Hydrogen credit could blow its $6.7b allocation; Development

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Byline: Ben Potter

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Hydrogen projects backed by large companies like ***Fortescue*** and Woodside are set to be early beneficiaries of the federal budget's $6.7 billion production tax credit, but one developer says the measure will attract a lot of international investment and could blow past its allocation.

Michael Myer, a member of Melbourne's wealthy Myer family and chairman of Sunshine Hydro, said two projects the developer is pursuing in Gladstone and northern NSW could yield enough hydrogen to earn $730 million in production tax credits at the $2 per kilogram rate.

"I think they've been conservative on what [it] will cost them, but I think the benefit to the national economy will far outweigh what might be a cost in the forward estimates ... in terms of jobs, export earnings, bringing down the wholesale price of energy and green fuels," Mr Myer said. "It'll pay for itself many times over."

The budget also topped up the Hydrogen Headstart scheme - which targets hydrogen projects of more than 50 megawatts - with $1.3 billion, making $8 billion in new funding overall.

Fortescue founder Andrew Forrest celebrated the production credit as a force multiplier that could help Australia to become "the Saudi Arabia of energy production" in a zero-carbon world. But he warned to beware of white-anting of the production credit rules by fossil fuel companies.

"It will also lower the cost of energy for every single Australian by making green hydrogen competitive with fossil fuels, spurring massive renewable energy projects in sparsely populated regions where employment is needed most," Mr Forrest said.

The iron ore billionaire, whose company has taken investment decisions on $1.15 billion of green hydrogen and ammonia projects in Queensland, Western Australia and Arizona, said fossil fuel companies were preparing to undermine the production credits program to foil the development of a low-cost competitor.

"The government has sent a clear message - business-as-usual for the fossil fuel monopoly driving up the cost of living and trashing our environment is over.

"Of course, the fossil fuel sector which, relative to the rest of us in heavy industry, is not a big employer, yet are expert at shifting income around so they don't pay fair taxes in Australia, will use profits to try to complicate this legislation to make it unworkable.

"The government should be fully prepared for this lobbying effort, one which will attempt to stop a cheaper competitor for fossil fuels being made right here in Australia, taxed right here in Australia, and enjoyed by Australian mums and dads and jobseekers."

Fortescue's projects include a $US550 million ($828 million) Phoenix Hydrogen Hub where it plans to build an 80 megawatt electrolyser and liquefaction plant producing up to 11,000 tonnes a year of liquid green hydrogen, a $US150 million ($226 million), 50 MW green hydrogen project at Gladstone in Queensland, and a $US50 million ($75 million) green iron trial plant at Christmas Creek iron ore mine in WA.

Woodside and ***Fortescue*** are among multinationals chasing green hydrogen projects in Australia.

Global oil and gas giant BP is the operator of the proposed 26 gigawatt Asian Renewable Energy Hub in the Pilbara region of WA, and Queensland's Stanwell Corp is backing a large hydrogen project.

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