



21 January 2022

Mr Anton Voss
Chief Executive Officer
Renewables, Climate and Future Industries Tasmania

Submitted via email: renewableenergy@stategrowth.tas.gov.au

Dear Mr Voss

Tasmanian Future Gas Strategy - Discussion Paper

A proudly Australian company with balance sheet strength, Fortescue Metals Group (Fortescue) is a global leader in large-scale, ultra-efficient and highly complex developments with a proven track record in developing and operating assets in remote and isolated locations. Fortescue has a strong focus on decarbonisation, evidenced by its industry leading target to achieve carbon neutrality by 2030.

Through its subsidiary, Fortescue Future Industries (FFI), we are establishing a global portfolio of green hydrogen production and manufacturing projects and operations that will position us at the forefront of the global green hydrogen industry.

FFI welcomes the opportunity to provide comment on the Tasmanian Future Gas Strategy Discussion Paper. FFI strongly supports the Tasmanian Government undertaking this review as Tasmania is uniquely positioned to show strong leadership by transitioning with haste to utilising fully decarbonised gas. As the Discussion Paper rightly notes, a 'do nothing' approach or a growth in natural gas strategy will not align Tasmania with its own or international climate commitments. As full electrification is likely to present challenges and limit customer choice, the climate commitments ultimately require Tasmania to pursue a decarbonised gas strategy. FFI suggests such a strategy should consider a combination of electrification for those areas that are practical and green hydrogen as the primary decarbonised gas for use cases that require a molecular fuel input.

To align with its ambitious goals of net-zero by 2030 and the 200% renewable energy target, Tasmania has a real opportunity to strongly pursue decarbonisation efforts across its sectors that consume fossil fuels (including all modes of transport). FFI encourages the Tasmanian Government to embrace these opportunities through this review and show leadership ahead of other Australian states that are progressing rapidly with their own gas decarbonisation strategies and green hydrogen industry developments. There are likely opportunities for the Tasmanian Government and the Federal Government to align, with possible funding sourced through the



National Hydrogen Strategy's \$1.2 billion fund¹, on this strategy to leverage Tasmania's unique position.

Tasmania has a number of inherent differences to mainland Australia that put it in a unique position to pursue a decarbonised gas system ahead of other states. Due to the logistics involved in supplying gas to Tasmania, the cost difference between natural gas and green hydrogen is smaller in Tasmania than in other states where production is geographically closer to the consumption point, as Tasmania has no local gas reserves. This alone differentiates Tasmania's opportunity to move away from an expensive fossil fuel, towards green hydrogen and secure its own energy future. There are also a relatively low number of current gas consumers that will be impacted by this transition. A smaller consumer base will allow for more targeted consultation and the Tasmanian Government can ensure consumers are consulted on any changes that face them.

Importing all its gas across the pipeline connecting Tasmania to Victoria creates significant reliance on that one source point and creates risk should that source be disrupted. Transitioning to green hydrogen produced in Tasmania increases the resilience of the Tasmanian energy system by creating domestic production and reduces the reliance on gas supply chains. Similarly, green hydrogen could then be used to reduce reliance on other fossil fuel imports (petrol and diesel). In addition, it also allows for the creation of a green hydrogen export industry creating economic activity and jobs within the state. It may also lead to industrial development opportunities within Tasmania such as new industries and/or manufacturing seeking to leverage Tasmania's decarbonised energy system.

The discussion paper notes that the purpose of this strategy is to provide clarity on the role of gas in Tasmania over the next 20-30 years. FFI suggest that the role of fossil gas has already been made clear by the Tasmanian Governments intention to legislate a net-zero commitment by 2030. This commitment would suggest that a drastic (or complete) reduction in fossil gas use is required over the next 8 years. This strategy is a chance for the Tasmanian government to set a clear transition plan from fossil gas use to green hydrogen for the benefit of the state.

Thank you for the opportunity to comment on this consultation. If you would like to discuss any of the issues raised in this submission, please contact me at colin.paterson@fmgl.com.au.

Yours sincerely

Colin Paterson
State Manager - Tasmania
FORTESCUE FUTURE INDUSTRIES

¹ DISER, Growing Australia's Hydrogen Industry, 10 January 2022, available at <https://www.industry.gov.au/policies-and-initiatives/growing-australias-hydrogen-industry>