

Our green circle is the circular flow of sustainability - a force of nature, powered by nature. Hydrogen, when used as a fuel, creates only steam, returning to water; the vital lifeblood of our planet.

**FORTESCUE  
FUTURE  
INDUSTRIES**



**Our Ref:** FFI-LTS-GO-0030  
**Your Ref:**

Australian Energy Market Commission  
GPO Box 2603,  
Sydney NSW 2000

1 December 2021

## **Review into Extending the National Gas Regulatory Framework to Hydrogen and Renewable Gases**

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 review of the Natural Gas Law and the National Energy Retail Law to allow for the coverage of hydrogen and other renewable gases. The broadening of regulatory instruments to cover natural gas equivalents appears the simplest element of the reforms and we support the thorough consideration of issues in relation to elements of the expansion to constituent gases.

Fortescue is supportive of the proposal to extend the regulatory framework to cover constituent gases for the purposes of market transparency mechanisms and for gas markets and economic regulation. FFI understands this may be contrary to the position of some industry bodies with members having commercial control of pipeline infrastructure; however, the regulatory framework needs to enable green renewable hydrogen to be produced at scale to allow competition with fossil fuel produced hydrogen. It is generally accepted that economic regulation is the most effective defence to the potential misuse of market power by monopoly owners of infrastructure assets. This fundamental rationale is just as applicable to renewable gases as it has always been for traditional natural gas pipelines.

Fortescue is investing heavily in the identification of suitable sites which will support the development of commercially viable renewable energy projects. For a site to support development it is imperative to have efficient access at an appropriate scale to:

- an energy source,
- transportation infrastructure (ports/pipelines),



- skilled and technologically capable workforce for construction and operations and
- a clear land tenure pathway.

Identifying suitable sites for renewable energy projects is every bit as challenging for renewable energy pioneers as it has been for those in the business of seeking to find and develop fossil fuels in the past.

FFI is pleased to note that a pipeline carrying a constituent gas would meet the definition of a pipeline under the National Gas Law. Appropriately, this would see the constituent gas pipeline subject to economic regulation in the same way that natural gas pipelines already are.

FFI welcomes the opportunity for further formal consultation with AEMC during the second process in March 2022.

Yours sincerely,

A handwritten signature in blue ink that reads "Robert Grant".

Rob Grant  
**FORTESCUE FUTURE INDUSTRIES**