# Aussie hydrogen hopes buoyed by US rule change

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## Body

The US government relaxed some of the strictest criteria for hydrogen producers seeking billions of dollars in tax credits, giving Australian green fuel hopefuls a reprieve after a torrid 2024 reduced their ambitions.

The administration of outgoing US president Joe Biden on Friday (Saturday AEDT) finalised the Congress-approved 45V provisions aimed at reducing the cost for companies to make clean hydrogen.

The US hydrogen scheme endured a complex and long-winded review that concluded with the easing of stringent rules on how producers source their energy. Hydrogen producers now have two extra years to find adequate renewable power, deferring a problem that proponents had feared would stymie the industry's formative years.

The original proposal required producers to run their electrolyser machines - which split hydrogen from water - strictly during the operating hours of wind or solar farms. Producers now have until 2030.

Several Australian companies have hydrogen interests in the US including Woodside Energy's H2OK project in Oklahoma and ***Fortescue***'s Arizona Hydrogen, both of which stand to potentially benefit from Washington's tax credits.

"Will it be a shot in the arm [for the sector]? Yes, overall, it's positive," said Nick O'Loughlin, managing director at hydrogen start-up Sparc Technologies, which has a joint venture with ***Fortescue*** and the University of Adelaide.

"But unless we can get power prices down, the cost of green hydrogen will remain above the cost at which people are willing to purchase it. That is a fundamental barrier that the industry is facing to get these projects up and running, with or without credits."

The Albanese government is pouring billions into green hydrogen, which is produced using renewable energy, through its $4 billion Hydrogen Headstart Program.

Despite the push headed by Climate Change and Energy Minister Chris Bowen, multiple homegrown projects were shuttered or downgraded as the sector's economics came into question.

In July, ***Fortescue*** axed 700 jobs and slowed its push into green hydrogen and ammonia by pulling back from its large-scale complex at Gibson Island in Queensland.

Other local setbacks included Woodside icing two projects in Australia and New Zealand, Province Resources putting its Western Australian facility on hold, while Origin Energy abandoned its hydrogen venture in the NSW Hunter Valley.

Woodside said it was reviewing the new US tax credit regime and "how it may impact our project in Oklahoma", but declined to comment further yesterday.

The group's flagship green energy project has been repeatedly delayed since it was first earmarked for board sanction in 2022 and remains idled. The oil and gas producer hopes to produce up to 60 tonnes a day of liquid hydrogen through electrolysis and liquefaction at the US plant.

***Fortescue***, which has an ambitious strategy to become a major force in hydrogen and renewables, was contacted for comment.

Executive chairman Andrew Forrest last year criticised the Biden administration's scheme, specifically the eligibility rules that may affect its $US550 million Arizona operations. ***Fortescue*** began constructing its Phoenix-based plant in 2024, with the goal of producing of liquid green hydrogen by mid-2026.

Sparc Technologies has invested $5 million in their hydrogen joint venture, which uses photocatalysis, rather than the more widely adopted technology of using an electrolyser.

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