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Don’t look back… run looking forward

Angus Leslie Melville

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As the year grinds to a frenetic, deal-closing end and minds turn to the holiday season, one can’t help but look back at 2024 and shudder at some momentous shifts in the market – and it ain’t even over yet.

What a year it’s been… and that’s without plumbing the depths of the disastrous Thames Water, caused by the unholy convergence of a weak regulator and greedy investors who geared up the equity.

And then there’s Northvolt which featured in these columns in October – shortly before filing for Chapter 11 the very next month – which, as one source said “shows how hard it is for European companies to compete head-on with Chinese and Asian tech manufacturers”.

Just look back (through your fingers) at the last 11-and-a-bit months as the bubble burst on hydrogen… which was inevitable. Hydrogen makes an awful lot of sense in so many cases, but absolutely none in so many more.

Take a moment to peruse Shell’s website to see how this energy major has changed its tune. The last “positive” press release it has on the subject dates from July when it was announcing plans to build a 100MW electrolyser in Germany. Since then, it’s all gone a bit quiet.

That pretty much says it all. From a steady flow of announcements to blissful silence.

For all that, IJ’s daily news is littered with stories on hydrogen – coz you gotta track ’em – and the last 2 days alone have seen a fitful number published.

Earlier today, we wrote about the Danish government granting environmental approval to Copenhagen Infrastructure Partners and Uniper for a 1GW electrolyser near the Port of Esbjerg. This one makes sense as it has a plan in place for the hydrogen produced.

However, it may struggle given yesterday’s news from the Danish Energy Agency that its first 3GW phase of offshore wind had pulled in zero interest from developers.

Again from Friday’s news, a Macquarie-led consortium – Verbundnetz Gas Agbo and its subsidiary VNG Handel & Vertrieb alongside HyCC (a JV of Green Investment Group and Nobian) – said it was going to build a 500MW electrolyser near Leipzig. Hopefully, alles ist gut that ends gut.

On the regulatory front, we reported yesterday that the European Commission had launched 3 initiatives to improve energy transition and support net-zero technologies. A €3.4 billion ($3.57bn) technology package included €2.4 billion to support (among other technologies) hydrogen. But the EC went all-in with €1.2 billion earmarked for the second round of the European hydrogen bank auction (HBA). Better keep that purse open.

At the other end of the planet, in Australia, Japanese oil company Eneos Holdings plans to invest up to A$200 million ($130m) in a green hydrogen demonstration project in Queensland. Work starts next year, but it's rather humble with daily production levels of 680kg of green hydrogen.

That's just the last 2 days. And there are plenty more stories that feature hydrogen, but are a bit more peripheral. So, for all the disasters out there – and there have been a few – there's still a lot of "positive news" to keep the (burst-in-many-places) bubble inflated.

Beyond hydrogen…

Let's move a step away from funky hydrogen and take a look at (the even funkier) carbon capture and sequestration… should that be storage… or does it matter?

Now, CCS / CCUS is a really exciting development, particularly for the UK which is leading the field, hoping to build that all-important legacy to dominate other markets.

It's kinda like hydrogen, though. And this is where I end up getting angry emails. I get it. I see how it works. I understand the imperative… I just don't get how the financing stacks up.

The UK government was pushing for the £4 billion Northern Endurance Partnership CO2 pipeline to reach financial close this week… and unless my sources come through in the next couple of hours (which would be embarrassing), it looks like that's not about to happen. The East CO2ast Cluster – including Teesside and the Humber areas – will capture and store around 23 mt of CO2 by 2035, bottling it under the North Sea.

This is going to be followed (next year) by the £4 billion HyNet CCS Cluster in the north west of England which includes a pipeline to transport captured CO2 to abate industrial emitters in Merseyside and north Wales. The CO2 will be stored in Eni UK's depleted Hamilton, Hamilton North and Lennox fields in the Irish Sea.

Ambitious. Interesting. Challenging. But reliant on a lot of moving parts, especially HyNet which is still a long way from having a complete suite of emitters to offtake. It's going to take a lot more than enfinium to make it worthwhile!

Everyone's confident that these mega projects will be "shoehorned" into working and incentivised to succeed… but the numbers just don't stack up right now.

There are other CCS projects in the system across the UK, and today there's news (came in while writing this) that Viking CCS Pipeline is now in front of the Secretary of State for approval with a decision to be made by 5 March.

But it's all a bit higgledy-piggledy and when you go for a mashup, you get the Engie / Carmeuse CCUS and hydrogen project in Wallonia, southern Belgium, to produce synthetic methane using green hydrogen.

Yeah – they pulled the plug on that one.

All about energy, but…

Energy security remains priority for all nations and achieving Net Zero is at the forefront of all minds. But is it? We hardly heard a peep out of COP29 which in the last few years has dominated news in November.

Enthusiasm seems to be cooling (unlike the climate) on the radical environmental front which is worrying as it coincides with he emergence of "greenhushing", particularly in the US where ESG has disappeared off many agendas.

We are hearing that a lot of the people who were hired in to lead on the ESG front across the US are being offered cardboard boxes… which won't take long to fill as they only just got there.

Beyond that, the bubble has burst on EV charging as electric vehicle sales plummet, putting pressure on all the gigafactories that muscled their way into infrastructure and were celebrated with more IJ awards than I care to mention.

This is exemplified by Automotive Cells Company (ACC) – a JV between Stellantis Mercedes-Benz and TotalEnergies – hitting the pause button earlier this year on gigafactories in Italy and Germany, respectively in Termoli and Kaiserslautern.

On the more established front, Sweden rejected planning applications for 13 out of 14 offshore wind projects in the Baltic Sea due to "unacceptable consequences for Sweden's military defence". You can blame the Russians for that.

And while you're at it, who do you think hacked through the 2 fibre optic cables under the Baltic Sea? I do wonder… but there's another blocker to energy transition projects for you.

From the developer perspective, it's their market. They can pick and choose where they want to build offshore wind. And you can bet your bottom dollar it won't be in places that are easy for a rogue state to impact them.

There's just so much to be done and so many more pinch points than there used to be.

Oh, for the love of Mike, bring on 2025 and a simpler world… please.