

9 MAY 2023

\$2 billion for scaling up green hydrogen production in Australia

The Australian Renewable Energy Agency (ARENA) has today welcomed new funding for the Hydrogen Headstart initiative announced in the 2023-24 Federal Budget.

The Australian Government announced the establishment of the \$2 billion Hydrogen Headstart initiative to underwrite the biggest green hydrogen projects to be built in Australia.

Funding will provide revenue support for investment in renewable hydrogen production through competitive production contracts. Funding will cover the commercial gap between the cost of hydrogen production from renewables and its current market price.

Hydrogen Headstart aims to support two to three flagship projects which could provide up to 1 gigawatt of hydrogen electrolyser capacity.

ARENA has been allocated \$4.2 million this year to support the development and operation of the program in consultation with the Department of Climate Change Energy Environment and Water (DCCEEW).

“Hydrogen Headstart will catalyse Australia’s hydrogen industry and other clean energy industries, and help position Australia as a global hydrogen leader,” ARENA CEO Darren Miller said.

The program will be designed over the coming months in consultation with DCCEEW, industry and communities.

Mr Miller said the Hydrogen Headstart initiative will ensure large scale hydrogen projects already in development can get off the ground in Australia.

“Australia has an unparalleled opportunity to become a global green hydrogen leader, but we can’t afford to lose our momentum as other competing countries step up their ambitions and support,” he said.

“With this funding, we are looking to incentivise green hydrogen production in Australia by backing early projects that will be among the largest in the world.

“This funding will reduce the cost of green hydrogen produced via renewable electricity and will scale up our hydrogen sector. These projects will create thousands of regional jobs and will help reduce emissions in industry in line with our climate targets,” he said.

According to new analysis by McKinsey and modelling by DCCEEW, Australia’s hydrogen industry could generate \$50 billion in additional GDP, and create more than 13,000 regional jobs and a further 13,000 jobs from construction of new renewable energy infrastructure by 2050.

This program builds on ARENA’s existing work in hydrogen and track record of delivering transformative projects in the energy transition in pursuit of net zero.

ARENA has provided \$236 million to 43 renewable hydrogen projects from early stage research to deployment projects including hydrogen refuelling and hydrogen trucks, hydrogen for producing green ammonia, hydrogen for use in alumina refining, gas blending and remote power.

Last year, ARENA conditionally approved \$47.5 million for the first 10 MW electrolyser plant in the Pilbara being built by ENGIE as part of a \$103 million Renewable Hydrogen Deployment Round.

ARENA has also recently announced \$25 million for hydrogen research and developing funding, and \$50 million for four hydrogen projects supported as part of the joint Australian-German HyGATE initiative.

Having provided more than \$2 billion for over 650 renewable energy projects over the last decade, ARENA is now focussed on how Australia can maximise its advantage in renewable energy to become a clean energy superpower in a net zero global economy.

“ARENA is delighted to be involved in the design of this game-changing hydrogen funding initiative.”

Further information will be available on ARENA’s website. Interested participants can register their interest via DCCEE’s website.

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**For more
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