

Hydrogen Production Tax Incentive – Consultation Paper Responses

Countrywide Hydrogen (CH) is an Australian company and a wholly owned subsidiary of ASX-listed ReNu Energy Limited. CH develops distributed renewable hydrogen production and refuelling businesses established at strategic locations to create *Hydrogen HyWays* to satisfy customer demand.

The company's first projects span Tasmania with initially one near Devonport in the north and the second near Hobart in the south which target decarbonising heavy transport and logistics. With many major corporates and governments having announced their emissions reductions targets by 2030, CH is collaborating with them to achieve tangible Scope 3 emissions reductions and to then copy-and-paste the company's model on the mainland.

Each project will be five megawatts (MW) in scale producing approximately two tonnes of certified green hydrogen a day, sufficient to refuel 30-35 heavy vehicles a day. As demand increases projects can be expanded.

On the heels of both projects are additional facilities planned for Western Junction near Launceston and another at Bell Bay to service the timber industry in particular. Next projects are planned for the mainland, with the first based at Portland in Victoria to service the productive "Green Triangle" cross-border region with South Australia. This Hydrogen HyWay is targeted to stretch west to Adelaide via Mount Gambier and east to Melbourne via Warrnambool and Geelong.

Critical to the success of these projects is the price of hydrogen. CH's modelling for its Hydrogen HyWay projects in Tasmania demonstrates that a hydrogen price that is equivalent to the price of diesel is achievable with Government support. That support will come from Governments and already Countrywide Hydrogen has been nominated as the only recipient of the Tasmanian Government's Green Hydrogen Price Reduction Scheme, a payment for every kilogram of green hydrogen produced and sold.

Following please find responses to the questions posed in the Consultation Paper.

Questions	Answers
1. Please provide any feedback on the impact this incentive may have on your community, facility or industry.	<p>CH's green hydrogen production facilities start at 5MW producing 2.2 tonnes per day sufficient to fuel up to 35 fuel cell trucks from our hydrogen refuelling stations. We will have distributed hydrogen production to create <i>Hydrogen HyWays</i> across Australia with Tasmania being our showcase for the rest of the nation.</p> <p>This incentive will assist in keeping the price of hydrogen at a level that competes with diesel in the short-term and cheaper over time.</p>
2. Please provide any feedback on the proposed eligibility criteria.	<p>The minimum proposed project size of 10MW precludes us from applying for the HPTI. We do not understand the rationale behind a 10MW minimum has been selected and submit that there should be no minimum because any hydrogen used as a fuel will replace fossil fuels. CH is working with Tasfarmers to develop a pilot hydrogen-powered farm that will use fuel cell equipment that replaces diesel equipment. While a small application, we believe it is fair that projects like this pilot are eligible for the HPTI. Importantly our distributed hydrogen projects are being rolled out nationally and all start at 5MW, producing over two tonnes of green hydrogen a day, sufficient to refuel up to 35 heavy vehicles. Collectively as a CH <i>Hydrogen HyWay</i> they would exceed the 10MW minimum project scale and make a significant contribution to emissions abatement. But individually none will be eligible for the funding as proposed which we submit is inequitable, unjustifiable and contrary to regional Australia's decarbonisation goals. We therefore <u>recommend there be no minimum scale for project eligibility</u>.</p>
3. What key factors would need to be accounted for in a definition of an	<p>No minimum scale. The Federal Government should not just be supporting large projects as it did with Hydrogen Headstart #1. It should be supporting all</p>

eligible facility for the purposes of the HPTI?	endeavours to replace fossil fuels regardless of scale because each makes a tangible contribution.
4. What key factors would need to be accounted for in a definition of Final Investment Decision (FID) for the purposes of the HPTI?	The definition of FID should be left to the project proponent to define because each project will be different and have different risk factors and investors.
5. How long do you expect it will take for projects to reach first production following FID?	FID on our first two projects in Tasmania will occur in late 2024 with first production forecast in the second half of 2026.
6. For foreign investors, do you currently encounter any impediments to investment in projects that would be eligible?	N/A
7. Please provide any feedback on the proposed emissions intensity threshold of 0.6kg of carbon dioxide equivalent up to the production gate.	Accepted.
8. Other than electrolysis, what production processes would meet this emissions intensity threshold now or before 2030?	CH recommends that the hydrogen production method be agnostic in case new technologies come to the fore by 2030.
9. Please provide feedback on the proposed minimum capacity requirement (equivalent to 10 MW electrolyser)?	As stated above, CH objects to there being a minimum capacity because it limits support being provided to projects that will make a quantifiable contribution to emissions reduction. Smaller projects will be scaled up as demand grows and they should be eligible for the HPTI on equitable grounds as well as environmental.
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?	As stated above, CH believes there is no valid reason for imposing a minimum capacity and therefore no reason for another definition.
11. Should grid connected electrolyser projects be required to match their	No. The bottom line is sourcing green electrons for hydrogen production. Making the process and rules as simple as possible

hydrogen production with electricity generated by the same electricity grid? Please provide feedback on this proposal.	will generate the greatest uptake which one would assume is the Federal Government's goal.
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.	Simplicity with the HPTI is of the essence which means minimising barriers. Maximise green hydrogen production to maximise emissions reductions.
13. Please provide any feedback on the proposed administrative approach.	Accepted.
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?	No.
15. The Government may legislate the administrative arrangements in subordinate legislation. Please provide any feedback on this proposed approach.	Accepted.
16. What obligations should be imposed on potential recipients of the HPTI to ensure the community benefit principles are met?	Community benefit requirements should be reasonable. The greatest benefit will be hydrogen displacing diesel and delivering better air quality to benefit the environment and health. Knowledge sharing is important too to maximise the impact of taxpayer dollars.
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)?	Green hydrogen project will deliver investment in local communities (including First Nations communities), domestic industry and supply chains, and skills, and the promotion of diverse workforces, and secure jobs. We cannot comment on the prospect of tax transparency at this stage.
18. Are there any additional objectives that you consider important? What obligations might support these?	A tax incentive for the use of green hydrogen just as there is a diesel rebate. Early adopters of hydrogen as a fuel will need

	incentives to address the delta between natural gas and hydrogen to encourage natural gas displacement.
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?	Reasonable and not onerous requirements are requested. Complexity with the HPTI will breed discontent and reduce delivery of the desired outcomes, that being emissions reductions.
20. How should entities proposing to claim the HPTI be required to demonstrate compliance with tax obligations?	Cannot comment at this stage.
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?	Critical as a public communication is the volume of emissions abated regularly due to the implementation of the HPTI.
22. Who should the reporting requirements be imposed on? For example, on the recipient entity, or central reporting through a regulator?	Central reporting by the regulator – the value of the rebates can be equated to emissions reductions.
23. Please provide feedback on the proposed treatment of the interactions between the HPTI and other forms of Commonwealth, State or foreign government support.	Having recently been introduced to Powering Australia, maybe this is the link provider.
24. How can the HPTI best leverage other types of support? Please provide examples relevant to your project if possible.	The Tasmanian Government has awarded their Green Hydrogen Price Reduction Scheme funding to Countrywide Hydrogen, the only project proponent to be a recipient. From discussions with other states, there is an appetite to replicate this support mechanism because it promotes the adoption of green hydrogen without any risk.

25. What are the key practical considerations with receiving support through the HPTI and the Hydrogen Headstart program simultaneously?	CH needs to understand what Hydrogen Headstart #2 embraces before commenting.
26. Are there specific interactions with other support programs that should be considered?	<p>No. The availability of support programs is difficult to access and a supportive AusIndustry person is needed to provide direction. Not all AusIndustry personnel are willing supporters of those enquiring. Further Countrywide Hydrogen has recently engaged with Powering Australia which appear to have a role of bridging the gap between the Federal Government and industry to foster collaboration to deliver emissions reduction opportunities with tangible outcomes.</p> <p>Continued collaboration with and among the states it also critical. Highways join the mainland states so such engagement and cooperation are warranted.</p>