

Ambassador Kusaka's Message No.61

Hydrogen Energy Supply Chain (HESC) Pilot Project Launch in the Latrobe Valley

27 April 2018

Dear Friends,

On the 12th of April, I travelled to the Latrobe Valley in Victoria to attend the launch event of the Hydrogen Energy Supply Chain (HESC) Pilot Project, which was also attended by Prime Minister Malcolm Turnbull. During my visit, I had the opportunity to speak with Senator the Hon. Michaelia Cash, Minister for Jobs and Innovation and the Hon. Tim Pallas MP, Treasurer and Minister for Resources of Victoria. I also had the chance to visit the AGL Loy Yang Complex and see firsthand where brown coal will be converted into hydrogen. I would like to take this opportunity to share this exciting collaborative partnership between Japan and Australia with you.



The HESC Pilot Project is a result of collaborative efforts between the Japanese Government and the Australian and Victorian governments together with a consortium of leading energy and infrastructure companies to create the world's first global hydrogen supply chain. The Victorian Government estimates the state is host to a staggering 200 billion tonnes of recoverable brown coal. By utilising Japanese technology, Victorian brown coal will be dried, milled and gasified to produce a synthetic gas, which will then be refined to produce high-purity hydrogen before being exported to Japan in liquefied form. This collaborative energy partnership was discussed by our

two leaders during Prime Minister Turnbull's official visit to Japan on the 18th of January this year and it is hoped that the Pilot Project will lead to greater and more comprehensive collaboration between our two countries. Commenting on the significance of the Pilot Project in his address at the launch event, Prime Minister Turnbull stated, 'It is amazing to think that brown coal here in Victoria is going to be keeping the lights on in Japan'.



Hydrogen is an extremely flexible energy carrier and it is expected to play a key role in decarbonisation of the energy sector. As momentum to decarbonise the sector increases around the world, nations are actively implementing hydrogen technologies. In 2009, Japan led the world in introducing stationary fuel cells into households and in 2014 Toyota launched hydrogen fuel cell vehicles into the market. Now hydrogen as a renewable energy source is becoming a global trend.

In the HESC Pilot Project launch event, an agreement was signed that saw both the Australian and Victorian governments agree to contribute a combined \$100 million in funding for the Pilot Project, which is being developed by a consortium of companies led by Japan's Kawasaki Heavy Industries. This world-first project proves Japan and Australia can lead the world in creating a hydrogen society while addressing the challenges of energy security and tackling climate change.

The event was attended by a number of high-level representatives from the Japanese, Australian, and Victorian governments as well as Japanese corporations, indicating the support and significance of collaborative projects between our two nations. From the Australian side, Prime

Minister Malcolm Turnbull attended together with Senator the Hon. Michaelia Cash, Minister for Jobs and Innovation, the Hon. Josh Frydenberg MP, Minister for the Environment and Energy, and the Hon. Darren Chester MP, Minister for Veterans' Affairs. Victorian Minister for Regional Development, the Hon. Jaala Pulford MLC also attended, representing the Victorian Government. From the Japan side, Mr Daisaku Hiraki, Parliamentary Vice-Minister of Economy, Trade and Industry attended together with Mr Kazuyoshi Matsunaga, Consul-General of Japan in Melbourne. Mr Shigeru Murayama, Chairman of Kawasaki Heavy Industries, Ltd. was also in attendance.



Just before the launch event, Mr. Hiraki and I spoke with Minister Cash and reaffirmed the importance of proactive cooperation between Japan and Australia for the smooth implementation of the Pilot Project and confirmed the continuing close cooperation between our two countries on major collaborative innovation projects including the utilisation of the Quasi-Zenith Satellite System, which was welcomed by Prime Minister Abe and Prime Minister Turnbull during their meeting in January. In our discussion with Minister Pallas, we reaffirmed the importance of Victoria's role in Japan and Australia working closely on the Pilot Project.

Upon inspecting the Latrobe Valley coal complex and an exchange of views between Japanese and Australian companies, I was briefed in detail of the current progress of the Pilot Project as well as the importance of brown coal in its implementation. I have high expectations of this venture as we approach the commercial phase in the 2020s. This Pilot Project builds on the already robust and expansive relationship between Japan and Australia and I look forward to seeing our two countries lead the way in the production of the fuel of the future.



Yours sincerely,

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Sumio Kusaka

Ambassador of Japan to Australia