

Hydrogen Production Tax Incentive Consultation

Hazer Group Limited
12 July 2024
Submission to the Treasury

Hazer Group Limited (ACN 144 044 600)
Level 9, 99 St Georges Tce, WA 6000
PO Box Z5511, St Georges Tce, Perth, WA 6831
e: contact@hazergroup.com.au
w: www.hazergroup.com.au

Responses to the consultation questions

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

This will provide incentive for our project partners to build projects in Australia. This support may allow the first of a kind commercial scale Hazer project to get off the ground in Australia ahead of other countries. The Hazer Process is an Australian born technology that produces low carbon hydrogen and graphite using an iron ore catalyst. Australia has access to the necessary feedstocks in gas and iron ore to run the process and incentives such as the HPTI will ensure that our project partners select Australian sites as a priority over other competing jurisdictions.

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

Carbon emissions maximum: As discussed in response to question 7, there is benefit in starting with a higher carbon emissions level in order to get projects up in the medium term.

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

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

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

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

No feedback.

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

The proposed emissions intensity threshold is significantly lower than other jurisdictions worldwide which may lead project developers to select other countries ahead of Australia for investment. We support increasing the threshold to be in line with other jurisdictions. Thresholds for other jurisdictions with same scope (well to gate) listed below:

United States (Inflation Reduction Act- Clean Hydrogen Production Tax Credit, 45V <4kg carbon dioxide)¹

Canada (Greenhouse Gas Reduction Regulation <3.7kg carbon dioxide)^{2*}

European Union (EU Taxonomy <3kg carbon dioxide)³

United Kingdom (Low Carbon Hydrogen Standard <2.4kg carbon dioxide)^{4**}

Japan (Basic Hydrogen Strategy <3.4kg carbon dioxide)⁵

¹ <https://www.energy.gov/eere/fuelcells/financial-incentives-hydrogen-and-fuel-cell-projects>

² https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/102_2012

*Hydrogen definitions updated June 2024 to be carbon intensity based -Updated version inaccessible online

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139>

⁴ <https://assets.publishing.service.gov.uk/media/6584407fed3c3400133bfd47/uk-low-carbon-hydrogen-standard-v3-december-2023.pdf>

**Emissions threshold is specified as Well to Point of delivery. Hazer Process plants are proposed to be co-located at the end user and as such “Point of delivery” is equivalent to “Gate”

⁵ https://www.meti.go.jp/shingikai/enecho/shoene_shinene/suiso_seisaku/pdf/20230606_5.pdf

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

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

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?

The minimum capacity as stated is reasonable. Additionally, a calculation methodology should be provided to convert the minimum electrolyser capacity into hydrogen production rate for other technologies. Eg. an electrolyser efficiency specified to allow the nameplate hydrogen production rate to be determined:

Electrolyser nameplate (MW)*1000 / efficiency (kWhr/kg H₂) = production rate (kg H₂/hr)

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.

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.

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

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?

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

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

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)?

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?

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

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?

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

No feedback.

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

24. How can the HPTI best leverage other types of support? Please provide examples relevant to your project if possible.

We support the ability for projects to be able to claim multiple forms of support such as the Critical Mineral Production Tax Incentives (CMPTI).

25. What are the key practical considerations with receiving support through the HPTI and the Hydrogen Headstart program simultaneously?

26. Are there specific interactions with other support programs that should be considered?

No feedback.