

ArcelorMittal Europe' journey to decarbonization: Investment Framework and Financing Options

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ArcelorMittal



Investment Framework and Financing Options for Decarbonization: Feedback from a Steel Producer

- R&D and FID phases quite well covered in terms of support mechanisms and funding
 - From lab concepts (TRL4) till system qualification (TRL8)
 - Horizon Europe – P4P: circularity loops, reuse of solid waste, reuse of internal gases, replacement of fossil fuels by hydrogen or biofuels
 - Horizon Europe – Clean Steel Partnership: development of H2 metallurgies, products preparation, etc
 - Research Fund for Coal and Steel for small breakthrough projects
 - But also, the ETS Innovation Fund: for demonstration / FID of low carbon technologies
- But Pace and Magnitude of financial support may not be sufficient for the industrial transformation phase
 - Pace of decision (EU – National) vs necessity to invest NOW
 - Support vs massive capital expenditure over very short period - Ability of investors & states to follow?
 - Heavy & Slow IPCEI process - CEEAG should give more flexibility
 - & still uncertainty on major political decisions

Where does Policy and Finance need to support to succeed decarbonization?

1. Direct financial support to investments / Capex
 - No project of self-funded replacement of existing assets would economically make sense
2. Direct support for specific additional Opex linked to decarbonization
 - H2 price = 2 x breakeven vs NG - Evolution of green electricity price ?
3. Access to sustainable finance to supports decarbonization projects
 - Need to support industries in their transition journey - not focusing on current CO2 footprint
4. Ensure at European level a fair level playing field
 - No investment possible in a distorted market - effectiveness of CBAM measures ?
5. Ensure availability of decarbonized energy and H2 production
 - Major bottleneck: Pace and Volumes of competitive decarbonized energy