

Submission

Prepared for:-

Research Director

Utilities, Science and Innovation Committee

Parliament House

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12 October 2015

Research Director

Utilities, Science and Innovation Committee

Parliament House

George Street

Brisbane Qld 4000

usic@parliament.qld.gov.au

Dear Sir/Madam,

Re: Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015

Energreen Nutrition Pty Ltd. (Energreen)

Energreen is an agricultural trading company, that, in association with its cross holding sister companies, Bio Energy Plantations Australia, and National Biodiesel Distributors, aims to create a Queensland based biodiesel Industry which will have 50, 000 ha of grazing land under *pongamia pinnata* cultivation, and producing 50 million litres of high grade biodiesel by 2020 with an annual value of around \$50 million, with flow on commercial, employment and government revenue benefits to Queensland and Australia.

Comments on the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015.

Bill.

Energreen applauds the Queensland Parliament on the Bill presented to the Committee as an example of sensible, technically sound policy which will;

- provide assurance to existing ethanol and biodiesel producers and stimulate investment in a biofuels industry in Queensland
- contribute to regional growth and jobs creation
- reduce greenhouse gas emissions from motor vehicles; and
- Take advantage of the emerging second generation technologies for biofuels from a range of feedstock.

The Policy Environment

The key issue driving many investment decisions in the industry is long term certainty. There is a need that whatever the mandate or excise regime agreed upon by current Governments, that a realistic effort is made to gain bipartisan support for the long term survival of the legislation to allow a solid capital investment base

Ethanol

Energreen is in agreement that the level for an ethanol mandate in Queensland be set initially at 2% in 2016. This is based on the need for the demand to be addressed by the current local capacity (50-60ML per annum). However, although there is capacity for an increase under “prescribed by Regulation”, some growth formula such as 3% by 2018 and 5% by 2020 must be included to allow for the growing of the industry’s feedstock production, processing and refining facilities.

Biodiesel

Energreen is delighted that the original draft proposals have been amended to include biodiesel and that at least an initial figure of 0.5% has been mandated. Energreen also requests that the proposed bill be expanded to include a path to achieve a 2% to 5% level of biodiesel.

Diesel as a fuel is growing in popularity nationwide. The States of Queensland and Western Australia are the biggest users in the Commonwealth (Source. Department of Industry and Science. Australian Petroleum Statistics July 2015) Diesel also accounts for the majority of particulate emissions from our transport sector. The International Agency for Research on Cancer (IARC), a World Health Organization body, recently categorised diesel engine exhaust as a group 1 carcinogen. Carcinogens are classified as group 1 when there “is sufficient evidence of carcinogenicity in humans”. Research conducted by IARC observed “statistically significant increasing trends in lung cancer risk with increasing cumulative REC” with REC representing respirable elemental carbon, the content measured to determine carcinogenicity. Biodiesel due to its higher oxygen content reduces particulate emissions much in the same way Ethanol does in petroleum. Not only, therefore, will a move towards biodiesel fuels reduce the prevalence of emissions that cause asthma, reduced lung function, respiratory disease and cardiovascular disease but also cancer.

Targeting a 2% inclusion of biodiesel will have no effect on consumers, as blends of biodiesel up to B5 (5%) are currently supplied with no additional facility or signage costs to distributors, retailers or customers.

As with Ethanol, a planned growth formula such as 0.5% by 2016, 2% by 2018 and 5% by 2020 will allow investor and supplier certainty in growing a real biofuel industry in Queensland and achieving the Bill’s stated aims.

Biodiesel feedstock (Qld)

Investors in the manufacture and supply of biodiesel are dependent on a reliable feedstock supply at reasonable costs. The State Government also has an interest in the effect any mandate has on, what are at present, largely agricultural feed stocks. Energreen and its sister company National Biodiesel Distributors have assessed that based on the Australian Petroleum Statistics (July 2015) and data from the local industry that immediate introduction of mandates of 0.5%.1% or 2%, would have the following effect on feedstock prices.

Biodiesel feedstock demand Queensland per annum.				
Mandate	Estimated Volume*	Feedstock	Price Variation	Max Variation
Percent	litre (M)	Ton	Percent	Percent
0.50%	30	30000	Nil	Nil
1.00%	60	60000	5	10
2.00%	120	120000	10	30

*Department of Industry and Science .Australian Petroleum Statistics July 2015

Accordingly, a reliable demand, established by a reasonable mandate level, will attract innovation, development and investment in sources of feedstock, including such crops as Pongamia, which do not compete with human and agricultural food crops. In this area of biofuel technology, through current research by bodies such as The University of Queensland, Queensland has the opportunity to become a world leader.

Stability in markets is achieved by consistent, long term substantial growth in demand and supply of commodities. The addition of extra off take capacity by an expanding industry allows for a growing of the cake rather than an emphasis of dividing up the existing cake. This mandate will provide for the entrance of new participants, capital and labour to the benefit of Queensland as the market grows.

Introduction of new biofuel feedstock products such as Pongamia will ease concerns about scarcity or price inflation caused by current feedstock being redirected away from agricultural activities such as feed lots.

Bio-Manufacturing

Energreen currently partners with The University of Queensland in establishing the introduction of Pongamia as a new and efficient biodiesel feedstock that does not compete with human or animal food groups or for high quality agricultural land.

An industry that grows to a size able to sustain similar multiple activities in this R&D and technical knowledge field will position Queensland as a world class exporter rather than an importer of technology and services to a world where biofuels are rapidly becoming leading national concerns.

Expert Panel to advise the Minister on applications for exemptions

There resides in Queensland a high level of technical and commercial experience in the production and use of biofuels. Nearly half of Australia's only eight viable biofuel manufacturing facilities are located in Queensland and all of Queensland's major universities have involvement to some degree in biofuel technology. This is in addition to the "hands on" experience of the sugar milling industry. The Minister when taking advice on issues such as claims for exemption should be able to consult more widely than within a select group of public servants charged with carriage of the Legislation.

Summary

Energreen supports the objective of the Bill to require minimum ethanol and biodiesel content in relation to the total volume of mineral fuels sold in Queensland. Energreen also believes that expanding the bill to include a minimum 2% biodiesel, or a defined path to achieve this outcome, would further strengthen the objectives of the bill.

Energreen would appreciate the opportunity to discuss this, or any other issues relating to biodiesel, at any convenient time or place for the appropriate committee members or appointed Government officers.

Regards.

John Wedgwood

Manager Renewable Energy

Energreen Nutrition Australia Pty.Ltd