

Sustainable Business

Portugal's Galp moves to green hydrogen at refinery, eyes \$1.2 bln investment

Sergio Goncalves

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A Galp Energia refinery is seen near Sines, Feb. 10, 2012. REUTERS/Rafael Marchante/File Photo

LISBON, June 14 (Reuters) - Portugal's Galp Energia plans to install a 100-megawatt electrolyzer to power its refinery in Sines with green hydrogen by 2025,

a project which could be expanded to up to 1,000 MW and be worth 1 billion euros (\$1.21 billion), Chief Executive Andy Brown said on Monday.

He told Reuters in an interview that the refinery, located south of Lisbon, was Portugal's biggest consumer of hydrogen from natural gas, but Galp ([GALP.LS](#)) wanted to gradually produce the zero-carbon fuel through a process of electrolysis using renewable solar energy.

Such hydrogen is now more expensive to extract than the heavily polluting conventional method of using heat and chemical reactions to release it from coal or natural gas, known as brown and grey hydrogen, respectively.

But Brown said "because of the cost of gas and the cost of CO2, at a certain point it can be profitable".

"It's a very exciting opportunity, we think we can profitably replace that hydrogen with green hydrogen," he said, adding that Galp should invest "between 100 million to 200 million euros in the first 100 MW by 2025".

"To fully convert the refinery to green hydrogen that will be closer to 1 billion euros – these are big investments," he said, adding that much still depended on whether Europe and Portugal give the right incentives for such renewable fuels.

Galp will be able to produce green ammonia or synthetic fuels, and as the project gains scale it could also sell green hydrogen to transport companies or highly polluting industries such as steel or cement manufacturing.

In a revised strategic plan though 2025, Galp said two weeks ago it would sharpen its focus on green energy and limit fossil fuel spending to already approved developments, channelling 30% of its capital expenditure towards renewables. [read more](#)

The CEO said the Amorim family, which controls a holding company that owns around 33% of Galp, "seems to be very supportive of what were doing" in terms of the strategic focus.

(\$1 = 0.8251 euros)

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