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## Australia responds to IRA measures with A\$2 billion green hydrogen fund

Green hydrogen | Refined products | Emissions | Hydrogen | Greenhouse gases |  
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- Revenue support for large hydrogen projects
- 1-GW electrolyzer capacity by 2030
- A\$38.2 mil for Guarantee of Origin plan

**Australia has responded to the US' Inflation Reduction Act with a A\$2 billion (\$1.35 billion) package for renewable hydrogen aimed at accelerating projects to commercialization, Australian ministers and industry members said on May 10.**

Australia's 2023-24 budget May 9 announced the Hydrogen Headstart program for key renewable hydrogen production and export centers with a view to entering global markets and decarbonizing local manufacturing.

With "policies internationally like the Inflation Reduction Act, we had to respond," Chris Bowen, federal Climate Change and Energy Minister told parliament May 10. "This critical new investment is all about making Australia a global leader in green hydrogen, as competition for clean energy investment accelerates around the world."

The US' Inflation Reduction Act with its \$369 billion initiative to promote clean energy had thrown a shadow over non-US development and posed a challenge to policymakers everywhere. Citing recent State of Hydrogen and IEA reports, Bowen said he did not want to risk jeopardizing Australia's hydrogen potential.

The 2022 State of Hydrogen report released in April said Australia's pipeline of over 100 hydrogen projects was worth A\$230-\$300 billion of potential investment -- close to 40% of all global clean hydrogen project announcements.

Hydrogen Headstart would provide revenue support for large-scale renewable hydrogen projects through a competitive process, Bowen said in a separate statement.

"These will help bridge the commercial gap for early projects and put Australia on course for up to a gigawatt of electrolyzer capacity by 2030 through two to three flagship projects," he said.

One of the largest hydrogen developers, InterContinental Energy, said the budget had given a "significant boost" to Australian hydrogen industry.

"This signals to the world that Australia is committed to developing the hydrogen ecosystem and (has) the desire to be a leader," Isaac Hinton, Head of Australia, InterContinental Energy told S&P Global Commodity Insights.

"We appreciate the federal government's hydrogen and climate related policies to support the confluence of world scale resources, investment in growing the supply chains and the continued relationships with trading partners in the region to help bring forward project FIDs," Hinton said.

InterContinental Energy is developing the 26-GW Australian Renewable Energy Hub (AREH) and the 50-GW Western Green Energy Hub (WGEH) in Western Australia along with partners.

### **Beyond hydrogen**

The Australian government is positioning renewable hydrogen as a part of a wider plan to decarbonize its economy.

Last year's October budget review established significant public financing for the energy transition via the A\$20 billion Rewiring the Nation Fund, a A\$3 billion renewables, green metals and low emissions technologies fund (included in the wider A\$15 billion National Reconstruction Fund), the A\$1.9 billion Powering the Regions Fund and the A\$525 million Hydrogen Hubs initiative.

"The race is on for Australia to position itself as a renewables, critical minerals and clean tech superpower as global investment momentum in energy transition has been supercharged by President Biden's trillion dollar US Inflation Reduction Act," a report from researcher Climate Energy Finance said.

"We need the green hydrogen industry going, to get the green metals industry going," Bowen told parliament May 10.

The budget also places A\$38.2 million in funding for a Guarantee of Origin scheme, which will certify renewable energy and track and verify emissions from clean energy products – in particular hydrogen.

"This is critical funding to ensure Australia is seen as an attractive investment destination, to accelerate investment in an Australian hydrogen industry and to support access to future markets for verified renewable and clean products," Provaris Energy, a developer of hydrogen and transportation projects, said in an emailed statement.

"In our interactions with prospective customers, credible certification has been a consistent discussion point and as such this initiative is very welcome," it said.

Australia is likely to be ready to issue the first Guarantees of Origin in early 2024 for renewable hydrogen, Cameron Mathie, manager at Future Carbon Market, Clean Energy Regulator, said at the 2022 Australian Hydrogen Conference in December.

**Net-zero ready**

Budget funding also includes A\$12 million for a review of the environmental management regime for offshore petroleum and greenhouse gas storage activities, which could lead to faster decarbonization, Madeleine King, federal Minister for Resources said.

"The review will examine opportunities for regulatory and administrative certainty and efficiency for carbon capture and storage projects," King said.

"Australia has a robust regulatory framework for offshore oil, gas and carbon capture and storage activities. As this sector transforms, it is imperative that our regulations are fit-for purpose for a decarbonizing economy."

Platts, part of S&P Global Commodity Insights, assessed Queensland hydrogen produced via alkaline electrolysis at \$4.2 May 9, up 17.5% month on month. It assessed Japan hydrogen produced via alkaline electrolysis at \$3.14/kg May 10, up 18% from a month ago.