



Forrest's Fortescue boosts spending to keep green hydrogen dream alive

The Sydney Morning Herald (Australia) - Online

July 25, 2024 Thursday 4:31 AM UTC

Copyright 2024 Fairfax Media Publications Pty. Limited All Rights Reserved

Length: 657 words

Highlight: Mining giant says it will lift spending on its green energy division this year despite setbacks tempering its ambitious green hydrogen targets.

Body

Mining giant **Fortescue** says it will lift spending on green energy technology over the next year and has reaffirmed its commitment to developing zero-emissions hydrogen despite scaling back ambitions to produce 15 million tonnes of the fuel a year by 2030.

Billionaire Andrew Forrest, **Fortescue**'s founder and executive chairman, has had to [hit the brakes](#) on the speed and scale of his plans to diversify the world's fourth-largest iron ore miner into a green hydrogen superpower, blaming the high cost and the vast amount of renewable energy required to split hydrogen from water.

[Link to Image](#)

Dominic Lorrimer

Perth-based **Fortescue** last week announced it would slash 700 jobs, put its 2030 hydrogen target on hold and merge its green energy and iron ore divisions to reduce duplication and costs.

However, in a briefing on Thursday, **Fortescue** Energy boss Mark Hutchinson reaffirmed to investors that the company was "steadfast" in its commitment to scale up and commercialise green hydrogen - the name for hydrogen made using an electrolyser powered by renewable energy to ensure the end product is emissions-free.

Fortescue had initially allocated capital expenditure of \$US300 million (\$457 million) for its energy division for the coming 12 months, but that figure was increased to \$US500 million (\$763 million) on Thursday. The division's operating expenditure would rise from a maximum of \$500 million to \$700 million, the company said.

"I want to make it really clear: **Fortescue** is steadfast in our commitment to green hydrogen," Hutchinson said. "However, our financial discipline always comes first, and we will never do projects that are not economically viable."

Since 2020, Forrest has toured the world promoting the virtues of green hydrogen and seeking to partner with governments that have areas suitable for producing the vast amounts of wind, solar or hydropower required.

Green hydrogen is considered a promising future fuel due to its potential to displace fossil fuels and help decarbonise industrial processes, such as steel-making, that cannot be simply electrified. However it remains

Forrest's Fortescue boosts spending to keep green hydrogen dream alive

prohibitively expensive to make and is not yet viable at scale, with most of today's hydrogen still made using fossil fuels.

Hutchinson on Thursday said it had become apparent that the ability to source renewable electricity at a cost of around \$US30 (\$45.80) a megawatt-hour was essential for a project to be viable.

In jurisdictions where power was more expensive, he added, **Fortescue** would invest in plans to build renewable energy generators, including in Western Australia and Queensland.

"Where the power costs are not at this level, we will work steadfastly with those economies to help bring down the cost of electricity by producing electrons," he said.

Fortescue will initially focus on four key green hydrogen projects in Australia, the United States, Norway and Brazil. Further projects in Morocco, Oman, Egypt and Jordan would follow, the company said.

"We totally believe green hydrogen is what the world ultimately needs, that is why we will continue to maintain a significant portfolio of projects," Hutchinson said.

The update on **Fortescue's** green hydrogen strategy came as the company reported record quarterly exports of the lucrative steel-making raw material iron ore from its mines in WA.

"It's been an outstanding quarter by the team who rallied together to deliver record iron ore shipments of 53.7 million tonnes, which was 10 per cent higher than the June quarter last year," **Fortescue** Metals chief executive Dino Otranto said.

"This record result demonstrated the efficiencies gained through our recovery plan following the ore car derailment in December 2023."

The Market Recap newsletter is a wrap of the day's trading. [Get it each weekday afternoon.](#)

Key points

Fortescue lifts spending on energy division to \$US500m

Renewable electricity price key to green hydrogen viability

Initial projects in Australia, US, Brazil and Norway

Graphic

Andrew "Twiggy" Forrest, the chairman and biggest shareholder of iron ore miner **Fortescue** Metals Group, is embarking on a major push into clean energy.

Load-Date: July 25, 2024