

Conclusions

H2 Green Steel

INVEU-ICR-0052-2023 – Research, Innovation and Digitalization Window (RIDW)

Short description of the financing or investment operation and its objectives

Type of final recipient	Special Purpose Vehicle (“SPV”)
Name of final recipient	H2GS Boden AB
Countries of implementation	Sweden
Implementing partner	Nordic Investment Bank (NIB)

The Operation will consist in developing a hydrogen-based steel manufacturing plant in Boden-Lulea, Sweden. The manufacturing plant project will supply green steel and green hot briquetted iron. Once operational the plant will produce 2.5 Mtpa of steel . First steel production is scheduled to take place in 2025.

The Project will include one of the first large-scale electrolyzers in Europe in order to supply the hydrogen needed to run the direct reduction facility. The steel to be produced will be very low carbon, targeting mainly the automotive, construction, white goods, industrial equipment and energy sectors.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 13 October 2023 for the above-mentioned operation.

The Operation will address the market failure of negative climate and environmental externalities, as well as R&D investment and energy efficiency with the development, construction and operation of the large-scale green steel plant. When implemented, the plant will be the first large scale and very low carbon primary steelmaking plant in Europe and the world and hence entails extensive positive environmental externalities.

The additionality of NIB intervention supported by InvestEU relies on the combination between long tenor and uncovered nature of the facility. The InvestEU support will help an operation characterised by a significant risk profile considering the exposure to the long-term price risk of the commoditised steel market and the scale of the planned investment.

The Investment Committee appreciated the quality and relevance of the project regarding the overall EU rules initiatives it approaches.