



April 2024

Scheme guidelines for setting up hydrogen hubs in India under the National Green Hydrogen Mission

The Ministry of New and Renewable Energy (“MNRE”), *vide* letter dated March 15, 2024, has issued the ‘Scheme Guidelines for Setting Up Hydrogen Hubs in India under the National Green Hydrogen Mission’ (“**Scheme**”). This Scheme aims to identify and develop regions suitable for large-scale hydrogen production, establish integrated green hydrogen hubs, enhance cost-competitiveness in comparison to fossil-based alternatives, maximize domestic production with financial support, promote large-scale utilization and export, and improve the viability of green hydrogen assets across the value chain.

Salient Features

1. **Budget allocation:** A budget of INR 200,00,00,000 (Indian Rupees two hundred crore) until FY 2025-26 is allocated to the Scheme for core infrastructure development at hydrogen hubs. These funds will be utilized for various purposes including the establishment of storage and transportation facilities for green hydrogen, upgrading pipeline infrastructure, providing green hydrogen-powered vehicle refuelling facilities, deploying hydrogen compression and storage technologies, constructing water treatment facilities, developing bunkering facilities at ports, upgrading shipping infrastructure, installing power transmission infrastructure, land redevelopment, implementing energy storage solutions, setting up effluent treatment plants, and any other necessary infrastructure.
2. **Funding and disbursement:** The Scheme stipulates that disbursement of Central Financial Assistance, will be aligned with the milestones specified in the Call for Proposals.
3. **Completion of all projects:** All projects are required to be commissioned by March 31, 2026.
4. **Timelines and Penalty:** The Scheme guidelines stipulate that grants must be solely allocated for the designated project without diversion, with terms and conditions ensuring adherence to project completion guidelines and safeguarding government interests. Extension for project completion, up to 6 (six) months, may be granted without any penalty, on the basis of adequate justification, with the Steering Committee approval, while further extensions require MNRE’s approval with associated penalties. MNRE reserves the right to retract sanction or cancel projects in cases of unreasonable delays or non-compliance with scheme objectives, in consultation with the Steering Committee.
5. **Monitoring Framework:** The Scheme guidelines entail the establishment of a Steering Committee, chaired by the Secretary of MNRE, overseeing the Scheme’s overall monitoring and project evaluation. Comprising of members such as the Mission Director of the National Green Hydrogen Mission and other nominated individuals, the

Steering Committee is responsible for ensuring successful implementation of the Scheme, suggesting modifications, and resolving ambiguities. Additionally, a Project Appraisal Committee, chaired by the Mission Director of National Green Hydrogen Mission, is tasked with evaluating project proposals and recommending projects for funding. The Project Appraisal Committee monitors sanctioned projects quarterly for fund allocation based on project progress, with recommendations forwarded to MNRE for fund release. Furthermore, Scheme Implementing Agency (“SIA”) is required to devise a monitoring mechanism for tracking pilot project progress, and submit quarterly monitoring reports to MNRE.

Implementation Methodology

1. SIA, appointed by MNRE will invite ‘Call for Proposals’, where eligible agencies including central public sector undertakings, State- public sector undertaking, private sector entities, state corporations, and consortia will be invited to submit project proposals directly to the SIA.
2. Evaluation of proposals will be based on the following parameters:
 - a) Planned production capacity of hydrogen and its derivatives;
 - b) Technology, applications, and end-use; and
 - c) Financial commitment.
3. Evaluation of proposals as per above mentioned assessment criteria will be given a weightage of 80%. Rest 20% weightage would be on the basis of presentation made before the evaluation committee to assess the preparedness of applicant and to check and rectify any incongruence /gaps in the proposal.
4. The letter of Award will be issued to the Executing Agency (“EA”) by the SIA upon administrative sanction from MNRE.

Conclusion

The issuance of the Scheme guidelines by the MNRE marks a significant step towards fostering the development of green hydrogen infrastructure in India. With a budget allocation of INR 200,00,00,000 (Indian Rupees two hundred crore) until FY 2025-26, the Scheme aims to drive large-scale hydrogen production, establish integrated hubs, and enhance competitiveness vis-a-vis fossil-based alternatives. While the guidelines offer a structured framework for project implementation and funding disbursement, there may be challenges in meeting the requirements outlined, particularly regarding timeline adherence and securing necessary approvals. Nonetheless, the establishment of oversight committees such as the Steering Committee and Project Appraisal Committee reflects a commitment to ensuring transparency and effectiveness in scheme execution. Amidst growing global interest in hydrogen as a clean energy solution, these guidelines serve as a roadmap for stakeholders navigating the burgeoning green hydrogen market in India.

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