

7th July 2024

Nicole Yazbek-Martin
Head of Taxonomy and Natural capital
Australian Sustainable Finance Institute
L 2/68 Northbourne Avenue
Ngunnawal Country | Canberra

Dear Nicole,

Re: Australian Sustainable Finance Taxonomy V0.1 consultation

The Australian Hydrogen Council (AHC) welcomes the opportunity to respond to this first consultation regarding the development of the Australian Sustainable Finance Taxonomy.

The AHC is the peak body for the hydrogen industry and our membership includes companies from across the hydrogen value chain. Our members are at the forefront of Australia's hydrogen industry, developing the technology, skills and partnerships necessary to ensure that hydrogen and its derivatives play a meaningful role in decarbonising Australian industry.

AHC has been strongly engaged in the development of this work, from our submission to the Sustainable Finance Strategy¹ in December 2023, this current consultation, and we will work closely to inform the second round of consultation later in 2024 through the Taxonomy Advisory Group on Manufacturing and Industry. We look forward to engaging further with ASFI throughout this process.

We recognise that hydrogen will primarily be covered in the second round of consultation, so have developed a brief response to the relevant consultation questions to inform the further work by the Australian Sustainable Finance Institute (ASFI).

If you wish to discuss any element of this in further detail, please contact me at kaleksoska@h2council.com.au or 0436661767.

Yours sincerely,

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¹ AHC (2023) *Re: Sustainable Finance Strategy*, December, https://h2council.com.au/wp-content/uploads/2023/12/231201-Sustainable-Finance-Strategy_AHC-submission.pdf.

1.1 Do the headline ambitions reflect Australia’s highest national goals for climate and environmental sustainability?

The headline ambitions reflect the social, environmental and biodiversity goals for climate and environmental sustainability goals.

Given the importance of the trade in liquid fuels and the role of clean liquid fuels in the decarbonisation of the Asia Pacific region, it would be good for the headline ambitions to reflect the role of liquid fuels in climate change mitigation and pollution prevention and control both in Australia and in our trading nation partners.

2.1 Do you agree with the proposal to provide the market with system-level advice for energy utilities or portfolios of assets that contain gas firming facilities? If so, please provide feedback on what issues should be covered in the advice. If not, please elaborate.

The advice provided should align with the recommendations of the AEMO ISP. The current taxonomy assesses gas firming as a 'phase down to phase out' activity due to concerns regarding the locking in of long term carbon emitting assets. Consideration should be given to emerging technologies looking to transition gas turbines to hydrogen blends (and up to 100% hydrogen burning, though this is below the TRL threshold of the current taxonomy). Managed appropriately, this type of transition would extend the life of the assets without locking in the carbon emissions.

2.2 On a scale of 1-3, how much of a challenge is it to acquire lifecycle assessment data for upstream scope 3 emissions? (1 = not likely to ever be available, 2= challenging but can be resolved in time with better disclosures and evolving practices, 3= not challenging, data is readily available).

2.

2.4 Are the proposed technical screening criteria (TSC) usable and clear? In this context, usability of criteria refers to whether they are comparable, clear, objective and easy to understand.

The technical screening criteria are clearly set out. For clarity and consistency, it would be preferable for differentiation between hydrogen, e-fuels and low carbon liquid fuels (e.g. biogas) as each will be compliant with requirements but all differ in their environmental impact.

2.6 Are there any activities for which the TSC are unclear?

Figure 18 in the discussion paper demonstrates that the emissions associated with explosives use in critical mineral mining is far less than that associated with loading and hauling, for example. However, there is an emerging opportunity to decrease these emissions via the use of ammonium nitrate produced using green hydrogen in Australia (50% of the 350,000 T of grey ammonia currently imported into Australia is used in explosives), as well as to incentivise the emerging hydrogen production industry.

3.6 Should any requirements be attached to the inclusion of biofuels or e-fuels (e.g. standards, certifications)? In answering this question, please consider how your answers are aligned to the taxonomy's core principles of credibility and usability.

The taxonomy should explicitly make reference to the Guarantee of Origin carbon certification requirements.

3.7 Does the rationale for including Scope 3 emissions requirements for minerals align with the taxonomy's core principle of credibility? Please explain.

Inclusion of scope 3 emissions requirements will work to incentivise uptake of decarbonised products (that is, the mining industry's scope 3 emissions are someone else's scope 1) - this firmly aligns with the taxonomy core principle of credibility.

3.11 Noting that the proposed criteria in this public consultation paper apply only to existing mines, what are the key considerations that should be taken into account when developing criteria for new mines, within the defined emissions boundary?

The proposed criteria for existing and new mines should include criteria regarding decommissioning of the mine at end of life.