

2050: The Hydrogen Possibility

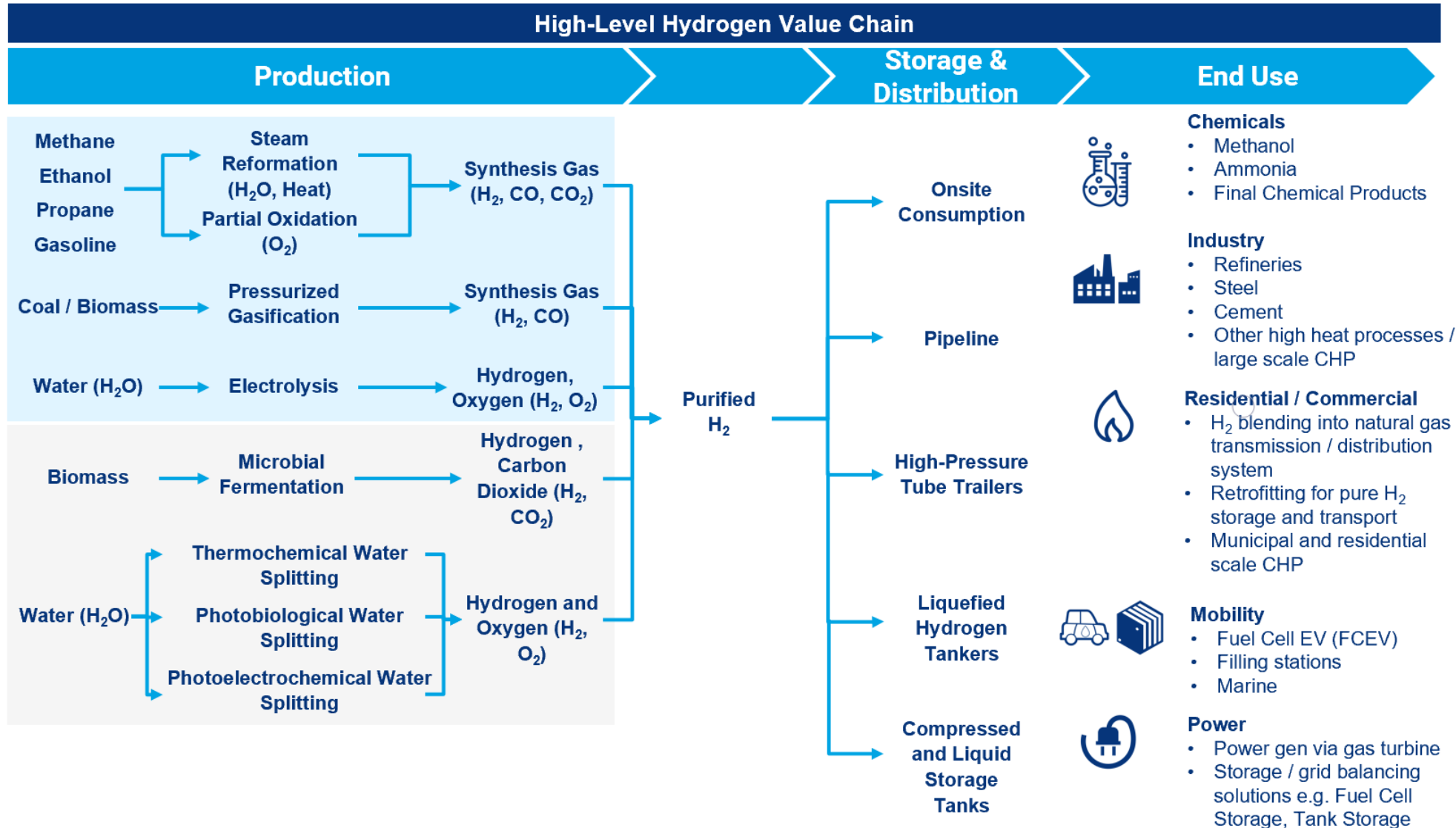
Executive summary and report brochure



1. Executive summary

Why is hydrogen capturing the zeitgeist?

Because it holds the promise to decarbonize so many “hard to abate” sectors



Policy support is accelerating dramatically

Policy targets are mainly supply-based, either in the form of deployment targets or for project funding

To date the largest policy initiatives for low carbon hydrogen are on the supply and production side of the equation. The four largest targets include:

- European commission’s 40 GW target by 2030
- France 6.5 GW by 2030
- Germany 5 GW by 2030
- United Kingdom 5 GW by 2030

Hydrogen strategies have manifested themselves as targets for electrolyzer deployments or overall green hydrogen production. This is to help scale the small manufacturing base of electrolyzers and de-risk investment in the supply chain. In theory, this should provide the base of support required to reduce manufacturing costs and speed up long-term competitiveness. These strategies, in most instances, also provide grant funding to help make a stronger economic argument for near-term deployments.

More heavy lifting will be required on the demand side However many of the demand sectors that may play a significant role in the hydrogen market are not ready to accept low carbon hydrogen for decarbonization. Either more technical due diligence is required or there is currently not enough targets for commercialization of products.

*Note: While the UK has announced a deployment target for green hydrogen, it has yet to release a standalone “hydrogen strategy”; other nations’ strategies are firmer.

Hydrogen strategies with specific deployment targets*



Hydrogen strategies without specific deployment targets



To be released hydrogen strategies



Which leads us to forecast ramp-up in demand through to 2050

Growing to 211 MT by 2050; almost doubling current global hydrogen production

While not a panacea for decarbonization, low carbon hydrogen will play a meaningful role in the global energy mix

- In our base case analysis, low carbon hydrogen can constitute approximately 7% of final energy demand by 2050.
- But it will take until post 2040 until end-use markets – currently unfamiliar with hydrogen – begin significant consumption of low carbon hydrogen.

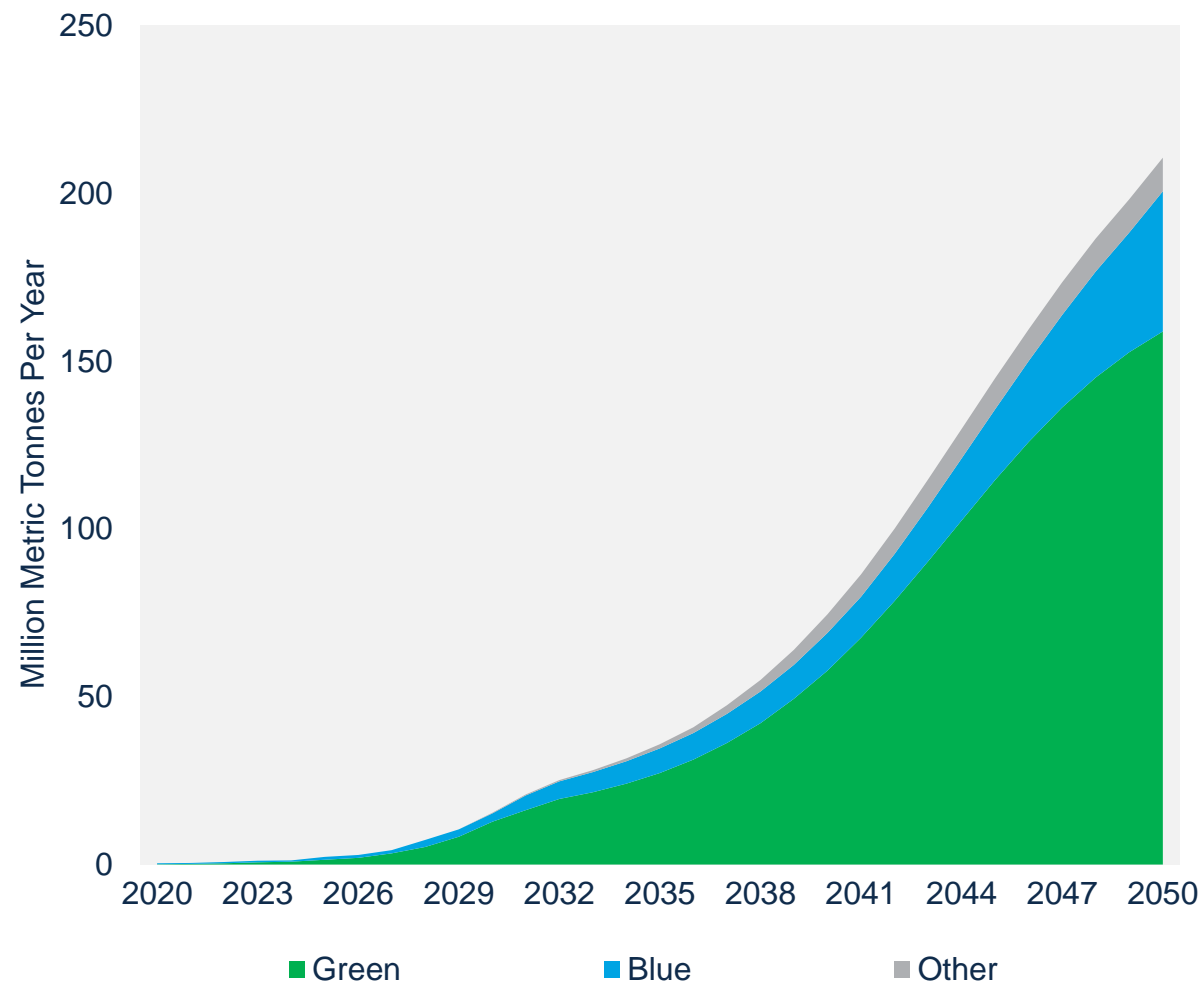
The low carbon hydrogen market will double 9 times by 2050

- From 2020-35 Europe will drive most of the growth in the market. But by the late 2030s China and the United States will become the world’s largest hydrogen markets. Even though, as of publication, neither country has an explicit national hydrogen target, nor federal price on carbon, hydrogen will play a critical role in renewable integration and grid flexibility. As these are the markets with the highest consumption of hydrogen, they will push the market into overdrive.

Industrial end users who currently have demand for hydrogen will be the first movers

- From 2020-30, industrial off-takers like the refining, methanol and ammonia sectors will make up 79% of hydrogen demand. They benefit from existing processes and pose the least risk for project development. By 2050 their share shrinks to 31% as hydrogen demand diversifies into new sectors: including steel, heating, ground transportation, etc.

Global low carbon hydrogen production by colour, 2020-50



2. Report brochure

Table of contents (full report)

1. Key Takeaways	2
2. Methodology	15
3. 2020 Market Overview	20
4. Green vs Blue Hydrogen	27
5. Global demand outlook	41
6. Refining	56
7. Ammonia and Methanol	61
8. Ground Transportation	67
9. Steel	74
10. Power	78
11. Heating	82
12. Shipping & Aviation	86
13. Conclusions	91

List of figures

- Global low carbon hydrogen production by colour, 2020-50
- Global hydrogen demand by type, 2020-50
- Various hydrogen use case by technology readiness level
- Share of global production by region, 2030-2050
- Global hydrogen demand by existing end use, 2030-50
- Global hydrogen demand by existing end use, 2030-50
- Approximate market penetration of low-carbon hydrogen by 2050 by sector
- 2020 electricity generation by country and required generation for green hydrogen in this report
- Electricity required for green hydrogen production 2020-50 (TWh)
- Global low-carbon hydrogen CAPEX spend, 2020-50 (Million US\$)
- Global hydrogen demand forecasts by 2050 by various sources (million metric tonnes)
- 2050 total final energy demand, 2020 – 2050
- Select national hydrogen strategies and targets announced since January 1st 2020
- 2020 sample levelized cost of green hydrogen by category
- Levelized cost of hydrogen by colour 2020 – 2040 (\$/kg)
- Announced green hydrogen project pipeline* by region and by reported uses cases (MWeI)
- Announced blue hydrogen project pipeline by region (Million metric tonnes)
- Markets considering futures for both blue and green hydrogen production
- Global electricity generation capacity by type, 2000-2040 (MW)
- Top power markets with renewables targets
- Discharge duration of various energy storage mediums
- Global average LCOH by colour, 2020-40 (\$/kg)
- Status of hydrogen blending tolerance in existing gas network
- Current maximum allowable H2 blending in select markets (% hydrogen by volume)
- Length of hydrogen pipelines by country (kilometres)
- Length of hydrogen pipelines in the U.S. by state
- Industrial gas pipeline map of Northern Europe
- Gaseous vs liquid delivery of hydrogen at a refuelling station
- Hydrogen transport costs by pipeline
- Cost ranges for hydrogen transportation via truck*
- Hydrogen liquefaction cost
- Transport costs by method and carrier

List of Figures (continued)

- Various hydrogen use case by technology readiness level
- Global low carbon hydrogen production by type 2020-50 (million metric tonnes)
- Global low carbon hydrogen production by type 2020-50 (million metric tonnes)
- Global hydrogen demand by type 2010-50 (million metric tonnes)
- Global hydrogen production by colour 2020-50 (million metric tonnes)
- Global low-carbon hydrogen production by type and country/region, 2050 (million metric tonnes)
- Global low-carbon hydrogen production by country 2020-50 (million metric tonnes)
- Global low-carbon hydrogen demand by end use sector 2020-50 (million metric tonnes)
- Global low-carbon hydrogen production by sector 2020-50
- Global low carbon hydrogen demand by country 2020–50 (million metric tonnes)
- Global fossil, non-CCS hydrogen production by end use sector 2020-50 (million metric tonnes)
- Global hydrogen demand by end use sector, 2020-50 (million metric tonnes)
- Global low-carbon hydrogen supply and demand, 2020-50 (million metric tonnes)
- Global excess supply as percentage of overall low-carbon hydrogen supply, 2020-50 (million metric tonnes)
- Global electrolyzer installed capacity, 2020-50 (GWel)
- Global low-carbon demand in the refining sector, 2020-50 (million metric tonnes)
- Methodologies* used by Oil and Gas majors in setting emissions-reduction targets and ambitions
- Global low-carbon demand in the ammonia sector, 2020-50 (million metric tonnes)
- Global low-carbon demand in the methanol sector, 2020-50 (million metric tonnes)
- Total ammonia and methanol production by region and type 2020-50 (Million metric tonnes)
- Global low-carbon demand in the ground transportation sector, 2020-50 (million metric tonnes)
- Global low-carbon demand in the ground transportation sector (passenger and commercial vehicles) by country & sub-market, 2020-50 (million metric tonnes)

List of Figures (continued)

- Global low-carbon demand in the commercial vehicle sector by type, 2020-50 (million metric tonnes)
- MSRP of select passenger vehicles
- Current purchase price of FCV, BEV & ICE bus and forecasted FCV bus price
- Current global FCV stock and announced deployments
- Global low-carbon demand in the steel sector, 2020-50 (million metric tonnes)
- Global low-carbon demand in the power sector, 2020-50 (million metric tonnes)
- Hydrogen in the power sector by generation type
- Hydrogen stationary fuel cell deployments by country
- Global low-carbon demand in the heating sector, 2020-50 (million metric tonnes)
- Global hydrogen use for heating in industrial and RCA (residential, commercial & agricultural) markets, 2020-50
- Global low-carbon demand in the shipping sector, 2020-50 (million metric tonnes)
- Global low-carbon demand in the aviation sector, 2020-50 (million metric tonnes)
- % of aviation market using hydrogen based fuels, 2020-50
- Fuel mix required to meet IMO target by type 2008-50
- Operating framework for current and future hydrogen demand outlooks

Hydrogen research at Wood Mackenzie

We've issued eight reports, analyses and proprietary data on the Hydrogen value chain in the last 15 months



We aim to provide the most complete proprietary datasets, analyses and insights on the hydrogen market as our work on the hydrogen economy accelerates. We will be expanding further in 2021.

Please reach out to us with feedback on what you would like to see across the full hydrogen value-chain.

Report availability

This report is only available to subscribers of Wood Mackenzie's [Energy Transition Service](#).

The energy market is constantly evolving, and responding to each new development requires a deep understanding of fuel demand, the role of policy in fuel choices, and supply profiles across all fuels in the power and non-power sectors. The Energy Transition Service and Tool leverages our entire commodity analysis platform to deliver integrated energy market research underpinned by extensive expertise, proprietary models and robust market knowledge.

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