



HIRINGA ENERGY

NSW RENEWABLE FUEL SCHEME

8th February 2024

RULE 1 CONSULTATION PAPER

Consultation Response

Hiringa strongly supports the NSW Renewable Fuel Scheme (“RFS”) as a durable, long-term policy mechanism to support the emergence of low-carbon hydrogen and hydrogen derivatives.

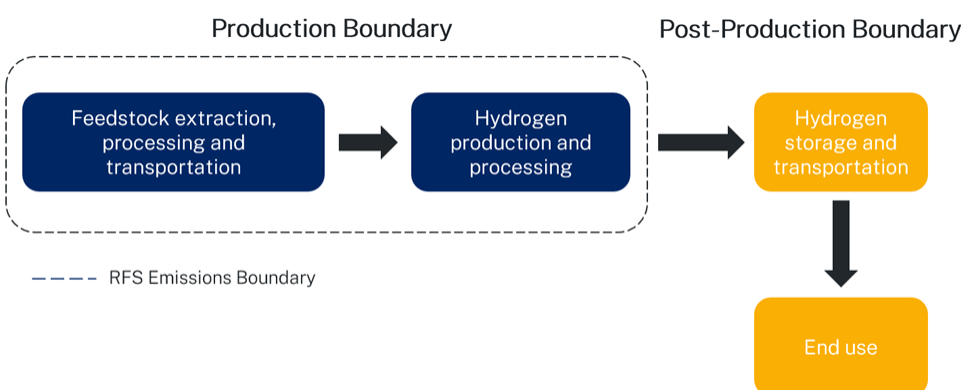
We are supportive of the majority of proposals put forward by the RFS Rule 1 Consultation Paper. Only a small selection of design features were identified for further commentary, which are outlined below.

Proposal 4 & 8

Proposal 4: The RFS emissions boundary is the hydrogen “production boundary” as defined in the forthcoming ‘GO Act 2024 (Cth)’.

Proposal 8: For the production of green hydrogen:

- electricity emissions must be zero by matching the electricity use with an equivalent number of renewable energy certificates
- direct combustion emissions must be less than 2.5% of total production emissions.



While we accept the RFS emission boundary as extending to feedstock extraction, processing and transportation, we disagree that direct combustion emissions must be less than 2.5% of total production emissions.

There are cases where the electrification or retrofitting of existing fossil fuel-based equipment required for water sourcing may be highly impractical or costly, despite resulting in only a minor net emission output relative to project scale. Given that water and electricity are the primary feedstocks for electrolysis, and that in many cases there will be no emissions associated with electricity, any direct combustion emissions associated with water sourcing for example, may be an immaterial amount, but make up a significant percentage, or even 100% of total production emissions, resulting in RFS ineligibility. We understand that the intention of this proposal is to promote sustainable feedstock sourcing, however given the existing barriers to industry development this requirement could be prohibitive and delay project performance.

Further, the Rule 1 Consultation Paper states that the 2.5% limitation is intended to align with the materiality threshold proposed under the Product GO Consultation. However, per the GO Policy paper the '*materiality threshold is a limit below which an emissions source does not need to be measured as it is considered immaterial...[its purpose is to] reduce participation burden by limiting excessive measurement*'.¹ It is unclear why this has been applied as an RFS eligibility requirement for direct combustion emissions, and if the intention is to reduce supply chain emissions it may be better managed by applying an emissions intensity methodology.

If our interpretation of this eligibility requirement is incorrect, we request that further clarification is provided.

Proposal 5

Proposal 5: The Local Use Factor is 1 for all green hydrogen produced in NSW.

We strongly support the Local Use Factor being 1 for all green hydrogen produced in NSW. In addition, we are supportive of further defining end-use using the considerations identified in Part 5.6. This includes the use of hydrogen to produce derivatives like ammonia and delivering hydrogen to refuelling stations.

Proposal 7

Proposal 7: IPART will only accredit green hydrogen producers to create renewable fuel certificates.

We are supportive that only green hydrogen producers will be accredited by IPART as Accredited Certificate Providers ("ACP") to create RFS certificates.

To further promote green hydrogen industry development, we propose the following associated fees are waved:

- ACP application fees; and
- RFS Certificate registration fees.

We also propose that required audit costs are reimbursed, which could be capped at an amount deemed appropriate by the NSW Government.

¹ See https://storage.googleapis.com/files-au-climate/climate-au/p/prj232e2205fd8b85770e8/public_assets/Policy%20position%20paper%20-%20Australia's%20Guarantee%20of%20Origin%20Scheme.pdf

Proposal 9

Proposal 9: Renewable energy certificates:

- only include certificates eligible under the [GreenPower Program Rules](#)
- involve the surrender of certificates through an accredited GreenPower product.

National GreenPower Accreditation Program

The [National GreenPower Accreditation Program](#) is a renewable energy certification initiative of state and territory governments. It ensures that any GreenPower purchases by electricity consumers are matched with accredited renewable electricity added to the grid on their behalf. Verification under the program will:

- provide a nationally recognised and independent, government-accredited renewable electricity certification
- align with requirements for [green hydrogen electricity concessions](#) for producers
- align with the broader [Net Zero Plan Stage 1: 2020-2030](#) and drive the sourcing of renewable electricity from new generators.

We support the use of the GreenPower Program Rules for grid purchased electricity, noting that accreditation shouldn't be required for solar or wind generation directly connected (generation used behind the meter). It may be useful to state explicitly in the rule that generation using electricity from non-grid supplied solar and wind are automatically included and do not require certificates.

Other sources of generation behind the meter such as renewable gas or geothermal may require a methodology similar to the Green Power Program and CETs that takes into account their associated emissions.

Part 5.5

5.5 Time of use matching

Time of use matching involves matching the electricity demand from producing hydrogen with renewable electricity generation in real time. Time of use matching is not a requirement in the draft RFS rule.

We strongly support the decision to exclude time use matching.

Part 5.7

5.7 Market transformation

In the future, the RFS may need to limit the participation of green hydrogen producers where the production technology or end uses have become commercially viable without renewable fuel certificates. This will ensure that the RFS is effective in supporting hydrogen producers with technologies or end uses that need appropriate funding to scale.

We will investigate the need for a market transformation factor as the green hydrogen supply and value chain approaches maturity.

We caution the introduction of a Market Transformation Factor. Commerciality of many green hydrogen projects will be based on current assumptions for RFS revenue across the project life. Current project will be unable to capitalise cost reductions and increased market competitiveness to the extent new projects will.

If a Market Transformation Factor is examined, we suggest that a grandfather clause is introduced to protect viability of established projects.

Yours faithfully,

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