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Research Director  
Utilities, Science and Innovation Committee  
Parliament House  
George St Brisbane Qld 4000

October 12 2015

Dear Director,

**Re: Draft legislation to introduce a mandate for the sale of ethanol-blended petrol and bio-based diesel in Queensland.**

Mobil is a member of the Australian Institute of Petroleum and we fully endorse the comments made by the AIP in their submission to the Queensland Parliament Utilities, Science and Innovation Committee in regards to the draft biofuels legislation.

Our views were previously expressed in a submission to the discussion paper in July of this year. Mobil does not support a Biofuels mandate on the basis that it is inefficient, onerous and expensive for industry, does not reflect customer demand, and will deliver limited environmental benefits.

However, further to our earlier submission and given the Government's stated intention to move forward with a biofuels mandate, we would like to highlight the following points in relation to the draft legislation:

- In our view the regulatory mechanism most likely to be effective in increasing E10 sales (short of the Government requiring that all petrol contain ethanol) is to implement a mandate at the point closest to the consumer. Therefore, if an ethanol mandate is to be implemented, we support the recommendation for a mandate at the retail rather than the wholesale level.
- We do not believe Mobil could meet a biodiesel mandate from July 2016 - it is not achievable from a supply viewpoint. There is simply not enough local biodiesel production available to guarantee supply, even at low percentage levels, nor the infrastructure in place to enable quality-controlled biodiesel blending.
  - We do not have confidence in the capabilities of the sole existing producer to supply a consistent and reliable quality of biodiesel blend stock, in the quantities required. We understand that the Narangba plant would need to increase production by a factor of five or six to meet its nameplate capacity – the minimum volume which is consistently required for the market to achieve a 0.5% mandate.

- We are not aware of any other current or planned sources of supply, noting that imports are no longer viable due to the recent Federal excise changes.
- Investment would be required at the terminal we share in Brisbane (Whinstanes) to allow the blending and supply of biodiesel products. This could include the requirement for heated tanks and lines to handle tallow-based biodiesel blend stock –the scope of works required is not clear given the supplier is not yet producing the specification of blend stock we would have to manage. At least 18 months would be required to secure the required capital investment and carry out an upgrade project (from the date legislation is passed).
- We are reliant on other suppliers to construct and install blending facilities at terminals outside Brisbane, and have no confidence these investments will be made within the time frame.

We urge the Committee to reconsider introducing a legislated requirement equal to the notional plant capacity of the single existing Queensland biodiesel supplier, which would require waivers from Day 1.

We suggest that further consideration be given to the biodiesel market and the practicalities of implementing a biodiesel mandate, and that s.35C 3(a) be removed from the proposed legislation.

Yours faithfully,

Campbell Mercer  
Industrial and Commercial Marketing Manager