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Green Hydrogen Faces Reality Check in Australia

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Australia's green hydrogen industry confronts sobering challenges as major energy firms abandon multibillion-dollar projects, including a \$14 billion Queensland plant and a \$55 billion Pilbara proposal. The setbacks highlight what investors term "the valley of death," the difficult transition from experimental technology to commercial viability. Despite these withdrawals, analysts maintain that strategic applications like green steel

production could salvage the sector's long-term potential. The industry now faces a critical pivot from unrealistic export ambitions to practical domestic uses.

Recent project cancellations mirror global trends, with even Germany scaling back hydrogen investments due to high production costs and logistical hurdles. Climate Energy Finance director Tim Buckley compares the current phase to 1990s internet startups, high-risk ventures requiring a decade to mature. Federal grants totaling \$1.2 billion for projects in Western Australia and New South Wales demonstrate continued government support, though focus has shifted toward industrial applications rather than fuel exports. Fortescue Metals, while abandoning two hydrogen plants, reaffirmed its commitment to using the technology for emissions-free iron production.



Experts argue green hydrogen's future lies in targeted industrial uses rather than broad energy solutions. The Superpower Institute estimates Australia could generate \$386 billion annually by 2060 through green iron exports, a process that cuts 90% of traditional steelmaking emissions. Institute for Energy Economics analyst Simon Nicholas emphasizes prioritizing domestic applications like fertilizer and explosives production over failed visions of hydrogen-powered transport. "The market has spoken: electric vehicles won that race," Nicholas observed, urging a realistic reassessment of hydrogen's niche roles.

As the hype dissipates, Australia's energy sector faces a choice to double down on viable applications or risk squandering resources on unproven ambitions. The current consolidation could strengthen the industry by redirecting capital toward sustainable uses with clear economic and environmental returns. While the hydrogen revolution won't

happen overnight, strategic focus on green manufacturing may yet position Australia as a leader in the global decarbonization effort. The path forward demands pragmatism over idealism, with success measured in industrial output rather than ideological purity.

