

# Submission

Prepared for:-

**Project Manager-Queensland biofuel mandate**

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By:-

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3 July 2015

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[biofuels@dews.qld.gov.au](mailto:biofuels@dews.qld.gov.au)

**PO Box15456, City East, Qld. 4002**

Dear Sir/Madam,

Re: Liquid Fuel Supply (Biofuel Mandate) Amendment Bill 2015

## **General.**

### **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 (Biofuels Mandate) Amendment Bill 2015**

#### **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

#### **The Ethanol Percentage**

##### **Setting a level**

Energreen is of the opinion 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 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 in association with the BAA, also requests that the proposed amendment be expanded to include a 2% biodiesel mandate. Diesel as a fuel is growing in popularity nationwide. Diesel also accounts for the majority of particulate emissions from our transport sector. The International Agency for Research on Cancer (IRAC), 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 IRAC 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.

## **Liability Parties, Exemptions, Penalties**

The Retail sector is the logical portion of the supply chain to reinforce, by penalty if necessary, the Government’s commitment to the desired outcome. Consideration must be given however to the retailer’s size and capacity, hence a matrix where some smaller retailers (remote local businesses) are fully exempt (set by annual trading volumes), mid range retailers (again by volume) are given a reasonable time frame to prepare before penalties apply, and majors where, after an appropriate implementation program is complete, full penalties apply. The Industry measures all performance indicators based on volume and it is logical that the penalty regime should also have this as a guide.

## **Expert Panel/ Implementation Board**

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 important function of any Expert Panel/Implementation Board will not be the correct introduction of biofuels if its members are drawn from this base, but more importantly, the inclusion of the retailer and feedstock producer sectors etc. that need representation to address fears that will arise from their sector’s concern over perceived disadvantages in changing the status quo.

## **Protecting the Environment**

Agriculture within Queensland is already a highly regulated industry from tree clearing to pesticide and fertilizer use, and Government Departments such as DAAF and EPA already provide a high standard of environmental protection within the industry. Similarly with the petroleum industry. The introduction of slightly higher levels of biofuel activity to these industries does not warrant any extra layer of bureaucracy.

## **Maintaining Consumer Choice/Consumer Protection**

Any product introduced via a mandate will require a concerted consumer education program and some level of cost deferment for those enterprises forced to meet costs of implementation. However, a vigorous well targeted education plan that creates a greater demand for the product and hence higher sales volumes of it is the most efficient and cost effective way to mitigate the complaint that some parts of the existing petroleum product supply chain find “implementation too expensive” with the associated demand for Government assistance. If a product is selling well to the public, participants in the market will make self funded efforts to capture part of the sales.

## **Securing Food Supplies**

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 feedstocks 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.

## Summary

Energreen supports the objective of the Bill to amend the *Liquid Fuel Supply Act* to require minimum ethanol content in relation to the total volume of motor spirit sold in Queensland. Energreen also believes that expanding the bill to include a 2% biodiesel would further strengthen the objects of the bill.

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

John Wedgwood

Manager Renewable Energy

Energreen Nutrition Australia Pty.Ltd.