

PORTUGAL ANNOUNCES AN H2 AUCTION FOR 2021

According to the Portuguese Government, the guidelines for the first Hydrogen Auction will be known in the first week of April.

This auction will be addressed to large consumers and energy suppliers.

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The Portuguese Energy Secretary of State announced that the Portuguese Government will publish the general guidelines for a Portuguese Hydrogen Auction in the first week of April. This will be followed by a set of public sessions for promoters.

This auction is the second initiative to develop the H2 technology in Portugal after the kick-off of the Green Flamingo project, a large production unit to be built in Sines, as part of the [Portuguese Hydrogen National Plan](#).

Consumers and not producers, as originally planned, will be participating in this auction. It is expected to capture the interest of large consumers, mainly industrials or/and consumers applying for self-consumption programs.

The guidelines projected for April will be key to understand this mechanism: the auctioned amounts, the auction date and eventual financial prerequisites are not yet known.

The auction will be based on Carbon Contract for Differences (commonly known as “CfDs”), the participants bidding amongst themselves to buy a certain amount of hydrogen.

The difference between the awarded bid (strike price) and the carbon price will be paid through public funds. The Portuguese Government anticipates that, over the years, the carbon price drops and such payments will cease to exist.

There will also be a special channel for the energy suppliers to participate in the auction. In this case, the hydrogen bought will not be used for self-consumption but sold in the market instead.

This announcement promises to bring back the promoters’ enthusiasm and create new expectations for 2021 in the renewables market.

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