

MEDIA STATEMENT

Australian Hydrogen Council charts way forward for a fit for purpose refreshed national hydrogen strategy

Melbourne, Australia: The Australian Hydrogen Council (AHC) welcomes the Albanese Government's review of the National Hydrogen Strategy (NHS), and has today offered a comprehensive position paper with 53 key recommendations and supplementary reports to chart a clear way forward.

The paper forms AHC's response to the consultation paper released by the Department of Climate Change Energy Environment and Water on the Refreshed NHS published on 7 July 2023.

Much has changed since the original strategy from 2019. 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. 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 (IRA) – also a response to these global issues – requires a form of policy response to ensure Australia can continue to attract capital in a competitive environment. 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,” AHC's CEO Dr Fiona Simon says.

Overall, our position is that the revised National Hydrogen Strategy must be viewed as a key element of the Australian Government's net zero strategy. This is logical given that hydrogen is itself the means to decarbonise the parts of the Australian economy that are difficult to decarbonise with electricity and storage alone.

Significant planning and coordination is required at a national level to meet our objectives including:

- **Tasking stewardship of the NHS to the Net Zero Economy Agency**
The energy and industry transition will connect complex systems and require fundamental change, planning and creativity across sector, state, departmental and political boundaries. We need cross departmental steering of net zero work which includes the refreshed NHS. “Australia will not reach net zero without hydrogen, and the infrastructure build to enable the hydrogen industry is not only massive, but also aligns with the Net Zero Economy Agency remit,” she says.
- **Setting priorities and targets, based on robust analysis**
Within the overall net zero programme, the Australian Government must set priorities and meaningful targets, and there needs to be a government commitment to fill current knowledge gaps to a reasonable degree. To date there has been a lack of an overarching framework or plan, including how to realise Australia's ambitions to be an emerging

renewable energy and/or hydrogen superpower. Many of the policy decisions that need to be taken rely on data that are not yet collected.

- **Committing to planning and financial support for shared physical and social infrastructure, including via Hydrogen Economic Zones**
Almost all the physical infrastructure required for a future hydrogen industry at scale is new, and it is long-lived with long planning lead times. There must be planning and co-optimising of different assets to address a range of different markets and to also not over-burden consumers' and taxpayers' willingness to pay, or communities' willingness to tolerate construction in their midst. This requires an extension of the current Renewable Energy Zones and hydrogen hubs concept to create zones that can support and be supported by local industries and communities.
- **Building scale and capability in the sectors and applications that will be hard to abate**
This is the best 'no regrets' approach that can be taken in an uncertain environment. Current evidence supports these industries as being chemicals (such as ammonia), low emissions metals (specifically iron and alumina), heavy road transport, high temperature process heating, marine and aviation, and grid support and storage in the electricity market.
- **Keeping export options open**
For export, there are two main uses of hydrogen: exporting hydrogen and its derivatives as an energy vector and using hydrogen to process ores that are then exported. Both options need to be pursued to grow our international relationships, support regional energy security and build Australia's capability for the future, including paying for our own transition.
- **De-risking projects through public finance**
Work closely with Clean Energy Finance Corporation (CEFC) and ARENA to deploy appropriately scaled public levers that will crowd in and de-risk investment in hydrogen. This means more investment than the current \$300 million for the CEFC, and follow-up packages to the Hydrogen Headstart announced in the May Federal Budget. Ideally, the current and future iterations of the \$2 billion Hydrogen Headstart program will need to incentivise demand or assist project developers to manage demand side risk. The approach must also prioritise timeliness, both to build momentum and to align prospective projects with the timelines for regional offtake (and as a response to the investment challenge posed by the IRA).

The refreshed National Hydrogen Strategy needs to address all of the above issues and clearly recognise the role for government to lead. It cannot be the last word from the Australian Government on hydrogen policy. It is imperative that this strategy provides a basis for actions to meet targets and milestones and to allocate responsibility. Detailed implementation plans may need to be by sector or ecosystem element but should be outlined in an overall plan to set expectations.

"Given hydrogen is our critical industrial solution, this is too important to be left to chance, or to the whims, complexities, and uncertainties of a nascent market," Dr Simon concludes.

To view the full report click [here](#).

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About Australian Hydrogen Council

The Australian Hydrogen Council is the peak representative body for the Australian hydrogen industry, with members from across the hydrogen value chain. 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.

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