



## **Forrest axes US green hydrogen partnership**

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**Byline:** PERRY WILLIAMS, CHIEF BUSINESS CORRESPONDENT, EXCLUSIVE

### **Body**

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Australia's biggest promoter of green hydrogen, Andrew Forrest, has axed an investment pact with US hydrogen giant Plug Power in the latest blow for the hyped clean energy power source, as developers pull back from projects following the election of Donald Trump.

The billionaire's **Fortescue** has been a major cheerleader for the nascent technology, signing a multi-pronged deal in 2022 to partner with Plug Power both as a potential supplier of electrolyzers for the company's projects, and as a joint venture partner with **Fortescue** in the US hydrogen market.

The pair inked a deal for the Australian resources major to take up to a 40 per cent stake in Plug's Texas hydrogen plant and for Plug to take up to a 25 per cent stake in a plant **Fortescue** wants to build in -Arizona.

However, **Fortescue** told The Australian the partnership has now been dissolved as it more broadly reconsiders its own development timelines for pushing ahead with projects.

It signals an ongoing retreat by the nation's most prominent cheerleader for green hydrogen, with Dr Forrest only a few years ago boasting that the company's green-energy ambitions would one day make it -bigger than the world's biggest oil producer, Saudi Aramco.

The Australian revealed this week that more than 60 projects have been paused or shut down due to high production costs, infrastructure bottlenecks and soft -demand from would-be inter-national buyers.

When **Fortescue** and Plug signed the investment accord in 2023, a joint statement spoke of a common mission to build out and scale up a global green hydrogen ecosystem.

"We believe there is strong demand globally for the green hydrogen we will produce and we must move quickly to meet that demand," **Fortescue** said in October 2023.

However, last year Dr Forrest launched a sweeping restructure at For-tescue in the face of the -company's failure to deliver on its green-energy -promises.

## Forrest axes US green hydrogen partnership

**Fortescue** said in February this year it was reconsidering the development time frames for its green hydrogen project in Arizona and for a green hydrogen project in Gladstone in Queensland linked to its electrolyser manufacturing facility.

Plug Power said on Wednesday its Texas plant had now been delayed due to Mr Trump's anti-green energy focus, a fresh setback after it had already announced \$US971m in writedowns earlier this week and looming job cuts.

**Fortescue** and Plug in Australia had previously teamed up for the Gibson Island ammonia plant in Queensland but the project has -effectively been shelved amid concerns over high power prices.

One of Australia's biggest renewable energy investors, the AustralianSuper-backed Quinbrook Infrastructure Partners, said green hydrogen had been hit by a reality check.

"The hope around green hydrogen is getting a dose of the fundamental cost challenges that appear unlikely to be overcome by any of the production tax credits that might be on offer," Quinbrook co-founder David Scaysbrook said.

"Some of the projects were overly ambitious in expecting a market to develop and I think ultimately there's been a lack of customer demand at the price points. Everyone's hopes around market development and customers committing just haven't materialised." As part of its flagship Future Made in Australia plan, the -Albanese government in 2024 provided a budget allocation of \$6.7bn to provide a \$2 incentive for every kilogram of green hydrogen produced from 2027-28. It also committed \$2bn for new projects under the Hydrogen Headstart program.

"That \$2 per kilogram hasn't been enough to make a difference," Mr Scaysbrook said. "It certainly doesn't appear to be making enough difference for the projects that are now falling over." In the US, green hydrogen producers were expecting to tap into a \$US3/kg tax incentive. But Mr Trump has indicated the Inflation Reduction Act which contained the subsidy is likely to be wound back.

"Probably under this administration no one will be developing green hydrogen projects in the US even with the \$US3 /kg leg-up - even if it remained," Mr Scaysbrook said.

Green hydrogen - produced by splitting water into hydrogen and oxygen through zero-emissions technologies - has so far proven to be more hype than a major new energy source, its critics maintain.

The battle to build a hydrogen export industry from scratch also looms as a major political divide ahead of the federal election. Labor has included green hydrogen as a central plank in its plan for Australia to become a renewable energy superpower. Energy Minister Chris Bowen said in September it was "no exaggeration" to say green hydrogen would be on the ballot paper.

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