounts of renewable energy for green hydrogen production, as well as offtake and transportation are slowing down investment in green hydrogen projects,” explains Hans Lötzer.

The biggest challenges are scaling up of production capacity and improving cost efficiency. Green hydrogen is currently more expensive than gray hydrogen, which is produced from natural gas. The costs for the required renewable energy feedstock and electrolyzers for producing green hydrogen are high, which affects its competitiveness compared to hydrogen produced from fossil fuels. For this reason, the expansion of the hydrogen sector – like many other climate-friendly technologies – is supported and promoted by public programs.

“If green hydrogen is to make a significant contribution to the decarbonization of industry, it must be produced cost-effectively and in large quantities,” says Marco Schweer, Executive Director Project Finance at HCOB and co-author of the white paper. “This goal requires enormous investments from both the public and private sectors. To overcome these challenges, investors need a clear regulatory framework and long-term purchase agreements with users and feedstock suppliers. These contracts are crucial to minimize investment and financing risks and ensure sustainable demand.”

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Green hydrogen could primarily be a solution for sectors where decarbonization is difficult and electrification is not possible. However, these sectors will need to invest in adapting their processes to integrate green hydrogen into their production mix. "As green hydrogen infrastructure and storage are still under development, the focus in the near future will be on the local production and use of green hydrogen," says Hans Lötzer. "The metal industry, the chemical industry and refineries are likely to be among the main consumers initially." The necessary infrastructure, such as pipelines and storage facilities, is to be created in Europe by 2030, which should accelerate the expansion of green hydrogen production.

You can download the HCOB white paper "Green hydrogen: Is tomorrow's energy source bankable?" here: <https://www.hcob-bank.com/en/green-hydrogen/>

About Hamburg Commercial Bank:

Hamburg Commercial Bank AG (HCOB) is a private commercial bank headquartered in Hamburg, Germany, that provides customized financing solutions for German and international companies. HCOB has a strong position in structured real estate and project finance and is a reliable financing partner for the global shipping and aviation sector. Efficient and secure payment transaction services as well as innovative products for foreign trade complete the range of services. The bank is guided by established ESG criteria and operates from several locations in Germany as well as in Amsterdam, London, Luxembourg and Piraeus. For more information, please visit www.hcob-bank.com.