



Legislative framework of RFNBOs, low-carbon fuels and renewable steel

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HPP Attorneys Ltd is a full-service business law firm, established in 1975, advising domestic and international clients on all aspects of their business operations

ENERGY

HPP's Energy team is widely-acknowledged as one of the leading teams advising clients in the energy sector on their Finnish legal issues

- Our lawyers advise on assignments at the cutting edge of the fast-changing Finnish energy market, advising both domestic players and international clients on the legal aspects of planning and executing Finnish energy projects and investments in the current regulatory climate across the whole spectrum of generation, from wind to biomass to nuclear as well as advising on issues arising from the distribution, sale and trading of power in the Nordic region, including corporate Power Purchase Agreements.
- Our clients include major utilities, specialist fund investors, project developers and operators and financial institutions.



Tier 2 Company:

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Tuomas co-heads HPP's Energy team, which is ranked to be among leading teams for Energy and Natural Resources in Finland. He specialises in complex M&A transactions, energy and infrastructure projects, and joint venture arrangements, with over a decade of dedicated experience in the renewables, energy and infrastructure sectors.

Tuomas advises clients on strategic energy and infrastructure projects and transactions, with particular focus on significant green transition and decarbonisation initiatives. His expertise encompasses the full spectrum of project development and corporate transactions, from early-stage structuring through to operational phase arrangements, ensuring commercial objectives are met whilst navigating regulatory frameworks and financing requirements.

He advises international and domestic corporations, project developers, utilities, investors and lenders.

His perspective is further enriched by his previous role as Legal Director for an energy services company, where he focused on energy procurement, trading and project development. This in-house experience provides Tuomas with invaluable insight into clients' business drivers and the practical realities of executing complex energy projects.

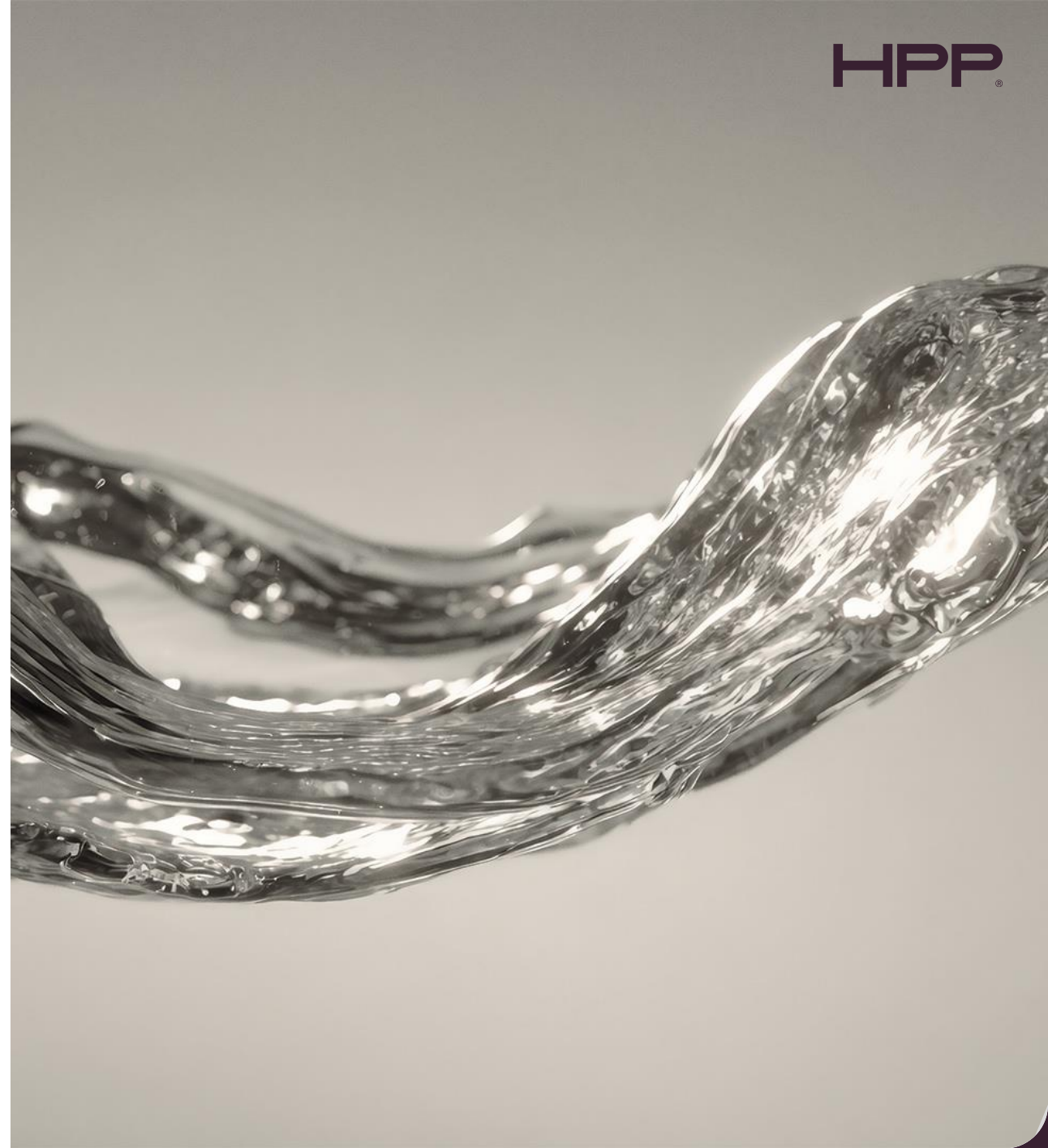
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— Legal 500



Agenda

- What are RFNBOS, low-carbon fuels, and renewable steel?
- Glimpse into EU Rules for RFNBOS
- Requirements for green steel
- What's in it for Finland?



What are RFNBOs, low-carbon fuels and renewable steel?

Renewable Fuels of Non-Biological Origin

- Delegated Acts of RED III set strict criteria for what can be considered an RFNBO
 - Must achieve 70 % emissions savings compared to fossil counterparts
 - Complex criteria for electricity used in the production
- Renewable hydrogen produced with electrolysis is considered a RFNBO if all criteria is fulfilled

Low-Carbon Fuels

- Gas Market Directive and Delegated Act
 - Low-carbon fuels must achieve 70 % emissions savings compared to fossil counterparts
 - No criteria for electricity: can be produced with traditional methods using carbon capture to achieve emission threshold

Renewable steel

- No EU level criteria for renewable steel exists yet
- A draft version of the EU's Industrial Accelerator Act (IAA) included a voluntary emission intensity label for steel, but it was scrapped
- Other voluntary standards for steel exist

Hydrogen (produced via electrolysis using renewable electricity) is linked to all categories

EU Rules for RFNBOs

Criteria for Electricity (simplified)

Geographical correlation	Electricity and RFNBOs must be produced in the same bidding zone
Temporal correlation	Until 2030: electricity must be produced during the same month After 2030: during same hour
Additionality	Installations generating renewable electricity must come into operation not earlier than 36 months before the installation producing RFNBOs

Competitive advantage for Finland

- If the emission intensity of grid electricity in the bidding zone is less than or equal to 18 gCO₂eq/MJ in a calendar year, and there is a PPA, the additionality requirement does not need to be complied with
 - **Emission intensity of Finnish grid electricity was 12,5 gCO₂eq/MJ in 2023**
- Once the emission intensity of electricity is lower than 18 gCO₂eq/MJ in a calendar year, it considered to be so for the next five years.

About steel production

- The steel industry accounts for 7–9% of global CO₂ emissions
- Renewable hydrogen can be used in the production of steel, significantly lowering the emissions

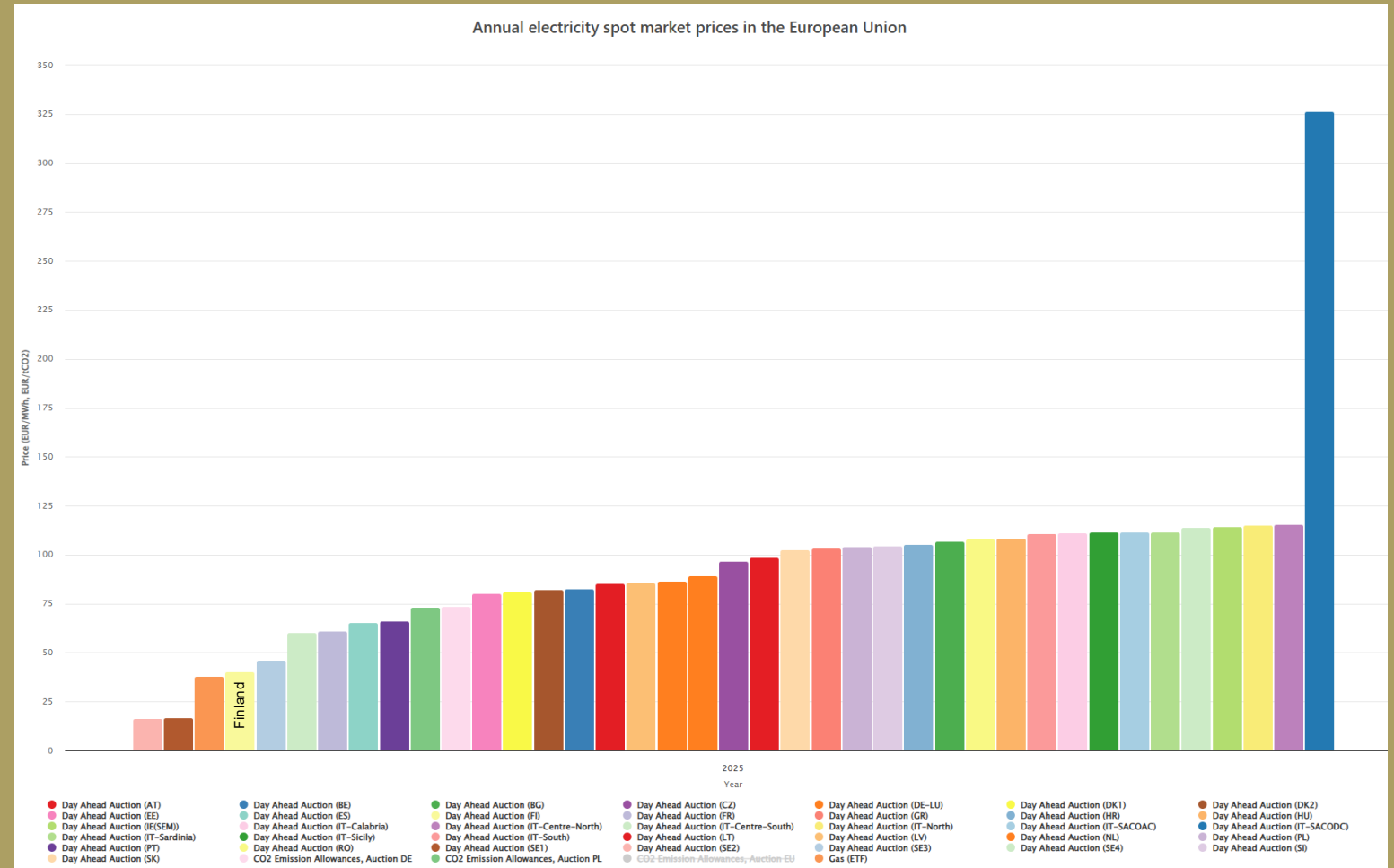
Requirements for green steel?

No clear EU definition for low-carbon steel yet

- Instead of the IAA, green steel is to be promoted through EU sustainability standards for products
 - Requirements for steel to be added to delegated act of Ecodesign for Sustainable Products Regulation (ESPR)
 - The delegated act is expected to be adopted in Q4 of 2026
- The use of renewable steel will be promoted through EU schemes
 - One draft version of the IAA included a 25 % low-carbon requirement for steel bought through public procurement
 - According to a draft report on the IAA published in the beginning of September, the 25 % requirement will rise to 35 % from 2032 and to 50 % from 2036
 - It is expected that the quota will need to be fulfilled by steel that is "melted and poured" in the EU

Competitive advantages in Finland

- As the production of renewable hydrogen is electricity-intensive, Finland's renewable energy production potential, strong electricity grid and competitive energy prices attract projects
- Availability of biogenic carbon dioxide
- Government supports scaling of hydrogen production in Finland



Source: Energy Charts

Thank you!

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That Matters

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