



PM stays with hydrogen despite Fortescue retreat

Australian Financial Review

July 19, 2024 Friday

Print & First Editions

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Section: COMPANIES AND MARKETS; Pg. 17

Length: 771 words

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Body

The Albanese government is sticking with its plan to dole out billions in taxpayer-funded handouts for green hydrogen despite **Fortescue** scaling back ambitious production goals and axing 700 jobs.

Billionaire **Fortescue** chairman Andrew Forrest's abandonment of plans to produce 15 million tonnes of green hydrogen by 2030 has sparked questions over the government's subsidies and tax credits to get the industry off the ground as part of its Future Made in Australia agenda.

Opposition energy spokesman Ted O'Brien said **Fortescue's** decision had "blown a gaping hole" in the government's energy plans and, coupled with gas shortages, put energy security at risk. "The collapse of this project is symptomatic of Labor's failing all-eggs-in-one-basket 'renewables only' plan which is eating away at Australia's energy future," Mr O'Brien said.

"Despite offering billions in taxpayer funds these projects are still failing to get off the ground. If increasing gas supply was critical yesterday, it is absolutely essential today as the hopes that green hydrogen can play a role in supporting supply fades. We remain optimistic about the success of hydrogen in the long-term playing a role in our future energy mix, but we will not follow Labor's mistake."

While Dr Forrest is the highest-profile advocate for green hydrogen, the government points out he was not the only player, with more than 100 clean hydrogen projects in Australia, including 13 already operating and 17 under construction.

"Australia has more than 50 companies actively progressing renewable hydrogen project investment, making our current clean hydrogen pipeline amongst the largest globally, valued at more than \$225 billion," Climate Change Minister Chris Bowen said.

"This underpins strong collaborative relationships with export partners who are keen to receive Australia's green hydrogen in coming years.

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"Green hydrogen will be one of the best ways Australia can decarbonise domestic heavy emitters and help develop robust low carbon manufacturing, and industry.

"The government is committed to working alongside commercial interests to deliver on this potential."

Prime Minister Anthony Albanese insisted his government's energy plan remained on track.

"We want to make sure that we deliver the clean energy that Australia needs and that when coal-fired power stations close, as they've announced their closure, there isn't a gap in the energy security that Australia needs," he said. "That's why we need a real plan that's fully costed, and that's being rolled out with the certainty being provided for investment."

Climate Energy Finance director Tim Buckley said Dr Forrest was not alone in betting big on green hydrogen as part of the energy transition but costs had, in fact, gone up instead of following the usual pattern of better affordability for clean technology such as batteries, solar panels and electric vehicles.

"Twiggy went way too hard, way too fast and way too hyped about hydrogen," Mr Buckley said.

"Australia put out like 50 per cent of the world's press releases of hydrogen in the last five years but none of them have come to fruition."

With Australian coal and gas exports to decline as the world decarbonises, Mr Buckley expressed doubt green hydrogen would be able to fill the void, pointing out the first ship capable of transporting chilled hydrogen at scale was at least 10 years away.

He said green hydrogen's value was helping Australian resources companies to pivot to value-adding, such as processing critical minerals and producing strategic metals such as green steel.

The Superpower Institute, led by Rod Sims and Ross Garnaut, has warned it will be difficult for Australia to become a major player in green iron production without a green hydrogen industry.

The institute estimates the annual export value of green iron to be \$295 billion, or three times the current value of iron ore exports.

"Green aluminium exports could be worth an additional \$60 billion, compared with the current value of bauxite and alumina exports of \$10 billion," it said in a report now sitting with the Department of Industry.

Mr Sims argues the government should double down on the hydrogen production tax incentive by introducing capital grants of 50 per cent or equivalent tax credits for the first movers who build green iron plants.

The former ACCC boss had no issue if that meant **Fortescue** qualified for green iron support on top green hydrogen handouts.

"He could be helping Australia to start a \$300 billion industry," Mr Sims said. "And yet, if we don't help him, he won't do it. So this isn't just money for someone who's going to do something anyway."

Load-Date: July 21, 2024