

3 June 2015

Project Manager  
Queensland Biofuel Mandate  
PO Box 15456  
City East QLD 4002

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

To whom it may concern,

I write in relation to the planned biofuel mandate for Queensland and would like to express the support of Downer and its entities for the long term certainty such a focus on renewable energy will provide for the industry in the state of Queensland, as well as propose some modifications to the proposal.

#### **1. Downer's support of renewable fuels**

Downer is a provider of services in markets including Transportation, Mining, Energy and Industrial Engineering, Utilities, Communications and Facilities. Downer is listed on the ASX and employs about 20,000 people.

Downer is also one of Australia's largest and most experienced providers in the renewable energy market. Downer offers services in design, build and maintenance for wind farms and wind turbine sites and entire asset life-cycle including procurement, assembly, construction and commissioning.

For many years, Downer (and in particular our Mining division) has been recognised as a very large user and supporter of biodiesel. Our commitment to renewable energy and specifically renewable transport fuels has been widely acknowledged by our customers as well as through our receipt of the Queensland Premier's 2011 Climate Smart Sustainability Award. Our use of biodiesel represents one of our innovations to deliver outcomes for the environment and for our customers and we are proud to be able to support State based production of the fuel.

Downer therefore welcomes the Queensland Government's commitment to supporting the development of the biofuel and bio-manufacturing industries in Queensland and particularly supports its efforts in encouraging an economically feasible solution. Such a mandate will drive investment in the industry, contribute strongly to regional job creation and growth, reduce the emissions profile for the State and potentially lead to Queensland being a world leader in biofuels technologies.

#### **2. Support for the diesel market**

It is essential that any growth of both supply and demand be sustainable and economically feasible in the longer term. By increasing the use of biofuels in a measured way, business will have the confidence to invest capital in Queensland.

For the mining and infrastructure industries, diesel is crucial. For most mining and infrastructure sites in Queensland, diesel provides more than 90% of the fuel requirements (by volume), compared to very little petroleum or gaseous products.

Therefore any renewable fuel for mining and infrastructure must be about replacing diesel. It is imperative that any biofuel solution includes viable diesel alternatives due to the relevance that diesel plays in the Queensland market.

We believe that any discussion around renewable fuels must include greater emphasis on diesel – biodiesel and renewable diesel – and not just ethanol as a replacement for petroleum products. To this end, the discussion paper could be improved by encouraging further deliberation of the diesel markets.

### **3. Local suppliers and Renewable Diesel**

Downer recognises that past biofuel mandates have been beleaguered with capacity constraints and financial security issues. Until recently, the Australian biodiesel industry has been unable to compete with heavily subsidised product from overseas. We believe there must be a mandate that the source of material (i.e. the 'feedstock') used to manufacture the fuel be supplied in close proximity and production secured locally. Without this, the market will continue to be swamped by imported renewable fuels – and this will completely defeat the stated aims of the Queensland Government.

Given the size of the fats and oils market in Queensland, and to ensure that demand does not make biodiesel uncompetitive, Downer would like to see renewable diesel included in the biofuels discussion.

Renewable diesel is a non-oxygenated drop-in alternative to diesel and biodiesel and can be produced from biomass or recycled waste that is high in organic, bio-derived content. Renewable diesel is chemically indistinguishable from mineral diesel (i.e. is a 'drop in fuel') but comes from bio-derived sources and is likely to be the resultant product of bio-refining and bio-manufacturing, whereby biomass is converted into value-added chemicals, plastics and fuels.

There are large unused feedstock streams currently available in the Queensland market for the production of renewable diesel such as tyres, conveyor belts and other rubber products, and it is through the combination of all of these future fuels that regional development and fuel security will be obtained.

### **4. Biofuel Percentage and Time-frames**

A mandated use of the renewable fuels would 'kick-start' the market for ethanol, biodiesel and renewable diesel for a period of time, and would only be required to support the industry until such time it is business as usual for the industry. The changing of environmental licensing could offset any possible negative impacts by the proposed changes to excise arrangements by the Federal Government.

After 10 years, the use of renewable fuels should be well established in the market and any mandate could be phased out over a further five year period.

A mandated level of 2% ethanol, rising to a 10% mandate over a period of 10 years, would not be unrealistic to drive the market uptake and promote growth within the local Queensland ethanol producing industry.

It is absolutely crucial that any mandate on the use of biodiesel or renewable diesel must be levelled at the wholesale market. More than 80% of the diesel sold into Queensland is wholesale, not retail. It would be quite futile to have a mandate that addressed retail diesel rather than wholesale.

A mandated level of 1-2% biodiesel or renewable diesel, rising to a 10-20% mandate over a period of 10 years, would not be unrealistic to drive the market uptake and the commissioning of new facilities.

Significantly these new developments will build upon established primary industry facilities, leverage our substantial scientific expertise and encourage investment, particularly in regional and remote communities.

They will diversify the state's economy and potentially generate technologies that can be exported around the world.

#### **5. Sustainability Framework**

Downer, in its implementation of biodiesel, has set policies to prohibit the use of palm derived biodiesel and any other renewable energy that may have longer term sustainability issues.

Therefore Downer strongly supports the use of sustainability criteria for the production of biofuels to restrict the supply of importation palm derived biofuels to the Queensland market.

#### **6. Expert Panel**

Downer is particularly supportive of an expert panel / implementation board with emphasis on incorporating diesel.

Any panels must incorporate industry representatives at the user end, as well as representatives from producers, marketers, retailers and wholesalers.

Downer recommends that two panels be formed – one looking at the petroleum and retail markets, and one looking at the diesel and wholesale markets. As the customers for such end commodities are so completely different, it is imperative that solutions be modified to meet the needs of the products.

#### **7. Summary**

It is for the above reasons that Downer requests that renewable diesel as well as ethanol and biodiesel be considered as valuable bio-derived fuels.

I thank you for the attention you have given to this submission. I can be contacted at any time at

Yours sincerely,



Ricky Bridge  
General Manager Environment Operations  
Downer Group