

Overview of hydrogen regulations

February 2024



Portugal

Introduction

Portugal has been able to establish ambitious green hydrogen production goals due to its domestic resources, its high level of renewable-source electricity production capacity and the energy transition objectives it has assumed.

The National Hydrogen Strategy was approved in 2020 with the objective of establishing the conditions for creating a hydrogen economy in Portugal and defining the attainment of the following goals by 2030:

- 10% to 15% of natural gas networks being injected with green hydrogen;
- 2% to 5% of green hydrogen energy consumption by industry;
- 1% to 5% of roadway transport being powered by green hydrogen;
- 3% to 5% of domestic maritime transport consuming energy from green hydrogen;
- 1.5% to 2% of final consumers using green hydrogen;
- between 2 GW and 2.5 GW of installed capacity in electrolyzers; and
- 50 to 100 hydrogen supply stations.

More recently, in July 2023, the Portuguese Government presented a proposal to the European Commission to revise the National Energy and Climate Plan 2030, calling for an increase in the installed capacity of electrolyzers in 2030 to 5.5 GW.



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Consumption and incentives

Through Ordinance 15/2023 of January 4, Portugal established a centralized purchasing system for biomethane and green hydrogen produced using electrolysis. A tender for a purchase is expected to be issued at the end of 2023 or the start of 2024. In this tender, producers may present bids for sales, the base amount of which is €62/MWh for biomethane and €127/MWh for renewable hydrogen.

The Portuguese Government approved support consisting of two subsidy proposals (non-refundable) to develop renewable gas production projects for a total value of €102 million and €83 million, respectively.

Guarantee of origin

On July 13, 2023, an interpretive memorandum was published by the Directorate-General for Energy and Geology (DGEG) regarding the procedure to be implemented with respect to an industrial license for the production of hydrogen, particularly as regards the criteria to be applied in accordance with European regulations to determine the renewable origin of production.

Legislative framework

Main regulations governing the licensing and development of renewable gas projects:

- > Legal regime for the organization and operation of the national gas system (Decree-Law 62/2020 of August 28), which provides for the regulation of the production of renewable gases and low-carbon gases.
- > Responsible Industry System (Decree-Law 169/2012 of August 1), which establishes industrial licensing procedures.
- > Environmental legislation:
 - o Environmental impact assessment regime (Decree-Law 151-B/2013 of October 31).
 - o Regime for the prevention of serious accidents involving hazardous substances (Decree-Law 150/2015 of August 5), which imposes communication obligations and location compatibility assessments, if necessary.
 - o Regime for integral pollution prevention and control measures (Decree-Law 127/2013 of August 30), which imposes environmental licensing requirements.
 - o Regime for atmospheric emissions (Decree-Law 39/2018 of June 11).
 - o European Union Emissions Trading System (Decree-

Law 12/2020 of April 6).

- > Use of water resources (Law 58/2009 of September 29 and Decree-Law 226-A/2007 of May 31), imposing licensing requirements for the capture and discharge of water, which is necessary for the industrial production of renewable gases.
- > Zoning and development regime (Decree-Law 555/99 of December 16), which establishes the rules for obtaining zoning licenses.

Notably, Portugal also revised its environmental licensing regime in 2023 with the objective of simplifying and reducing bureaucracy during the process. This means that green hydrogen projects are exempt from mandatory environmental assessments.



