

Event

Industrial Accelerator Act: will it be the signal for hydrogen demand to emerge?

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IAA in the context of EU climate change policy

The Industrial Accelerator Act (IAA)

- Is aligned with the objectives of the European Climate Law and the broader trajectory set by the European Green Deal and the Fit for 55 package as it and contributes to achieving climate neutrality by facilitating investments in the decarbonisation of energy-intensive industries and the deployment of net-zero technologies.
- Responds to the objectives outlined in the Clean Industrial Deal, the Competitiveness Compass for the EU, and the Joint Communication on Strengthening EU Economic Security, initiatives that recognise the urgency of safeguarding the EU's position as a global manufacturing hub and investment destination while ensuring that industrial competitiveness aligns with the decarbonisation pathway required to meet EU climate objectives.
- Implements key elements of the Automotive Action Plan such as the super-credits for small affordable electric vehicles produced in the EU before 2035 and sets up the framework for creating an EU lead market for low-carbon products.

IAA in the context of EU climate change policy

The Industrial Accelerator Act (IAA)

- Extends the Net Zero Industry Act (NZIA) streamlined permitting provisions to all energy-intensive industrial decarbonisation projects. At the same time, it introduces targeted “Made in EU” requirements for certain net-zero technology.
- While the EU Emissions Trading System (EU ETS) remains the EU’s primary tool for pricing carbon and driving emissions reductions, the IAA strengthens the policy framework by supporting the creation of lead markets for low-carbon industrial products. The proposal is also aligned with the Carbon Border Adjustment Mechanism (CBAM), ensuring that decarbonisation efforts within the EU are protected from carbon leakage.

Implications for hydrogen

- While hydrogen is recognized as ‘a crucial energy carrier in the transition’, the development of the renewable/low-carbon hydrogen market is not a primary objective of the IAA. However, strengthening the competitiveness of key sectors (energy-intensive, automotive, and net-zero technologies) can indirectly boost the green/low-carbon hydrogen market by creating demand.
- For example, the creation of a lead market for low-carbon steel can incentivize the adoption of DRI (Direct Reduced Iron) processes powered by renewable or low-carbon hydrogen. Such steel can be then used in a variety of applications with the automotive and construction sectors identified as ‘ideal’ for clean lead market implementation. ([Hydrogen Europe, pwc](#)).
- Low carbon steel quotas in public procurement for buildings, vehicles and infrastructure are set at 25%.
- ‘Made in Europe’ applies for key hydrogen technologies such as electrolysers and fuel cells vehicles.
- Hydrogen auctions will require electrolysers to be of EU origin, with stacks and one additional main component sourced from the EU after 1 year after the Regulation enters into force, rising to stacks and two additional components after 3 years.

Conclusions

- The large number of secondary legislation such as Delegated Acts envisaged under the IAA brings complexity and regulatory uncertainty.
- Direct benefits for hydrogen, its derivatives, fertilisers, and e-fuels are mainly limited to permitting.
- The creation of a lead market for low-carbon steel can incentivize the adoption of hydrogen-based technologies, therefore supporting the creation of a green/low-carbon hydrogen market.
- Clear labels for low carbon products based on GHG emission intensities are necessary for the creation of credible lead markets.
- The social and distributional impacts of decarbonisation policies must be carefully considered to ensure that final consumers are not disproportionately burdened with costs.
- The different definitions of “Trusted Partners” in procurement and auctions may complicate clean technology deployment in the EU.

Thank you!