



TRANSITION NEWS

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In the presence of James Positive, Equatoriana's Minister for Energy and Environment, Equatoriana RenPower (ERP) and Green Hydrogen yesterday signed an agreement for the construction of one of the most advanced green hydrogen plants with an original capacity of 100 MW, but the possibility to increase the output at a later time up to double the amount. According to Ms. Faraday, the Agreement has the potential to be a quantum leap in the production of green hydrogen ensuring Equatoriana's position as one of the leading nations in the production of green energy. The Agreement was the result of a controversial tender process which started in January 2023. With the publication of the Green Energy Strategy there has been, what critics have called, a "hydro-hype". The number of start-ups in the fields has multiplied as has the investment. Still there is, however, no production of green hydrogen on a large-scale basis, in particular not on the basis of PEM-electrolysis, used by Green Hydrogen. While it is generally acknowledged that PEM-electrolysis is conceptually more suitable for the use of an unsteady supply of energy resulting from renewables, its proponents have yet to prove the commercial viability of the technique. It is considerably more expensive than the traditional alkaline electrolysis and it has not yet been shown that the higher costs are compensated by the higher efficiency. Green Hydrogen's CEO Mr. Cavendish told journalists that he was happy to finally prove to critics that their concerns lacked any basis. In his view, Equatoriana RenPower was the perfect partner to show that the technique could not only be operated at small scale but also in large plants of 100 MW or more. With the strong government support and the advanced stage of planning, he considered the plan to have the plant operating from 2026 ambitious but realistic.

While for most other bidders the long lead times for transformers made the deadline unrealistic, Green Hydrogen had apparently guaranteed during the negotiations to have

a transformer of the correct size available from the beginning of 2024. It is very likely that this is the transformer which had originally been ordered from Volta Transformer for the abandoned project in Ruritania. Volta Transformer, a world market leader in the area of large transformers based in Equatoriana and belonging to the Volta family refused to comment on that.

Not everyone is convinced about the decision of ERP. The criticism is coming from different angles and circles. Some question whether energy production with green hydrogen is really efficient. Others questioned the decision to supplement the plant with production facilities for e-Ammonia. In their view facilities for the production of e-fuels would have been needed more urgently.

Informed circles report that a crucial element for awarding the project to Green Hydrogen was the amount of parts produced locally in Equatoriana. Apparently Green Hydrogen is in advanced talks with two local companies. They would supply of close to 50% of the parts and services needed to fulfill the contract in the likely event that ERP realizes the e-Ammonia option. It seems, that Green Hydrogen's primary expertise lies in the field of hydrogen production while it has to rely on outside know-how for the production of e-Ammonia.

It can be assumed that the Agreement had the political backing of Mr. Positive. Thus, the minister, as usual goes all in. It is unlikely that he would politically survive a failure of the project. After some controversial legislative projects and the massive campaign started by the opposition and parts of the ENP against his politics his support rates are at an all time low. That makes him the premier candidate for any government restructuring.

It remains to be seen whether the project develops into the great success predicted by its proponents or is actually the boondoggle foreseen by the critics.