Ready, Set, Bid: The Race for the Second H2Global Auction has Started

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The second H2Global auction has officially entered its initial phase.

The draft contract documents have been released, including the auction framework, the Hydrogen Purchase Agreement (HPA), and the Price and Quantity Sheet (see here), inviting bidders to review and provide feedback.

With hydrogen set to play a critical role in Europe's energy transition, this auction represents a pivotal opportunity for market participants to secure their position in the evolving hydrogen economy. This phase presents a crucial opportunity for stakeholders to engage early, refine their strategies, and shape the final terms of the auction.

First H2Global Auction: Setting the Benchmark for Renewable Hydrogen

The first H2Global auction played a crucial role in establishing a price benchmark for renewable ammonia and enhancing market transparency. An awarded project, based in Egypt, involved a large-scale hydrogen and ammonia production facility in Ein El Sukhna, developed by Fertiglobe in partnership with Scatec, Orascom Construction, and The Sovereign Fund of Egypt. The winning bid was a total price of EUR 1,000 per ton of green ammonia, with a total contract of EUR 397 million.

Second H2Global Auction: New Structure ahead

The second H2Global auction introduces a revised structure designed to foster competition and enhance supply chain flexibility. It includes **four regional product-open lots** and one global vector-open lot, offering bidders greater flexibility in hydrogen transportation. The minimum available budget is €484 million for regional lots and €567 million for the global lot with a total budget of €2.5 billion.

Additionally, for the first time, the auction includes a jointly funded lot by the governments of Germany and the Netherlands, reinforcing cross-border collaboration in advancing hydrogen deployment.

Eligibility Requirements

To ensure credibility and financial robustness, participation is restricted to bidders meeting strict technical and financial criteria. Companies must be registered in the commercial register, with no grounds for exclusion such as insolvency or criminal activity. A

strong financial standing is required, with a good credit rating or a minimum equity ratio of 20%. Alternatively, the bidder can present a completion bond.

On the technical side, projects must have a minimum electrolysis capacity of 5 MW and commit to the first delivery to start no later than five years of the contract award.

Sustainability remains at the core of the auction, aligning with the EU's Renewable Fuels of Non-Biological Origin (RFNBO) criteria outlined in Delegated Regulation (EU) 2023/1184 and 2023/1185. To comply with EU climate targets, RFNBO production must achieve at least 73% greenhouse gas savings at delivery points in Germany or the Netherlands. Projects are also required to conduct an Environmental and Social Impact Assessment (EIA/SIA) in accordance with IFC/World Bank standards, ensuring responsible project development. In addition, compliance with international labor standards, local value creation policies, and sustainable land and water use requirements is mandatory.

Auction Flexibility and Competitive Structure

Another key feature of the second auction is the flexibility it offers bidders. Product-open regional lots allow the supply of hydrogen, ammonia, or methanol, while the vector-open global lot focuses on hydrogen but permits a range of transport methods, including LOHC and ammonia, provided the hydrogen is extracted before delivery.

Auction Process and Phases

- Application Phase

  Bidders must submit a formal request to participate, demonstrating compliance with eligibility requirements. This includes proof of financial capability, project details, and declarations regarding state aid rules and final investment decisions.

- Negotiation Phase

  Bidders can discuss technical contract terms that impact commercial viability and pricing. Any justified modifications to the contract documents will be considered, and upon conclusion, a final set of contractual documents will be published for each lot.

- Bidding Phase

  Bidders must submit binding offers detailing fixed annual prices (EUR per MWh) and guaranteed supply volumes. Additionally, an optional maximum yearly volume may be proposed, which Hintco might purchase depending on additional funding availability. The final deadline for bid submission is expected to be March 2026, with at least eight weeks of preparation time from the release of final procurement documents.

- Evaluation and Award Process

  Proposals will be ranked based on two primary factors: 90% of the score is assigned to the volume-weighted average contract price, while 10% is based on the committed additional supply. To prevent speculative bidding, successful bidders must pass an excess return check before finalizing the award. Once confirmed, Hintco will enter into a Hydrogen Purchase Agreement (HPA) with the winning bidders for a contract duration of up to 10 years.

Key takeaways

The second H2Global auction marks a significant step toward scaling renewable hydrogen production and securing long-term supply contracts within the European hydrogen market. Over the next ten weeks, updated contract documents will be released, providing further clarity on the auction's framework.

As such, this is the time for early formation of consortia, detailed cost assessments, and close coordination with relevant stakeholders to optimize participation.

As this auction unfolds, its success will depend not only on competitive pricing but also on the ability of bidders to align with regulatory, financial, and sustainability requirements.

BLOMSTEIN will provide further legal advice for companies interested in the second auction.

BLOMSTEIN is a law firm specialized, *inter alia*, in public procurement law and ESG, and has dealt with hydrogen projects, including H2Global auctions. If you are interested in the development of (green) hydrogen or need legal assistance, you can rely on our outstanding expertise. Please feel free to reach out to Roland M. Stein, Florian Wolf, Bruno Galvão and Ramona Ader.

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