



24th June 2022

**Ms Amy Brown
Chief Executive Officer
Investment New South Wales**

Submitted via email: industrypolicy@investment.nsw.gov.au

Dear Ms Brown,

Securing future innovation and global competitiveness in NSW – Green 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 are working at pace to develop an Australian green hydrogen production industry with the aims to provide the domestic and export industry with green hydrogen at scale. FFI have industry leading targets to produce 15 million tonnes of green hydrogen by 2030 and 50 million tonnes in the decades thereafter.

The global energy market is facing a fundamental shift towards new clean energy sources to replace global use of fossil fuels. The vast majority of countries have committed to climate targets in line with achieving net-zero emissions by 2050. This represents a risk to the Australian economy as we are a large exporter of traditional fossil fuels. However, it also represents an extraordinary opportunity to Australia in harnessing our abundant natural renewable energy resource advantages and exporting it to the world in the form of green hydrogen. New South Wales is well placed to make the most of this opportunity however it must act quickly to seize this opportunity.

FFI intends to harness this opportunity to provide significant economic and social benefits to Australia. Achieving our ambitions will require large scale investment in manufacturing supply chains and the necessary skills to support them. FFI intends to establish as much of this as is possible within Australia to ensure meaningful benefits are felt in Australia in the form of jobs and upskilling or retraining of traditional workforces.

FFI welcomes the opportunity to provide comment on the Green Paper '*Securing future innovation and global competitiveness in NSW*'. FFI commends Investment New South Wales (NSW) for the proactive approach to state economic development taken through this process. The paper rightly notes that the NSW and indeed Australian economy is and will continue to transform in the coming



decades in response to digital trends, global value chains and most importantly, the international response to climate change. NSW is a critical region for FFI to achieve its goals.

The NSW Government has demonstrated great leadership in its commitment to replacing existing energy infrastructure that is approaching its end of life with new infrastructure that facilitates the energy transition towards renewable energy. The NSW Renewable Energy Zone (REZ) work programs are nation leading in supporting investment in new energy supply to enter the market in time to replace retiring power stations. To realise the green hydrogen opportunity that exists in NSW, this strategy will need to be extended three or four-fold over current ambitions. One such supporting mechanism FFI has suggested could be increased is the network use of system (NUOS) charges exemption from the current state-wide cap of 750MW to multiple GW, in line with retirements of NSW coal supply. FFI suggest this is an effective and efficient way of encouraging new renewable supply and green hydrogen production.

The Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP) notes that if a Hydrogen Superpower scenario is to be realised, we will need renewable energy capacity that represents a quadrupling of current supply¹ in the National Electricity Market (NEM). The NSW Hydrogen Strategy provides a strong foundation to demonstrate NSW is committed to producing green hydrogen, however, the scale and ambition must be drastically increased to achieve NSW's potential as a renewable energy superpower.

Traditional industries like mining and specifically fossil fuel exports have long been one of the pillars of the Australian Economy. As we transition to a net-zero economy and a decarbonised energy system, the fossil fuel export industry will rapidly decline. NSW has the great potential to seize this export opportunity through establishing a strategy that works towards attracting investment in hundreds of gigawatts of green hydrogen production. The renewable energy and green hydrogen technology is mature and ready to deploy at scale, however, government policy mechanisms are needed to provide surety that NSW is committed an industry large enough to support a domestic and export green hydrogen industry.

Another commendable policy approach by the NSW Government has been the NSW Special Activation Precincts (SAP) to attract investment and growth in regional areas. In particular, the fast-track planning, infrastructure investment and business concierge pillars are very useful and effective in attracting new industry such as FFI and green hydrogen to NSW. But this approach could be expanded across all government departments – effectively ensuring dedicated case managers or, similar to what FFI has experienced in another jurisdiction – a 'Joint Program Management Office' (JPMO) – providing clear, rapid and smooth facilitation of government support, approvals and coordination across the bureaucracy and agency system. This 'joined-up' approach and efficient method of partnership between the public and private sectors is highly effective – particularly for new industries.

Thank you for the opportunity to comment on this consultation. FFI are deeply committed to facilitating the energy transition and ensuring Australia seizes on this opportunity to become a renewable energy superpower. We would welcome the opportunity to meet with you to provide a

¹ AEMO, Integrated System Plan draft, December 2021, accessed at <https://aemo.com.au/-/media/files/major-publications/isp/2022/draft-2022-integrated-system-plan.pdf?la=en>



formal confidential briefing on FFI's NSW and broader Australian plans to demonstrate our commitment to establishing the green economy.

If you would like to discuss any of the issues raised in this submission or to arrange a briefing, please contact tom.parkinson@fmgl.com.au or myself on the below details.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Moran', on a light-colored background.

Josh Moran

State Manager – NSW

FORTESCUE FUTURE INDUSTRIES