

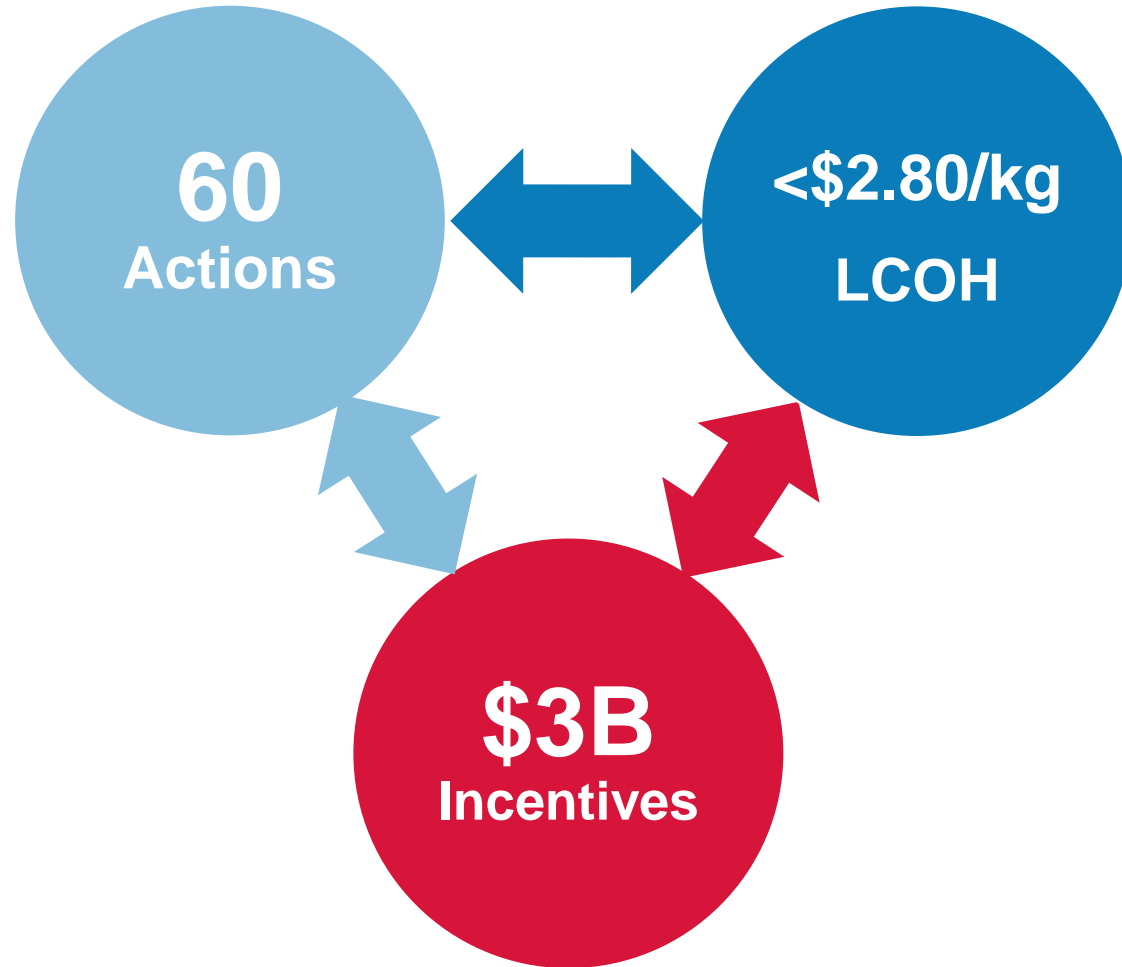
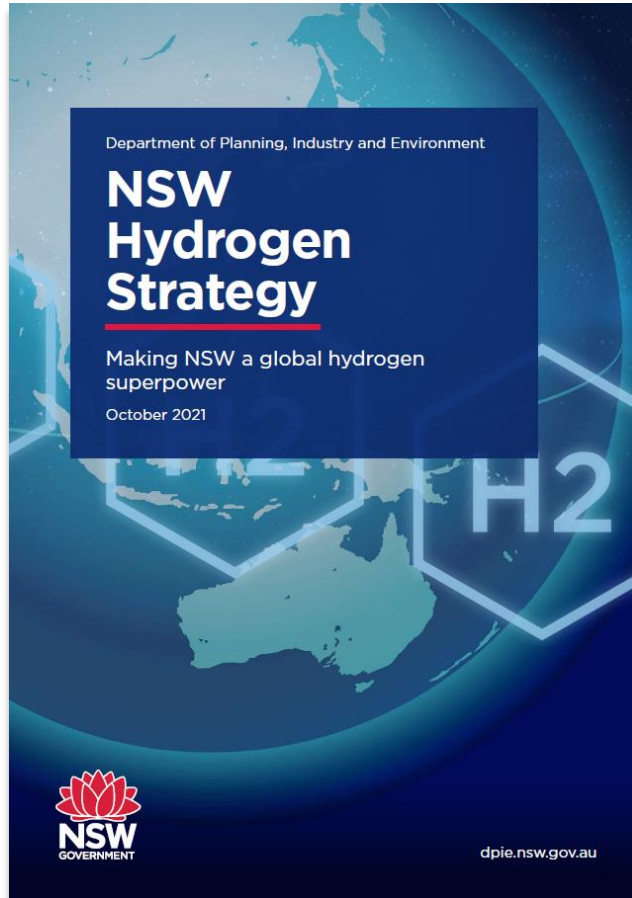


NSW Renewable Fuel Scheme

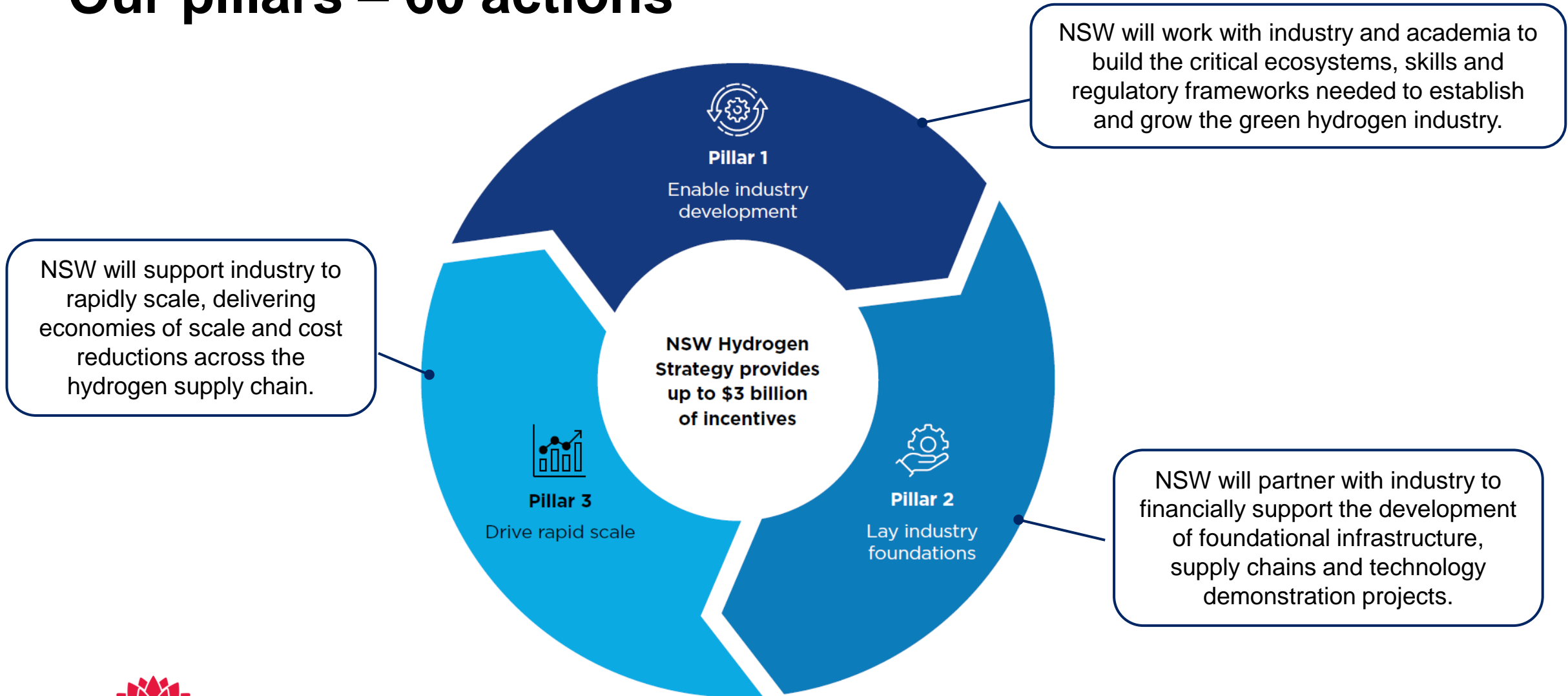
Context



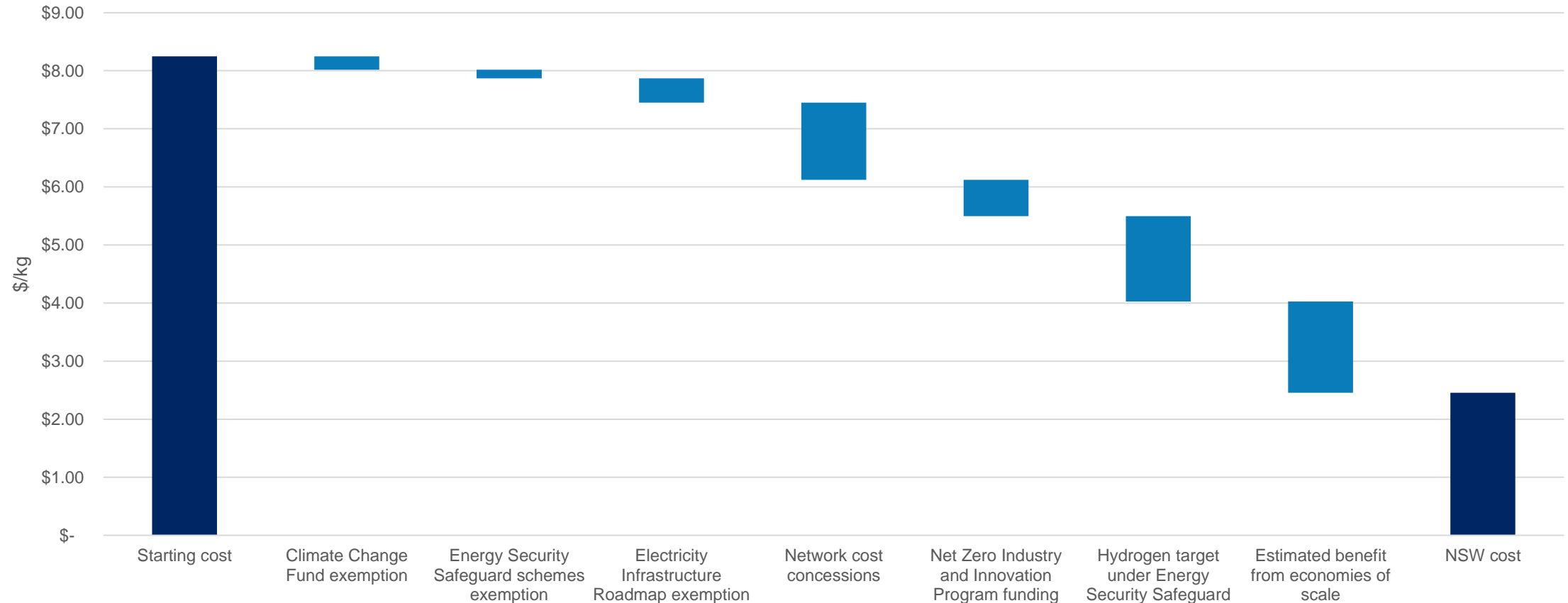
Our nation leading policy framework



Our pillars – 60 actions



Strategy impact on cost of hydrogen



Renewable Fuel Scheme



Renewable Fuel Scheme overview

- **Object** – The objective of the Renewable Fuel Scheme is to create a financial incentive for the production of green hydrogen.
- The scheme will:
 - be a certificate scheme
 - set a target for hydrogen production for each compliance period
 - not prescribe a specific end use for the hydrogen (e.g. gas network blending)
 - Commence in 2024

Safeguard legislative framework



Legislated scheme design elements

Parameter	Decision
Scheme participants (liable entities)	Gas retailers and end users that are not retail customers
Individual liability	Share of natural gas used in NSW
Target	Increases to 8PJ in 2030
Eligible activities for certificates	Green hydrogen production
Exemptions	EITEs and other activities consistent with objects of Safeguard
Cap on pass through costs	\$300 cap on pass through costs for small businesses
Commencement	First target for 2024 calendar year
Scheme duration	2044
Certificate creation	Fully tradeable, expires after 3 years

Scheme targets

Year	GJ	Tonnes	MW*
2024	90,000	750	5
2025	360,000	3,000	21
2026	890,000	7,417	53
2027	1,780,000	14,833	106
2028	3,200,000	26,667	190
2029	5,330,000	44,417	317
2030+	8,000,000	66,667	476

**indicative only*

- Scheme target is for green hydrogen only
- Scheme target can be amended by regulation, but only upwards
- Targets for any other fuels added to scheme must have separate targets

Scheme design elements to be finalised

- Scheme penalty rate (i.e. total cap on scheme costs)
- Exemptions framework
- Eligible activities that can create certificates under the scheme
- Provisions for when activities must have commenced by in order to be eligible under the scheme
- Calculation methods for certificates
- Scheme administration arrangements and systems
- **Next steps** – regulation and rule development through 2022 supported by industry consultation



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