

On 13 October 2021, the New South Wales (NSW) Department of Planning, Industry and Environment released the NSW Hydrogen Strategy, which provides a roadmap for the development of a commercial hydrogen industry in NSW and the transformation of NSW into Australia’s largest consumer of green hydrogen.

The Three Pillars

The NSW Hydrogen Strategy is based on three “pillars” that comprise a total of 60 actions items. These “pillars” are as follows:

Pillar 1 – Enable Industry Development

Under Pillar 1, the NSW government intends to work with industry and academia to develop the conditions for the establishment and growth of a green hydrogen industry in Australia. This includes:

- Developing a hydrogen infrastructure masterplan for the production, storage and distribution of hydrogen across NSW.
- Engaging with industry and training institutions to develop hydrogen-related industry skills.
- Providing support for hydrogen research projects and testing facilities.

A significant inhibitor to the development of commercial hydrogen projects in Australia has been the absence of a regulatory regime governing the hydrogen supply chain. As part of Pillar 1, the NSW government also proposes to undertake a review of state-based legislation in order to develop a regulatory framework that supports the safe production, distribution and use of hydrogen.

Pillar 2 – Lay Industry Foundations

As part of Pillar 2, the NSW government proposes to partner with the private sector to financially support the development of key hydrogen infrastructures. This includes:

- Establishing hydrogen hubs to minimise the hydrogen infrastructure costs and support economies of scale for the production and supply of hydrogen to consumers.
- Supporting the development of hydrogen refuelling network.
- Providing AU\$78 million funding for Tallawarra B power plant to become Australia’s first green hydrogen and gas power plant.

Pillar 3 – Drive Rapid Scale

Under Pillar 3, the NSW government proposes to support industry participants to create economies of scale and cost reductions in the hydrogen supply chain.

This includes:

- The introduction of concessions to network use of system charges for new electrolyzers.
- Scheme exemptions from charges under the NSW Energy Savings Scheme, Peak Demand Reduction Scheme, Electricity Infrastructure Roadmap and GreenPower program during the early stages of industry development.
- Extending the NSW Energy Security Safeguard to provide financial incentives for green hydrogen production.

Where Next?

The NSW government has announced that it will begin implementing the NSW Hydrogen Strategy in the coming months, which will include engagement with relevant stakeholders.

If you would like to discuss how the NSW Hydrogen Strategy may benefit your business, please contact a member of our team.

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