



Fortescue, Woodside allies on green hydrogen

Australian Financial Review

May 14, 2024 Tuesday

Print & First Editions

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Section: COMPANIES AND MARKETS; Pg. 18

Length: 620 words

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Body

Fortescue executive chairman Andrew Forrest and oil and gas producer Woodside Energy have emerged as unlikely allies in the fight over legislative changes they say are threatening hydrogen projects in the United States.

The two biggest Perth-based companies on the ASX have found common ground in lobbying against plans by US Treasury officials to restrict the availability of tax credits for hydrogen developments through the Biden administration's Inflation Reduction Act. Both companies had counted on access to those incentives to underpin their US hydrogen ventures.

Dr Forrest has warned the provisions, known as 45V, threaten to "kill off" **Fortescue's** \$US550 million (\$836 million) hydrogen project in Arizona. Woodside has similar concerns about its H2OK project in Oklahoma, a key plank in the company's decarbonisation strategy.

In a submission to officials in the US, Woodside has warned that instead of incentivising hydrogen production, 45V would add costly requirements that are "virtually impossible to meet". Woodside has committed more than \$100 million in procuring equipment for H2OK.

Of particular concern for Woodside and **Fortescue** is a requirement that requires companies accessing tax credits to match each hour of production to an hour of renewable power consumption. The rule is designed to ensure subsidies are not given to hydrogen made from fossil fuel power during times when solar and wind power are unavailable.

Woodside's H2OK plan involves using electricity from Oklahoma's power grid to run electrolyzers to produce liquid hydrogen. It would source renewable energy certificates to offset the emissions from the non-renewable power included in that supply.

Fortescue also plans to use renewable energy certificates in Arizona.

Woodside wants the US to instead offer annual - rather than hourly - matching. Hourly matching raises the spectre of having to shut down plants when wind and solar power is unavailable to maintain tax credit status.

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In a submission to the government, Woodside said: "Switching to hourly matching would require the procurement of the type of electrolyser that can ramp up and down in response to intermittent renewable electricity. These issues will increase costs, resulting in an increased levelised cost hydrogen in an already challenging macroeconomic environment."

Woodside is pushing for annual matching to apply to hydrogen projects that start construction before the end of 2027 and 10-year grandfathering of annual matching for first-movers.

In a similar submission, **Fortescue** is pushing for annual matching to apply for projects that start production before the end of 2028 and 10-year grandfathering. **Fortescue** says it is "difficult to have confidence" in the feasibility of its project without changes to the 45V proposal.

Speaking this month in Buckeye, Arizona, where **Fortescue** plans to build its hydrogen project, Dr Forrest claimed that lobbyists for big oil and gas producers were behind the draft provisions in 45V.

He has previously criticised Woodside, Australia's biggest oil and gas producer, and its chief executive Meg O'Neill, describing her as "hard-edge trained by the biggest liar we've ever seen around climate change over the last 40 years, and that's ExxonMobil".

"Can we please look at the fact that Meg is driving an agenda to get carbon bombs going as quickly as possible," he said in an incendiary interview last year. He separately told the ABC that fossil fuel executives should have their heads "put on spikes", and said Ms O'Neill was "peddling poison".

Woodside accused Dr Forrest of using "violent imagery" and resorting to "personal vitriol". "Such language sets a terrible example for public debate and should be condemned," it said.

Load-Date: May 16, 2024