

Dear [REDACTED]

Response to RFI - Ring Fencing Exemption Application – Hydrogen Park South Australia and Hydrogen Park Gladstone

Thank you for the opportunity to provide further information in response to your queries provided on 20 August 2026. Please see below:

1. Compliance costs

The application refers to costs associated with divestment, staff separation (including marketing staff), loss of operational efficiencies and duplication of functions. Are you able to provide quantitative estimates of these costs, along with any key assumptions, to assist the AER's consideration of this matter:

- *one-off compliance costs*

Response:

One-off compliance costs will be incurred, primarily in relation to stamp duty costs associated with the transfer of the land (including the capital of the plant as fixtures), which will be material.

HyP SA is located on freehold land held by AGN with an encumbrance to the Urban Renewal Authority which initially developed the Tonsley Industrial Precinct. The transfer is prima facie subject to stamp duty, however it is possible it is exempt if the land is zoned for commercial use. We are undertaking some further analysis of the stamp duty position.

HyP Gladstone is located on leasehold land from the Gladstone Ports Corporation. The transfer is prima facie subject to stamp duty.

The potential stamp duty outcome for both sites is based on the market value of the assets transferred. In addition, there may be a corporate income tax cost which also depends on the market value of the HyP SA and HyP Gladstone facilities.

As the outcomes are subject to the market value of the assets transferred, we kindly request additional time to quantify the stamp duty and corporate income tax impact. We will provide the estimate of those costs within two weeks of this response.

Apart from significant stamp duty costs on the transfer of assets, there would also be other costs associated with the transfer of operational licences and facility registrations.

- *ongoing annual compliance costs*

Response:

Annual compliance costs to comply with section 140(2) of the NGL would be material, as it would be necessary to employ additional marketing personnel in a separate entity. This would naturally create inefficiencies due to a duplication of resources which would be detrimental to the efficient operation of the Hydrogen Park Projects. It is difficult to quantify the exact costs, however we are undertaking some further work to estimate those costs. We anticipate being able to provide further detail of those costs within the next two weeks in conjunction with the estimate of the once-off costs above.

There will also be additional administrative costs associated with the establishment of new administrative functions, ERP systems, bank accounts etc.

- *evidence demonstrating that the risk of cross-subsidisation (between the covered gas pipeline services provided by the service provider, and any other services) is sufficiently addressed and does not arise.*

Response:

The production of hydrogen by the Hydrogen Park Projects is for the purpose of the delivery of a blended gas stream to the localised distribution areas for Gladstone and Tonsley and their operation is intrinsically linked to AGN's operations for those areas and have been developed for the purpose of advancing AGIGs' efforts towards a renewable gas future. We therefore consider the costs of labour and maintenance of the Hydrogen Park Projects should be treated no differently to such costs for the broader AGN network, and thus we do not consider that any issue of cross-subsidisation would arise.

Although AGN also sells a portion of the Hydrogen produced by HyP SA through an associated pressurised storage vessel on site which is able to be transported to a third party, that process is an integral part of the HyP SA plant and supports the efficient operation of HyP SA and the advancement of usage of renewable gas, and as such should not give rise to any cross-subsidisation issues. Any proposed arrangement with [REDACTED] for the proposed sale and reimbursement of hydrogen injected into the Tonsley distribution area should be considered on the same basis (refer discussion on this further below).

2. Significance of the relevant pipelines

On pages 6 and 7 of the application, AGN refers to customer numbers and notes it had regard to pipeline capacity and throughput in concluding that the Gladstone and Tonsley distribution areas are not significant parts of the Queensland and South Australian pipeline systems.

Please provide supporting information for each project, including:

- *annual throughput volumes*
- *hydrogen injection volumes*
- *pipeline capacity and utilisation data*
- *any other information relied upon in concluding that the relevant pipeline is not a significant part of the relevant jurisdictional pipeline system.*

Response:

	Hydrogen Park South Australia	Wider Adelaide Network	Portion of Wider Adelaide network	Hydrogen Park Gladstone	Wider Qld Network	Portion of Wider Qld network
Hydrogen Injection Volumes (since Aug 2025)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Annual Throughput Volumes (Natural gas) (since Aug 2025)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

3. Certificate-related arrangements for HyP SA

Page 4 of the application states that hydrogen supplied into the Tonsley distribution area may be attributed value through arrangements with a third party, the Short Term Trading Market arrangements, and the creation and sale of GreenPower Renewable Gas Guarantee of Origin (RGGO) and/or Product GO certificates.

Please provide further information on:

- the nature of these arrangements

Response:

STTM Arrangements and sale of gas to [REDACTED]. The facility is required to be registered in the Adelaide Short Term Trading Market (STTM) to enable the injection of hydrogen into the gas distribution network. As part of the operational and commercial arrangements associated with STTM participation, HyP SA has been developing arrangements with [REDACTED] relating to shipping and the sale of gas injected into the network.

- Facility registration:** Registration in the STTM requires the appointment of a Shipper. We have been negotiating a Shipper Agreement with [REDACTED]. Once executed, the agreement will enable HyP SA to use [REDACTED] Shipper ID as part of the facility's onboarding with AEMO [REDACTED].
- Sale of hydrogen as a natural gas equivalent:** The agreement includes provisions for the sale and purchase of hydrogen injected into the Tonsley gas distribution network. Under these arrangements, [REDACTED] would purchase the hydrogen on a natural gas equivalent basis and compensate the Facility Operator for the gas injected into the network.

- *Renewable Gas Guarantee of Origin Certificates (or alternatives)*

Response:

- **Facility registration:** AGN would register the facility as a production facility with the associated certification program administrator (GreenPower, CER), and once the registration is confirmed, would be able to create certificates for the hydrogen produced.
- **Sale of RGGO/PGO certificates:** At this point in time, a designated certificate consumer has not been identified or confirmed, and no arrangements have been entered into.

- AGN's role in creating, holding, transfer or sale of certificates

Response:

- AGN as the registered facility owner would be creating the RG Certificates under the associated certification scheme.
- Depending on the certification program, AGN or another AGIG entity may be required to register as a trader to enable certificates to be retired on behalf of a certificate consumer (external 3rd party).
- AGN would hold certificates until transferred to a certificate trader or retired under the scheme on behalf of a consumer at their request.
- AGIG intends to use this facility to demonstrate the end-to-end certificate creation, transfer and retirement process with interested parties.

- the parties involved and any associated commercial arrangements.

- So far, draft contractual arrangements have been discussed with [REDACTED] for the purposes of being a gas shipper for the gas produced at HyP SA. Commercial arrangements have not yet been finalised or executed.
- There have not yet been any commercial arrangements entered into with regard to registration of the facility with a certification administrator, or for the sale of certificates to 3rd parties

- *whether AGN considers any of these arrangements could constitute, or give rise to, a related business activity or associate contract for ring-fencing purposes.*

Response:

AGN does not consider that any of the arrangements in relation to the creation and trading of certificates would constitute, or give rise to, a related business activity or associate contract for ring fencing purposes. This is because the certificate arrangements are incidental to the related business of producing hydrogen and are not required for that production. They are also not an associate contract as there is no related entity which the contract could be with. If another AGIG entity were to be utilised for trading certificates, that entity would be engaging with a third party and not AGN in its capacity as a provider of pipeline services. Additionally, if AGN enters into a shipper contract for the sale of hydrogen for injection into the Tonsley distribution area, this would also be incidental to the production of hydrogen by HyP SA and there would be no associate contract as the proposed shipper contract would be with AGN. The proposed sale of Hydrogen to [REDACTED] (and subsequent reimbursement to AGN) would also constitute a related business, being the sale of Hydrogen, and thus further supports and is consistent with our exemption submission under section 139.

4. Relationship between HyP SA and the Tonsley Natural Gas Network

HyP SA is located within the Tonsley Innovation District, where the Tonsley Natural Gas Network, as we understand it, holds a Category 1 Part 10 exemption under the NGR.

Could you please clarify:

- the relationship (if any) between HyP SA and the Tonsley Natural Gas Network*
- whether there are any shared assets, services or operational arrangements between them.*

Response:

The HyP SA hydrogen production facility is located within the Tonsley Innovation District. Renewable hydrogen is blended into the natural gas distribution network at concentrations of up to 15% by volume and supplied to Mitchell Park, Clovelly Park, and parts of Marion. The distribution area is intentionally constrained through network design and the operation of isolation valves to ensure the hydrogen blend remains within a defined section of the network. This section, referred to as the HyP SA 'Area of Influence', comprises both the dark blue and light blue areas shown in Diagram 1.

For clarity, HyP SA has no relationship with Tonsley Natural Gas Network (owned and operated by CleanPeak Energy) and there are no shared assets, services or operational arrangements between HyP SA and Tonsley Natural Gas Network.



Information to be annually reported to the AER

As a condition of the current deemed exemption for HyP SA and HyP Gladstone, rule 2 of Part 2 of Schedule 7 to the NGR requires designated entities to establish internal controls, maintain separate accounts for the designated trial projects, and provide the AER annually with:

- the separate accounts for each trial project; and*
- the cost allocation methodology (CAM) for each trial project.*

Rule 2 of Part 2 of Schedule 7 to the NGR provides that the first annual reporting obligation in relation to the separate accounts and CAM commenced within 15 months of the commencement of Schedule 1 of the National Gas Amendment (Other Gases) Rule 2024 (12 March 2024), with the first reporting deadline being **13 June 2025**. Subsequent annual reports are required to be provided to the AER by 13 June each year.

Response:

We are currently preparing updated accounts and cost allocation methodology and anticipate being able to provide this within 14 days from the date of this response.

Could you please clarify:

- *AGN's understanding of the proposed Wasleys facility, including the expected timing and location of injection;*

Response:

[REDACTED]

- *the pipeline/ sub-network into which renewable gas would be injected, and whether that infrastructure is owned, controlled or operated by AGN;*

Response:

[REDACTED]

- *whether AGN considers Wasleys to be a competitor or potential competitor of HyP SA for renewable gas supply;*

Response:

[REDACTED]

- *whether this development changes AGN's statements that there is no foreseeable competing facility and that compliance would not lead to increased competition for the purposes of NGR rule 34(5); and*

Response:

For reasons as stated above, the proposed biomethane gas facility at Wasleys does not alter our view as stated in our submission that there would be no increased competition for the purposes of NGR 34(5).

- *could you please advise if you are aware of any other existing or potential renewable energy projects that may affect the level of competition for either HyP SA or HyP Gladstone in the foreseeable future?*

Response:

We are not aware of any such projects.