#H2OffThePress

Australia launches ‘Hydrogen Headstart’, its first nation-wide Green H2 subsidy program

The unlocker to the massive
Green H2 potential
down under?

Yamna

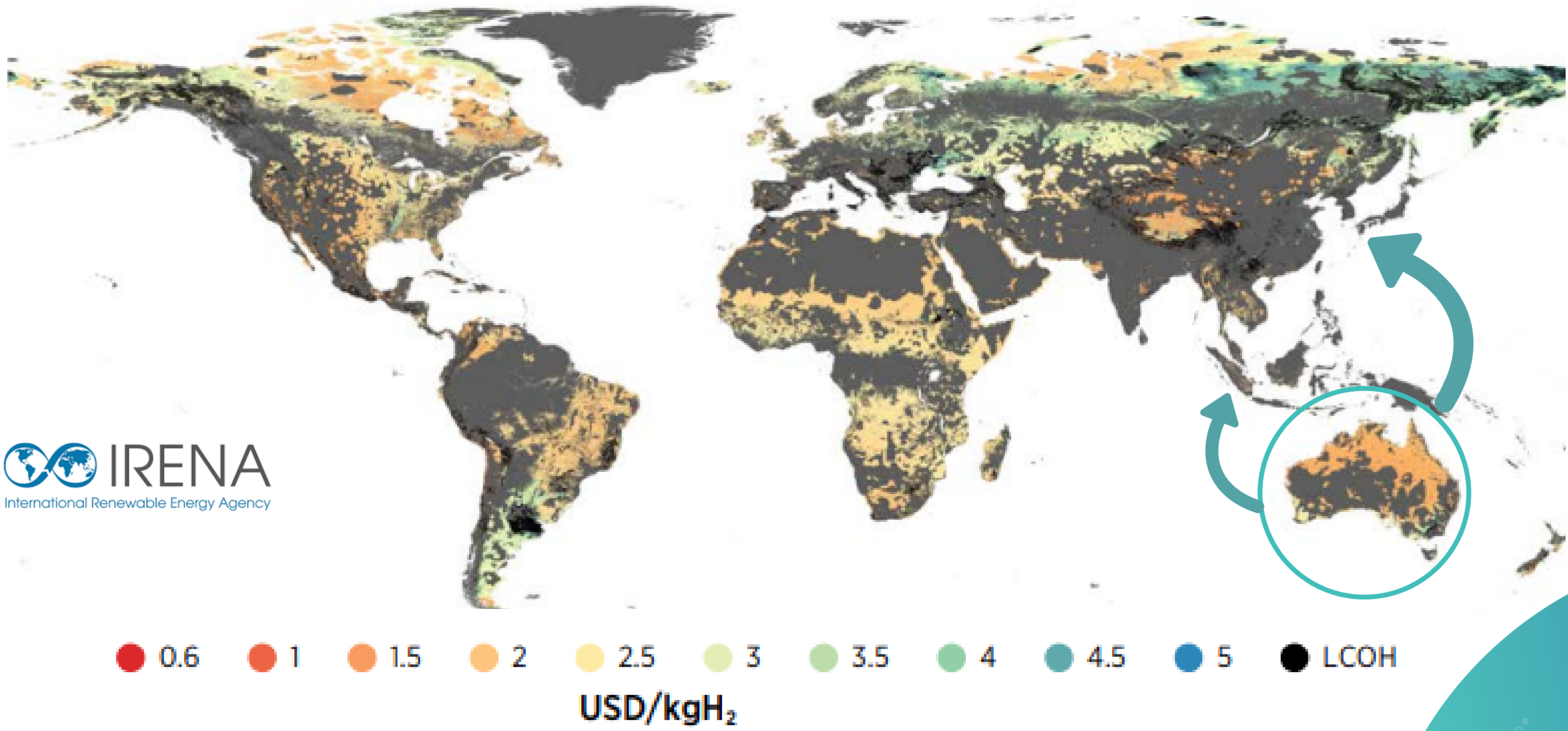
Australia is a green hydrogen champion in the making

Australia holds a potential of **$300 billion** of hydrogen projects*, focused on domestic use and export, making it one of the **largest green H2 project pipelines** on the planet

What makes Australia so attractive for green H2 production?

→ One of the **lowest cost Green H2 producer**, due to low renewable energy costs

→ **Export candidate** to major hydrogen demand centers (Japan, Korea, China)



*Department of Climate Change, Energy, the Environment and Water of Australia

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State is speeding up the uptake of the green hydrogen economy

The Australian government is taking increasing steps to foster the uptake of green hydrogen

Review of the National Hydrogen Strategy

Ongoing update of the strategy, initially published in 2019, to position Australia as a global H2 leader by 2030

Guarantee of origin scheme under review

Use of internationally aligned emission accounting frameworks, starting with H2 and derivatives and moving to green steel, biofuels, etc

Creation of regional H2 hubs

and review of Australia’s regulatory framework

HYDROGEN HEADSTART

Launch of Hydrogen Headstart

First nation-wide subsidy program

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Hydrogen Headstart: A kickstarter to the H2 economy

In the 2023-2024 budget, the Australian government announced the **A$2 billion Hydrogen Headstart Program** to catalyse Australia's green H2 industry

Key Features

Minimum project size
50 MW

Subsidy period
10 years

Total Budget
$ 2 billion

Area of production
Australia

Eligible projects
All end uses of hydrogen and derivatives (including export)

Granting authority
ARENA and DCCEEW

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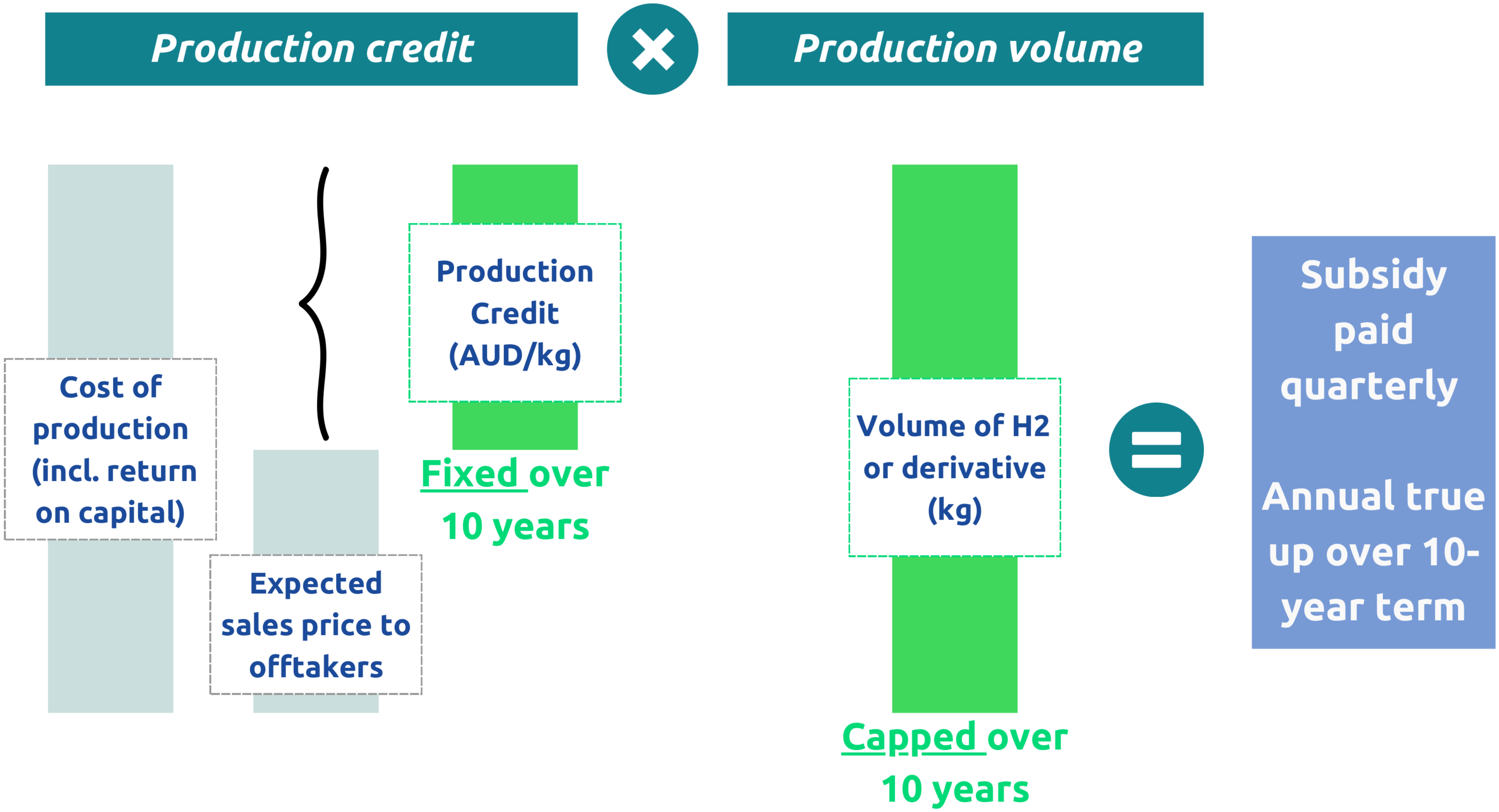
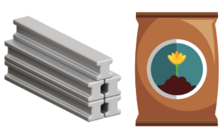
A fixed production subsidy, capturing derivatives

The bid is composed of **two elements**:

A **fixed subsidy** (*AUD/kg of H2 or derivative*)

A **capped volume over 10 years** (*kg of H2 or derivative*)





Production Credit is **one single nominal value** (AUD/kg), even if multiple offtake contracts, which should reflect the gap between all production costs required to produce hydrogen and derivatives, and the sales price of those derivatives

The program targets mature projects

Bid Requirements

MoU or Term sheets

- with third party for offtake or hydrogen use
- for renewable energy supply
- for EPC and OEM arrangements including delivery timelines

Evidence of Project development work undertaken to date

Financial model with Project costs at AACE Class 4 level

FID to be reached by 2026

2024 2025 2026

Oct-Nov 2023
Expression of Interest stage

Jan-Oct 2024
Application stage

2026
Expected FID of projects

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A similar program to the EU Pilot Auction

In their design, the **Australian Hydrogen Headstart** program and the **European Union Pilot Auction** are quite similar, with some strategical differences

	Total budget	Hydrogen Type	Min project size	Subsidy type	Subsidy duration	Subsidy Limit
	*€1.2 bn*	*Renewable H2*	*50 MW*	*Fixed*	*10 years*	*None*
	*€3 bn**	*Renewable H2*	*5 MW*	*Fixed*	*10 years*	*€4.5/kgH2*

In short, the Australian program differs from the EU one in that:

- **Minimum project size** is bigger
- Subsidy can be sized on the cost gap of **hydrogen derivatives** (and not hydrogen only)

**The EU subsidy conditions described above correspond to the €800mn pilot round, with further rounds planned in the coming year. The total budget of the European Hydrogen Bank is €3 bn.*