

## **ARENA Opening Statement – Budget Estimates**

Darren Miller, ARENA CEO

27 March 2025

Thank you for this opportunity to appear on behalf of the Australian Renewable Energy Agency.

I would like to begin by acknowledging the Traditional Custodians of the lands on which we are meeting today, the Ngunnawal and Ngambri people. I extend that respect to Aboriginal and Torres Strait Islander people here today.

Since ARENA's recent appearance at Senate Estimates on 24 February 2025 we have made three significant announcements.

### **Sustainable Aviation Fuel**

Firstly, on 26 February, we announced up to \$10.4 million in funding for two projects from its Sustainable Aviation Fuels (SAF) Funding Initiative. ARENA is providing \$8 million in funding to Licella and \$2.4 million to Viva Energy for separate studies to develop renewable fuel alternatives for Australia's airline industry.

Aviation is a challenging industry from an emissions reduction perspective, with domestic flights currently accounting for approximately 2 per cent of Australia's greenhouse gas emissions. ARENA will be working to ensure the lessons from these two important projects help inform the broader development of a sustainable aviation fuels industry in Australia.

### **Powering the Regions: Industrial Transformation Stream Round 2**

On 21 March, ARENA opened a second round of its Industrial Transformation Stream program as part of the Powering the Regions Fund. This new round has \$70 million in funding available to support industry to decarbonise.

Heavy industry accounts for approximately 45% of Australia's total emissions and energy use. ARENA is committed to our support for industry - the backbone of many of our country's regional communities, and our economy - as it continues advancing the critical task of decarbonisation.

Through the Round 1 application process ARENA has developed a strong pipeline of industrial decarbonisation projects. The pipeline reflects a diverse mix of the innovation taking place within industry, from feasibility studies through to low emissions metals and transport demonstrations.

The second round of ITS is now open until 15 July 2025. Round 2 is expanding its focus to support innovation and advancement in commercial deployment, viability and adoption, including supporting trials and speeding up demonstration and deployment timelines. The widened scope of round 2 highlights the need for impact and momentum in the industrial transformation space and seeks projects that will drive real, tangible and scalable benefits.

## **Murchison announced as successful applicant under Hydrogen Headstart**

And finally, I am pleased to inform the Committee of a recent announcement of the first recipient from ARENA's Hydrogen Headstart Program. \$814 million in funding has been allocated under Round 1 to Copenhagen Infrastructure Partners' 1,500 MW Murchison Green Hydrogen Project in Western Australia.

Australia has immense potential when it comes to hydrogen projects, however, many projects face challenges due to the current gap between the market price for renewable hydrogen and production costs. The Hydrogen Headstart Program commits funding to bridge the current commercial gap in the form of a production credit, meaning funding is only provided once projects are constructed and operational.

Enabling hydrogen projects through Hydrogen Headstart is essential to ensure our economic prosperity as the world transitions to cleaner forms of energy especially in hard to abate sectors such as ammonia, iron and alumina.

CIP's Murchison project is an example of how we can leverage Australia's high quality solar and wind resources to produce low-cost renewable hydrogen and ammonia at scale, increasing export opportunities and embedding Australia as a key enabler of global decarbonisation.

ARENA remains focused and energised in the work we do to support Australia's net zero ambitions.

Thank you.