



Forrest slams US hydrogen regime

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Byline: NICK EVANS

Body

Fortescue chairman Andrew Forrest has slammed the Biden administration's proposed hydro-gen subsidy regime as the company begins work on a production plant in the US, saying rules that may limit **Fortescue's** access to government cash have been made at the behest of the fossil fuel industry.

Earlier this year the US Treasury Department released draft details of its proposed rules for production credits supporting the development of the nascent green hydrogen industry in the country, including a requirement that companies must match each hour of production to an hour of renewable power generation and consumption to be eligible.

Designed to ensure that energy derived from fossil fuel sources powering local grids can't be used to claim green hydrogen subsidies, the draft ruling would mean that producers switch off hydrogen production when wind, solar power or hydro power are unavailable.

Fortescue argued for power matching over a longer period, to avoid production interruptions, saying the proposed rules - known as 45V - would push up costs at the 80-megawatt green hydrogen facility the company is building in Arizona by between 140 and 200 per cent.

Fortescue had originally expected to qualify for a \$US3 a kilogram subsidy offered by the IRA for all of its production.

Speaking at a sod-turning event at the site of the plant on Friday, Dr Forrest said the proposed rules would be a "straitjacket" on the emerging industry.

"I support the Biden Administration's goal to produce hydrogen in a way that prioritises sustainability. However, 45V, in its current form, is a straitjacket on the industry and works against the Biden administration's own climate goals," he said. Dr Forrest said the Biden administration's Inflation Reduction Act was helping the US make serious strides towards decarbonising its economy, but said the proposed rules were "fine print shoved into the IRA legislation to do everything it can to kill off what is the saviour in energy for humanity and every organic life on Earth".

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"You deserve much better than faceless people wandering around with chequebooks full of lobbying money, putting in a landmine into the law which is getting green hydrogen off the ground," he said.

"That landmine is put in by fossil fuel lobbyists - they masquerade as environmentalists and I can tell you they're not, I can tell you that they're paid for by the fossil fuel sector." **Fortescue** ticked off on the development of the Arizona hydrogen project late last year. The company plans to spend \$US550m (\$837m) building a plant capable of producing 11,000 tonnes of liquid hydrogen a year for sale to the heavy transport -industry.

Scheduled to begin production in 2026, **Fortescue** has said the plant will be supplied by utility Arizona Public Service with "new sources of wind and solar generation under its regulated extra high load factor tariff, together with green attributes under its Green Power Partners program".

The Arizona grid was still dominated by fossil fuel generation in 2022, however, according to the US Energy Information Administration.

About 42 per cent of the state's net energy generation came from natural gas plants, with 12 per cent from coal-fired power stations. Another 29 per cent came from nuclear generation, and 16 per cent coming from solar, wind and hydro-electric sources. **Fortescue** shares closed up 9c to \$25.66 on Friday.

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