




A policy jigsaw puzzle with many pieces

By Dr. Fiona Simon on Apr 06, 2022

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Making good policy is like assembling a jigsaw puzzle. The parts are all there but it's easier if the box it comes in has a picture on the front.

In the instance of making policy to enable the emerging hydrogen energy sector to develop and prosper, we have to accept that what the assembled puzzle will look like is a work in progress.

It's not that its outline is sketchy; we all know where we want to go.

But the technology to support the journey is moving very fast, and we need to be nimble and adaptive.

The goal of making hydrogen fuel available at under \$2 a litre (otherwise known as H₂<2) is a good example.

How we will get there is still not clear, but our knowledge is advancing at warp speed.

We are seeing regular data updates from various parties on production prices, and of course the competing narratives on blue vs green production remain a live issue.

Of course, H₂<2 in itself doesn't mean very much without context.

It's a goal that's not yet explicitly tied to any particular version of success, either for export or for domestic applications.

Like most things in the policy sphere, the detail becomes increasingly important as you approach your goal.

We do know that hydrogen probably doesn't need to be less than \$2 for petrol and diesel replacement, and it needs to be much less than \$2 for natural gas replacement.

I am starting to become concerned that the focus on the production price – and particularly the cost of electrolyzers – is allowing policymakers to de-prioritise some pretty significant issues.

Among them are the important questions of overall export costs, where in the domestic economy the hydrogen will be used, and what things we need to have in place to be able to export and use hydrogen.

The September 2021 HySupply report on supply chains to Germany does help us understand more about the emerging export front.

We've also seen a number of other local and international reports recently that can help narrow the field for options for shipping and infrastructure.

At the time of writing, we were awaiting a major hydrogen infrastructure report from the Federal Government which was expected to shed more light on the supply chain.

But there are some important parts of the picture that are only now starting to take any shape, and I think we need to move faster.

Storage is fundamental. It is an expensive part of the supply chain and we need to drive costs down to make hydrogen affordable.

What about water? Do we need more desalination plants? Where and when will they be built? Who pays?

What about electricity prices? Yes they could be low, but will they be low enough? What if social licence concerns about land for renewables send states' hydrogen plans to off-shore wind? How does that affect the hydrogen price?

And what about freight and logistics – what does readiness look like, and how much does it cost? We are talking here about not only refuelling capabilities but investing in new trucks, trains and ships that run on hydrogen. How will this investment be made without policy to support it?

What about the various industry applications and incentivising conversion?

How long do we wait for action from governments to set policy when we know that equipment has a long life and there are limited investment cycles before net zero commitments hit?

These are all matters that the Australian Hydrogen Council is prioritising this year, and we have started conversations with stakeholders in all of these sectors.

About the Australian Hydrogen Council

The Australian Hydrogen Council is the peak industry body for Australia's emerging hydrogen industry. Its members are at the forefront of Australia's hydrogen industry, developing the technology, skills and partnerships necessary to build Australia's hydrogen economy.

Dr Fiona Simon is CEO of the Australian Hydrogen Council. [/factfile]
