

AHC POLICY ADVISORY COMMITTEE: SCOPE AND PRIORITIES

Purpose

To provide a forum for members to engage and collaborate on the development of AHC's policy platform, and to inform AHC's advocacy efforts with governments.

Scope

1. Support the development of AHC's position on policy and regulatory issues, such as those related to government hydrogen strategies and implementation plans.
2. Provide input into AHC's government relations and communications strategies, and support their execution, including participation in AHC government engagement activities as appropriate.
3. Identify and support AHC responses to relevant government matters.
4. Support AHC's development and management of relationships with all levels of government.
5. Identify priority research opportunities of importance to the hydrogen sector and support the delivery of these projects either through AHC or by an external party.
6. Support AHC's advocacy efforts with non-government stakeholders including media, research bodies and industry associations as required
7. Support information sharing and relationship building with industry bodies working in hydrogen-related areas.
8. Support other AHC Committees as required.

Administrative aspects

- Current chair: Fiona Simon, AHC
- Meeting frequency: Quarterly
- Format: 3x teleconference; 1x in person p.a.
- Membership: All members
- Agenda setting: Secretariat
- Minute taking: Secretariat
- Meeting scheduling: Secretariat
- Member reporting: Secretariat (at each Member Meeting)

2020 focus areas

Focus areas for 2020 are shown in the table below. These are addressed by working groups, with work undertaken throughout the year under the direction of a working group chair, who is in turn accountable to the Committee chair.

Other important work for the year includes:

- Advocacy on market activation mechanisms, including funding and co-investment to get to scale and targets and standards to encourage demand.
- Developing a view on an appropriate ‘review-revise-adapt’ feedback loop and best early actions to develop clean hydrogen supply chains to service new and existing uses of hydrogen (such as for ammonia production) and developing capability for rapid industry scale-up.

#	Item	Detail
WG1	Export markets	<ol style="list-style-type: none"> 1. Work with government(s) to develop an international certification scheme that verifies and tracks: <ul style="list-style-type: none"> • Production technology • Carbon emissions associated with production (scope 1 and scope 2) • Production location. 2. Support government work with bilateral partners to promote trade and investment in hydrogen.
WG2	Energy regulatory reform	<ol style="list-style-type: none"> 1. Develop a view and advocate on possible changes to energy regulation and markets to support a merged gas and electricity objective (NECF) and flow on regulations/rules. 2. Support ENA and APGA in all gas actions, including: <ul style="list-style-type: none"> • Input to the review on clean hydrogen in gas networks by the end of 2020. • Policy for gas networks and markets to allow widespread blending, and later sole use of hydrogen.
WG3	Social licence	<ol style="list-style-type: none"> 1. Lead and design industry undertakings to guide the development of Australia’s hydrogen industry. 2. Support government work to develop a community education program to provide clear and accessible information about risks, benefits and safe use. 3. Support government work to consider the role of hydrogen in supporting Australian energy security by 2025.

National Hydrogen Strategy agreements: PAC coverage and priorities

#	Topic	Topic heading	Agreement (federal and state/territory governments)
7	Overall approach	Large-scale market activation	3.3 Agree that mandatory national targets would not be appropriate at this time but should be re-considered periodically as the market develops.
44	GO	Hydrogen certification	4.18 Agree to initially develop an international certification scheme that verifies and tracks: <ul style="list-style-type: none"> • Production technology • Carbon emissions associated with production (scope 1 and scope 2) • Production location.
48	Social licence	Responsible industry development	5.3 Support the development and implementation of a set of industry undertakings to guide the development of Australia's hydrogen industry. This work will be led and designed by the Australian Hydrogen Council in collaboration with governments. It will specify appropriate principles to safeguard the community, communicate issues and engage with regulators.
41	Export partners	Bilateral partnerships to build markets	4.15 Agree to work with bilateral partners to promote trade and investment in hydrogen, including advocating for Australian industries' engagement in the design of market settings that facilitate trade, long-term investment, regional price transparency, efficient market operation, and commitment to sharing industry knowledge and skills between partners.
32	Regulatory reform	Integrating hydrogen into energy markets	4.6 Agree to ask energy market bodies to account for the possible effects of hydrogen industry growth in their planning and future reforms.
35	Energy security	Hydrogen's role in secure and affordable energy supply	4.9 Agree to consider the role of hydrogen in supporting Australian energy security by 2025. Areas for consideration will include: <ul style="list-style-type: none"> • National Energy Security Assessments • Electricity, gas and liquid fuel emergency provisions • Mandatory reporting requirements, such as those under the Petroleum and Other Fuels Reporting Act 2017.
57	Overall approach	National coordination	6.3 Note that the Commonwealth will coordinate and publish an annual 'State of Hydrogen' report, informed by rigorous and objective technical advice.

#	Topic	Topic heading	Agreement (federal and state/territory governments)
46	Social licence	Building community knowledge and engagement	5.1 Agree to develop a community education program to provide clear and accessible information about risks, benefits and safe use. The program will communicate the particular benefits hydrogen development can bring to regions as well as more general benefits such as economic growth, lower carbon emissions and reduced air pollution.
19	Gas networks	Using clean hydrogen in Australian gas networks	3.15 Agree to not support the blending of hydrogen in existing gas transmission networks until such time as further evidence emerges that hydrogen embrittlement issues can be safely addressed. Options for setting and allowing for ongoing updates of safe limits for hydrogen blending in transmission networks will form part of the review in 2020.
15	Gas networks	Using clean hydrogen in Australian gas networks	3.11 Support continuing pilots, trials and demonstrations of hydrogen in gas distribution networks, where distributors can satisfy relevant regulators that: <ul style="list-style-type: none"> • The distribution network is comprised of materials confirmed to be safe and suitable for hydrogen blending • End user gas supply infrastructure (including installations and appliances) is safe and suitable for hydrogen blending • The distributor has adequate safety and training procedures in place • The effects of blending for gas network users of natural gas as chemical feedstock or for compressed natural gas have been considered and mitigated.
16	Gas networks	Using clean hydrogen in Australian gas networks	3.12 Agree to complete a review by the end of 2020. The review would: <ul style="list-style-type: none"> • Consider the application of the National Gas Law and relevant jurisdictional laws and regulations to hydrogen and advise the COAG Energy Council of recommended options to best address regulatory ambiguity, remove unnecessary regulatory barriers and improve the consistency of laws across jurisdictions. • Consider the economics of blending and of eventual use of 100% hydrogen in Australian gas networks. • Advise the COAG Energy Council recommend options for setting and allowing updates of upper limits on the volume of hydrogen allowed to be blended in gas networks. This will focus on keeping consumers safe, encouraging innovation and effectively managing any appliance readiness end user and market effect issues.

#	Topic	Topic heading	Agreement (federal and state/territory governments)
17	Gas networks	Using clean hydrogen in Australian gas networks	3.13 Agree to consider changes to gas networks and markets to allow widespread blending, and later sole use of hydrogen, where such changes: <ul style="list-style-type: none"> • Take place after the review at 3.12 and any actions that might arise from the review are completed • Carry acceptably low levels of safety risk • Are broadly supported by affected communities, and • Minimise impacts on gas prices and are in the long term interests of gas consumers.
18	Gas networks	Using clean hydrogen in Australian gas networks	3.14 Agree that, amongst other objectives, any government incentives to support the widespread blending of hydrogen in Australian gas distribution networks will: <ul style="list-style-type: none"> • Where appropriate, encourage blending to occur in a manner that supports the development of hydrogen hubs • Be consistent with the COAG Principles of Best Practice Regulation, in particular with respects to net benefits to consumers.
1	Overall approach	An adaptive pathway to clean hydrogen growth	2.1 Support an adaptive approach to industry development that means Australia can be ready to move quickly to scale up as signs of large-scale markets emerge. A 'review-revise-adapt' feedback loop will support and refine actions as technology and markets change. This adaptive approach will focus on actions that remove market barriers, efficiently build supply and demand, and accelerate the global hydrogen cost-competitiveness of Australia's hydrogen industry.
5	Overall approach	Large-scale market activation	3.1 Agree that early actions will focus on developing clean hydrogen supply chains to service new and existing uses of hydrogen (such as for ammonia production) and developing capability for rapid industry scale-up.
36	Energy affordability	Hydrogen's role in secure and affordable energy supply	4.10 Agree to monitor impacts of hydrogen on energy costs, and where necessary, consider the need for changes to energy affordability and consumer protection policies.
6	Overall approach	Large-scale market activation	3.2 Agree to consider the most appropriate support to scale up the industry and activate markets in light of global signals.
38	Fees and levies	Certainty around taxation, excise and other fees or levies for hydrogen	4.12 Agree to continue with the revenue arrangements that now apply to hydrogen, with the option to review them in the future.
39	Fees and levies	Certainty around taxation, excise and	4.13 Agree to consult with industry and the community before making any changes to current revenue arrangements that are specific to hydrogen.

#	Topic	Topic heading	Agreement (federal and state/territory governments)
		other fees or levies for hydrogen	
40	Export partners	Bilateral partnerships to build markets	4.14 Support development of bilateral agreements to indicate our commitment and capability as a hydrogen partner of choice and ensure arrangements meet our national interests.
42	GO	Hydrogen certification	4.16 Agree that Australia will seek to play a lead role in the design and development of an international guarantee of origin scheme.
4	Overall approach	An adaptive pathway to clean hydrogen growth	2.4 Support a pathway for developing a local industry, initially by removing regulatory barriers to hydrogen use and encouraging it through policies to help early movers overcome investment barriers. Mandating use of hydrogen will require evidence that a net benefit to consumers will result, or there is a consumer willingness to pay where appropriate, and that industry can meet regulated requirements.
37	Energy affordability	Hydrogen's role in secure and affordable energy supply	4.11 Agree to not apply market constraints, such as domestic hydrogen reservations or price caps, at this time, but to revisit this stance periodically as the market develops.