

S&P Global Platts Launches World's First Hydrogen Price Assessments

New Assessments Add Transparency to Opaque Market

LONDON, Dec. 18, 2019 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced it has published a first-to-market suite of hydrogen price assessments.

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Hydrogen is the most abundant element in the known universe and is already used in industrial processes across the world, largely for oil refining and ammonia production. However, hydrogen is increasingly attracting interest from investors, policymakers and energy market participants as a potential new clean fuel for transportation and a lower-carbon substitute for natural gas in industrial processes, materials production, power generation, as well as for commercial and residential use.

Current global demand for hydrogen is roughly 70 million metric tons per year, according to the International Energy Agency (IEA). Moreover, S&P Global Platts Analytics estimates that achieving a 10% blend in natural gas pipelines would add demand for 60 million metric tons per year and a 20%-penetration of the commercial trucking fleet (utilizing fuel cells) could bring another 60 million metric tons per year of demand.

Simon Thorne, global director of generating fuels of S&P Global Platts, said:"The current market for hydrogen is relatively opaque but full of potential. We recognize the importance that hydrogen will play in a clean energy future, and the transformative role the fuel will play in global energy markets. In the interest of providing the transparency that is so critical to market development, the new S&P Global Platts hydrogen price assessments will provide an independent, impartial evaluation of hydrogen as a fuel."

The new suite of S&P Global Platts hydrogen price assessments reflect the value of hydrogen produced at hubs in the US and Europe that are significant regions of consumption: US Gulf Coast, California and the Netherlands. Given the importance of hydrogen within the fast-paced world of energy transition, S&P Global Platts is already considering additional price assessments in other geographies, including Asia.

The daily price assessments, published in US dollars and Euros per kilogram (\$/kg and euro/kg), respectively, reflect the production cost of hydrogen based on two different production pathways – the predominant Steam Methane Reforming (SMR) approach, as well as the growing Proton Exchange Membrane (PEM) Electrolysis production. Each hub will show the value of hydrogen as produced with the respective variable feedstock costs of electricity and natural gas, using existing S&P Global Platts electricity and natural gas price assessments. Platts is also publishing a second hydrogen price assessment at each hub that will add a fixed-assumption for capital expenditures. The California and Netherlands price assessments will also include costs to reflect the cost of the resulting emissions from the process – reflecting respective carbon allowances.

Roman Kramarchuk, head of energy scenarios, policy and technology, S&P Global Platts Analytics said:"De-carbonization is a key element of the energy transition. Addressing emissions from the industrial sector, long haul trucking, shipping, residential and commercial uses, along with the need for storage to achieve clean power goals, will prove particularly challenging – but is critical to meet global carbon-reduction targets. We estimate that a shift to zero-carbon hydrogen in existing applications, along with modest penetration in gas pipelines and trucks, can reduce global energy combustion CO2 emissions

by more than 7%."

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