

16th August 2023

Ms Catherine Zerger
Branch Head – Hydrogen
Climate Adaptation and New Industries Division
Department of Climate Change, Energy, the Environment and Water
Ngunnawal Country, 51 Allara St, Canberra ACT 2601

Dear Catherine,

The Australian Hydrogen Council (AHC) welcomes the review of the National Hydrogen Strategy. The AHC is the peak body for the clean and green hydrogen industry. With over 100 members, we represent the emerging hydrogen industry and connect it with its stakeholders to collectively create a clean and resilient energy future that has hydrogen as a key part of the energy mix.

The effects of the pandemic and the war in Ukraine have forced a reassessment of how nations consider the strategic overlaps between decarbonisation, national security, and self-sufficiency. And, of course, in Australia we have also had a change of government, with a new approach to climate change and net zero.

Importantly, and as a fundamental outcome of these factors, the US Inflation Reduction Act – also a response to the global issues – requires a form of policy response to ensure Australia can continue to attract capital in a competitive environment. As we have acknowledged previously, Australia cannot match the IRA in terms of the quantum of support, but a targeted policy and funding approach is needed.

All of this is much larger than the question of hydrogen. However, clean and green hydrogen has a key role to play to decarbonise key sectors of the Australian economy, to support the decarbonisation of our trading partners' economies, and to support our own fuel self-sufficiency. The lessons learned since 2019 have only amplified the need to focus our attention on how we can best effect the energy transition for Australia.

The AHC has developed a package of information to inform the Australian Government's review of the National Hydrogen Strategy and respond to the consultation paper released by the Department on 7 July 2023. This includes a comprehensive position paper and supplementary reports.

The AHC position

Our position paper provides 53 recommendations for this strategic review.

Overall, our position is that the revised NHS must be viewed as a key element of the Australian Government's net zero strategy. We ask that the development and implementation of the NHS be brought under the oversight of the Net Zero Economic Agency, and connected explicitly with related Australian Government work, such as the sectoral decarbonisation plans and the official response to international market pressures.

There is a need for the questions on what to do about hydrogen to be escalated to larger discussions about our economy, the energy transition, and how we support industry and future jobs. It is also vital

that we retain and grow our relationships with our international trading partners, which requires a far more focused and consistent set of messages and bilateral agreements.

There is also a need for robust analysis. Most of the questions to be resolved about hydrogen are themselves multidimensional and touch multiple systems. Whilst we will never have perfect information – and certainly not where the environment is so complex – to date there has been a shortage of useful information to inform strategy. We recommend multiple strands of further analysis, much of which goes to infrastructure capabilities and requirements.

We also recommend policy initiatives and commitments that the government should adopt to support the development of the industry. These cover topics such as necessary regulations, engagement with trading partners, supporting industry capability, engaging with communities, and funding commitments.

It may be that the strategy itself is not the right document to cover everything. If this is the case, we suggest that the strategy is supported by implementation and action plans. Whatever the ultimate architecture of the strategy and associated documents, it is critical that this is not the last we hear about the Australian Government's progress with the various topics. The strategy, and any action and implementation plans, must be clear and accessible.

We also note the strong work of the states and territories in developing their hydrogen industries and recommend the Australian Government prioritise information sharing and national adoption and coordination of the leading jurisdictional programmes. Much of the work to be done requires the Australian Government to partner with the jurisdictions on local infrastructure, industrial and funding needs.

'Economic benefit' requires industry policy that plans for the energy transition

We note that a new strategic objective in the paper suggests an intent of the strategy is to 'Ensure economic benefit for all Australians through the development of the hydrogen industry'. We completely agree with the overall need for public benefit but are concerned that meeting this objective as drafted requires an extraordinarily flexible view of demonstrable economic benefit and how it might be ensured.

As drafted, it appears as though the case for hydrogen may need to be made on a consumer/citizen-level, as if there was a choice, and economic benefit at this level *could* be ensured. However, the case for hydrogen is largely a case for industrial decarbonisation and export markets, where benefits are long-lived and economy-wide. Without broader carbon pricing and sufficient funding to fill the economic gap, and without a supportive ecosystem, hydrogen developments remain pre-commercial and require significant government support. There is no short-term and demonstrable economic benefit for every Australian.

This is not surprising: as with much of the energy transition, the costs to effect change will be significant. Economic benefit will eventuate, but over the long term as global markets increasingly internalise the need to respond to climate change. Ensuring this future benefit requires today's governments to plan, to share risk, and to co-fund developments that draw in the necessary private capital. This is about industrial policy and supporting our economy to compete in a fast-changing global environment.

Given this, we suggest that social licence and public benefit are better ensured if the hydrogen strategy revision itself follows a rigorous process and undertakes sufficient analysis to determine the most efficient means for hydrogen to meet the public interest. This then needs to be enabled by

governments on the basis that to do nothing will be of much greater economic cost to all in the longer term.

I urge you to read and review our attached paper and associated documents. I welcome the opportunity to discuss any part of this further with you, including providing briefings as required.

Yours sincerely,



Dr Fiona Simon
Chief Executive Officer
Australian Hydrogen Council