

Submission
No 36

INQUIRY INTO DEVELOPMENT OF A HYDROGEN INDUSTRY IN NEW SOUTH WALES

Organisation: Committee for the Hunter

Date Received: 26 February 2021



Standing Committee on State Development

Inquiry into the development of a hydrogen industry in New South Wales

25 February 2021

Dear Committee members

Thank you for the opportunity to make a submission. The Committee for the Hunter invites the Standing Committee to consider the significant opportunity to partner with the Hunter to accelerate the development of the hydrogen industry in NSW.

About the Committee for the Hunter

The Committee is an independent and inclusive champion for the people of the Greater Hunter and their enterprises. Representing over 60 organisations including some of the largest employers and institutions in the region, we provide a unified voice for the Hunter. Our members are drawn from the private and community sectors and all three levels of government. We come together with a shared interest in building a sustainable, prosperous and equitable future for our region. The Committee delivers on that promise through advocacy, thought leadership and providing a platform for collaborative action.

Committee members have identified the diversification of the Hunter economy as the region's highest priority

The region is reimagining our future in the context of the structural decline of mining and coal-generated energy. Stakeholders from across the Hunter are working together to attract and grow industries and jobs that leverage our competitive advantage and build from the assets and capabilities of coal.

Hydrogen is one of the priority industries that has the potential to anchor significant new jobs and economic growth. That's why the Committee is participating in the Hunter Hydrogen Taskforce, led by the University of Newcastle with industry partners, that is developing a roadmap for the growth of hydrogen in the region and a concept for a demonstration project. This roadmap will examine the economics of different hydrogen use cases specifically applied to the Hunter.

NSW has entered the race to be a national and global hydrogen leader and the Hunter region gives the state a head start

The opportunity for hydrogen in the Hunter is unparalleled in NSW, along with the benefits this would deliver. This opportunity extends across hydrogen production, storage and exports.

National Energy and Resources Australia (NERA) has recognised this potential by choosing the Hunter to be **one of 13 Hydrogen Technology Clusters around the nation** – and the only one in NSW. The Hunter was one of the first global energy majors, exporting coal from Newcastle to India beginning 1801. With support, we now have the opportunity to celebrate and build from our proud coal legacy to make Newcastle the first hydrogen export hub.

The region already has **hydrogen production capabilities** at Orica's ammonia plant in the international gateway of the Port of Newcastle, from which production has the potential to be scaled up and expanded to other uses including exports.

The Hunter has **a smart and skilled STEM workforce** with unique expertise in energy and resources including the safe handling and storage of fuel and hazardous materials. We are home to **world-class energy research institutions** including CSIRO and the University of Newcastle.

The NSW hydrogen economy would be accelerated, building from the **Hunter's extensive energy generation** infrastructure and distribution networks, the export facilities at the deep-water Port of Newcastle, established international supply chains and landside transport networks. Industry is already moving to **retrofit existing energy assets**, with Origin Energy planning Australia's largest battery with capacity of up to 700 MW at the Eraring Power station.

The Hunter has **the scale that will be required to drive down the costs of hydrogen production** and increase the viability of the developing hydrogen industry. The region is home to some of **NSW's largest energy users and industries who could be the end-users of hydrogen** and help underwrite innovation and investment.

Industry, business, research institutions and government in the region are actively collaborating to seize the opportunity of hydrogen, building from our experience in industry clusters such as HunterNet, which is the longest running manufacturing cluster in Australia. We are working together, and we want you to partner with us to ensure NSW wins the hydrogen race, and the jobs and economic growth this offers.

For NSW to capture the most benefits from the hydrogen opportunity, we need to be out front.

The Australian Government has committed to funding hydrogen initiatives via the National Hydrogen Strategy and Hydrogen Hubs program. The NSW Electricity Infrastructure Investment Roadmap provides welcome direction to market and investors in clean energy technologies including hydrogen. But it is a highly competitive space, with the Western Australian, Victorian and Queensland governments providing significant investment incentives for hydrogen projects.

The hydrogen economy in NSW can be accelerated with more support for pilot projects, including seed funding, facilitating innovative and collaborative power purchase or end-user agreements that will help underpin technology and infrastructure investments, and fostering a hydrogen 'ecosystem' that encourages and de-risks investment. This includes skills and workforce development, R&D, streamlined planning and regulation, community/social licence, investment concierge and incentives, and coordination across all three levels of government.

The NSW Government should consider the establishment of a clean energy industrial precinct in the Hunter that expands on the functions of the Hunter-Central Coast Renewable Energy Zone (REZ) to capitalise on our strong energy research and development credentials and manufacturing capabilities in renewable technologies.

NSW and Australia’s carbon and energy transition does not happen without the Hunter. We are partners of significant scale and capacity to help realise NSW’s ambitions for emissions reductions and hydrogen

We are the energy capital not just of NSW but of Australia, with capabilities in generation, distribution, storage, R&D and the manufacturing of renewable energy components.

Our potential to support NSW to achieve its 2050 emission reduction targets and become a global leader in hydrogen is substantive, of scale and exciting.

And it offers a pathway for the workers, communities and businesses affected by the structural decline in coal that recognises and builds from the significant legacy of these industries and pivots to a prosperous, clean future.

We can see the opportunity. We are working together in the Hunter to achieve this vision. With support from the NSW Government, we will get there more quickly and grow our already significant competitive advantage.

Recommendations

That the NSW Government:

1. Provide support for pilot projects including seed funding and facilitating innovative and collaborative power purchase and end-user agreements that will help secure investments in hydrogen technology and infrastructure.
2. Foster a hydrogen ‘ecosystem’ that encourages and de-risks investment including programs and develop policy settings which support skills and workforce development, R&D, streamlined planning and regulation, community/social licence, investment concierge and incentives, and coordination across all three levels of government.
3. Establish a clean energy industrial precinct in the Hunter which expands on the functions of the Hunter-Central Coast Renewable Energy Zone (REZ) to capitalise on the region’s strong energy research and development credentials and manufacturing capabilities in clean technologies and production.