

Director
Production Tax Incentives Unit
Corporate and International Tax Division

Via Email

12th of July 2024

Dear Treasury,

Subject – Hydrogen Production Incentive Tax

AMP Energy is pleased to contribute to the Australian Government's Hydrogen Production Tax Incentive consultation paper. As a leading independent producer of green hydrogen and renewable energy, Amp Energy boasts one of the fastest-growing portfolios in Australia and worldwide. We are rethinking the future of energy through decarbonisation, decentralisation, digitisation, and democratisation, and support the Future Made in Australia plan. Australia is well-positioned to develop a world-leading green hydrogen industry.

Amp Energy's long-term vision aligns with the Australian Government's goal of becoming a global hydrogen leader by 2030 and supporting domestic decarbonisation through green hydrogen development. This commitment is exemplified by our Cape Hardy Advanced Fuels Precinct, industrial manufacturing focused on the green hydrogen value chain. We believe hydrogen will significantly transform the national electricity grid and support grid firming.

The Hydrogen Production Tax Incentive will greatly support our efforts in green hydrogen production by providing financial incentives that make large-scale projects more viable. This support is crucial for ensuring that green hydrogen generation can meet the high standards of sustainability and efficiency, driving the industry forward. We have addressed the questions in the consultation paper on the following pages.

On behalf of Amp Energy, I would like to thank you for the opportunity to contribute to this submission and be an active participant in the Future Made in Australia plan.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Thyl Kint', with a stylized flourish at the end.

Thyl Kint

Cape Hardy Green Hydrogen Project Director

Responses to consultation matters

Eligibility

- 1. Please provide any feedback on the impact this incentive may have on your community, facility, or industry.**

AMP Energy's long-term vision aligns with the Australian Government's strategic objectives of becoming a global hydrogen leader and advancing domestic decarbonisation through the hydrogen industry. The Hydrogen Production Tax Credit provides crucial support for the commercial viability of AMP Energy's Cape Hardy Hydrogen project and will unlock further opportunities in the industry, particularly in the production of advanced fuels and chemicals such as ammonia.

Hydrogen will play a significant role in transforming the national electricity grid by enabling grid firming and enhancing reliability. The Hydrogen Production Tax Credit will not only benefit our facilities but also drive the development of complex hydrogen infrastructure and technology, creating a wide range of skilled jobs in engineering, construction, and operations. As the hydrogen industry expands, it will spur innovation and economic growth, establishing Australia as a leader in renewable energy solutions and the production of advanced fuels.

- 2. Please provide any feedback on the proposed eligibility criteria.**

AMP Energy requests that consideration be given to allowing the inclusion of trust structures for eligibility under the Hydrogen Production Tax Credit. Trusts are commonly used in Australia for holding infrastructure assets and as an alternative investment vehicle, they have potential to attract more investors to the hydrogen production sector.

- 3. What key factors would need to be accounted for in a definition of an eligible facility for the purposes of the HPTI?**

AMP Energy has no comment to make on this aspect of the consultation document.

- 4. What key factors would need to be accounted for in a definition of Final Investment Decision (FID) for the purposes of the HPTI?**

AMP Energy has no comment to make on this aspect of the consultation document.

- 5. How long do you expect it will take for projects to reach first production following FID?**

AMP Energy has no comment to make on this aspect of the consultation document.

- 6. For foreign investors, do you currently encounter any impediments to investment in projects that would be eligible?**

AMP Energy has no comment to make on this aspect of the consultation document.

Eligible Production

- 7. Please provide any feedback on the proposed emissions intensity threshold of 0.6kg of carbon dioxide equivalent up to the production gate.**

AMP Energy requests the proposed threshold of 0.6kg CO₂ equivalent is necessary to ensure that hydrogen production in Australia is genuinely green and furthermore, it will be necessary to ensure the economic benefits of green hydrogen can be fully realised.

- 8. Other than electrolysis, what production processes would meet this emissions intensity threshold now or before 2030?**

Based on the current state of technology, we consider electrolysis is the only production process capable of reliably meeting the proposed emissions intensity threshold of 0.6kg of carbon dioxide equivalent per kilogram of hydrogen with a minimum capacity of 10-megawatts. Electrolysis, powered by renewable energy, remains the only reliable and scalable solution for meeting the stringent emissions requirements to decarbonise the Australian economy and support the growth of a sustainable hydrogen economy. Continued investment in and development of electrolysis technology will be crucial to achieving the Australian Government's decarbonisation goals and ensuring a green hydrogen future.

- 9. Please provide feedback on the proposed minimum capacity requirement (equivalent to 10 MW electrolyser)?**

In response to the proposed minimum capacity requirement of an equivalent 10 MW electrolyser, we believe this threshold is essential to ensure only hydrogen production projects which provide scalability and economic viability are supported. Therefore, it should not be reduced.

- 10. For renewable production processes other than electrolysis, is using the minimum capacity requirement of "equivalent to a 10MW electrolyser" appropriate? Is another definition of capacity required to deal with other production pathways?**

AMP Energy requests the requirement should specify sufficient additional, incremental, or matched renewable generation. Specifically, for a minimum of a 10MW electrolyser or its equivalent, at least 20MW of additional, dedicated, or matched renewable generation should be required. A 10MW electrolyser alone will be ineffective in supporting the Australian renewable hydrogen industry without the necessary dedicated renewable energy capacity.

- 11. Should grid connected electrolyser projects be required to match their hydrogen production with electricity generated by the same electricity grid? Please provide feedback on this proposal.**

We suggest there is a requirement that any qualifying green hydrogen generator drawing power from the grid sources at least 90% of its power from renewable generation

connected to the same grid. If this is not implemented strictly, there is a risk of the renewable hydrogen generation being misclassified as green, or green generation fed into the grid being counted multiple times.

12. Please provide feedback on the proposal to not include additional requirements on renewable energy generation for access to the incentive, such as additionality and hourly time-matching with hydrogen production.

AMP Energy requests the power should be hourly matched and certified through a guarantee of origin scheme. Without strict implementation, there is a risk of non-renewable generation being incorrectly classified as green, or green generation fed into the grid being counted multiple times.

Administrative Arrangements

13. Please provide any feedback on the proposed administrative approach.

AMP Energy has no comment to make on this aspect of the consultation document.

14. The proposed GO scheme will be used to support the registration and verification of hydrogen production. Are there any additional factors that would need to be accounted for in the proposed design of that scheme?

A fundamental requirement of the scheme should be that at least 90% of the power for hydrogen production is generated from renewable sources and is hourly matched. This is essential to ensure the scheme effectively supports the decarbonisation of the Australian economy.

15. The Government may legislate the administrative arrangements in subordinate legislation. Please provide any feedback on this proposed approach.

AMP Energy has no comment to make on this aspect of the consultation document.

Community Benefit Principles

16. What obligations should be imposed on potential recipients of the HPTI to ensure the community benefit principles are met?

AMP Energy acknowledges the importance of community benefit principles and is exploring a number of collaborative avenues for deep and lasting involvement via community benefit mechanisms. However, as an emerging industry, we emphasise the need for a balanced approach that does not compromise the economic viability of green hydrogen projects. A substantial part of our project content will be Australian, creating long-term job opportunities and economic benefits. These projects will provide substantial tax revenue for local, state and federal governments which can be leveraged to promote local industries and support indigenous communities.

17. What obligations are potential recipients of the HPTI currently subject to that might support the community benefit objectives (noting these will be finalised under the Future Made in Australia Act)?

AMP Energy's response to this question is outlined in the response to question 16.

18. Are there any additional objectives that you consider important? What obligations might support these?

19. Recipients of the HPTI may be subject to additional transparency and disclosure requirements in order to be eligible. What kind of requirements are appropriate? What are the key practical considerations to take into account when setting the requirements?

AMP Energy has no comment to make on this aspect of the consultation document.

20. How should entities proposing to claim the HPTI be required to demonstrate compliance with tax obligations?

AMP Energy considers entities proposing to claim the Hydrogen Production Tax Incentive should demonstrate compliance with tax obligations by keeping accurate records of all relevant transactions, as required by Subsection 262A (1) of the Taxation Administration Act 1953. We request no additional recording keeping requirements should be imposed.

21. What information do you consider important for the community that should be reported publicly on the recipients of the HPTI such as the amount of credit received?

AMP Energy has no comment to make on this aspect of the consultation document.

22. Who should the reporting requirements be imposed on? For example, on the recipient entity, or central reporting through a regulator?

AMP Energy has no comment to make on this aspect of the consultation document.

23. Please provide feedback on the proposed treatment of the interactions between the HPTI and other forms of Commonwealth, State or foreign government support.

AMP Energy has no comment to make on this aspect of the consultation document.

Interactions with other government incentives

AMP Energy has no comment to make on this aspect of the consultation document.