

## Australian Biofuels 2017

### Client Report

April 2017

#### New report just released – **Industry Dichotomy**

*There is a dichotomy in the current biofuel industry in Australia. On the one hand, biodiesel production and demand has been reduced to a trickle following the financial collapse of Australia's largest biodiesel producer in 2016, while on the other, ethanol is being boosted with new mandates in NSW and Queensland from 2017. It is a hard road for Australian producers. Meanwhile worldwide, biofuel consumption continues to rise; low oil prices are testing the economics of biofuel production, international airlines are increasingly competing for clean bio based fuel and innovators continue to invest in new technology for the advancement of biofuels.*

#### Issues covered in Australian Biofuels 2017 include:

- DEMAND/SUPPLY - Changing patterns for ethanol demand, collapse of biodiesel demand.
- BIODIESEL - Why the downturn in Australia? Can the industry regroup?
- MANDATES and SUBSIDIES – how are they shaping up in 2017?
- NEW GROWTH AND INVESTMENTS – where is Australia up to with conventional biofuels?
- PRICING, ECONOMICS and MARGINS – import pricing, feedstocks competing with low oil price.
- ADVANCED and AVIATION biofuels – making new inroads in Australia and overseas.

#### Special supplement - ethanol and biodiesel plant history

**Australian Biofuels 2017** is a special report. For the first time APAC provides a history of all the Australian ethanol and biodiesel projects - planned, operating, ceased operating, or demolished - between 2006 and 2016. This would be a valuable resource for future policy development and for those considering investing in Australian biofuels.

#### Your pathway to understanding Australian biofuels

**Australian Biofuels 2017** is your pathway for understanding the developments in the Australian biofuel industry. It is the latest comprehensive and independent annual report on the Australian biofuel industry, prepared and researched by APAC, consultants to the oil, gas and transport fuel industries with a longstanding special interest in biofuels.

See pages 2 and 3 for the **Table of Contents** and **Order Form** and page 4 for details of the Study Team. Call us if you have any questions.

We hope to hear from you soon.

#### **Mike Cochran**

Joint CEO

#### **APAC Biofuel Consultants**

Ph. 08 8271 5818 Mob: 0419 116 696

Email: [biofuels@eccoaustralia.com](mailto:biofuels@eccoaustralia.com)

#### **Graeme Bethune**

Joint CEO

#### **APAC Biofuel Consultants**

Ph: (08) 8431 7903 Mob: 0419 828 617

Email: [gbethune@energyquest.com.au](mailto:gbethune@energyquest.com.au)

*\*APAC Biofuel Consultants (BN 04665650) is a joint venture of EnergyQuest Pty Ltd (ABN: 51110284270) and Ecco Consulting Pty Ltd (ABN 18109919799). Graeme Bethune is the CEO of EnergyQuest and Mike Cochran the CEO of Ecco Consulting.*

## Table of Contents

### Australian Biofuels 2017

#### Industry Dichotomy

#### AUSTRALIAN BIOFUEL INDUSTRY 2016-17

AUSTRALIAN BIOFUEL DEMAND - COLLAPSE  
 HOW SUSTAINABLE IS AUSTRALIA'S BIOFUEL INDUSTRY – CURRENT DICHOTOMY  
 BIODIESEL/HVO STATUS, DEMAND/SUPPLY, PLANT UTILISATION, INDUSTRY COLLAPSE  
 ETHANOL DEMAND SUPPLY, PLANT UTILISATION, NEW INVESTMENTS  
 AUSTRALIA'S UPTAKE OF ETHANOL-BLENDED FUEL BY STATE  
 FACTORS CURRENTLY AFFECTING BIOFUELS DEMAND  
 BIOFUELS AS PART OF AUSTRALIAN FUEL SECURITY

#### WORLD BIOFUEL INDUSTRY OVERVIEW

BIOFUELS IN WORLD ENERGY/OIL PRODUCTION  
 WORLD ETHANOL PRODUCTION GROWTH 2015  
 WORLD BIODIESEL AND RENEWABLE DIESEL PRODUCTION GROWTH, 2015

#### ETHANOL IN AUSTRALIA

EXISTING PLANT CAPACITY AND MARKET SHARE  
 PLANNED CAPACITY TO 2022  
 HISTORY OF ETHANOL PLANT DEVELOPMENTS SINCE 2006  
 ETHANOL FEEDSTOCK ECONOMICS AND MARGINS  
 ETHANOL IMPORT PARITY PRICE (IPP), IPART'S 'WHOLESALE PRICE' – CRITIQUE  
 ETHANOL EXCISE, IMPORT PROTECTION AND COMPETITION  
 FUEL STANDARDS QUALITY REVIEW

#### BIODIESEL IN AUSTRALIA

BIODIESEL PLANT CAPACITY – WHAT IS THE FUTURE FOR AUSTRALIAN BIODIESEL?  
 HISTORY OF PLANT DEVELOPMENTS SINCE 2006  
 BIODIESEL/HVO DEMAND DOWNTURN  
 INTERNATIONAL OIL SEED PRICES AND MARGINS  
 AUSTRALIAN BIODIESEL INDUSTRY COLLAPSE – WHAT WENT WRONG  
 OIL/BIO-PRICE BASIS RISK  
 EXCISE SUPPORT MECHANISMS NOT DELIVERING  
 BIODIESEL PRECEDENT - NEED FOR OVERHAUL OF SUPPORT MECHANISMS

#### GOVERNMENT MANDATES AND POLICIES

QUEENSLAND MANDATE  
 QUEENSLAND'S ABILITY TO MEET THE ETHANOL MANDATE  
 QUEENSLAND'S BIODIESEL MANDATE  
 NEW NSW ETHANOL MANDATE – STRINGENT COMPLIANCE  
 NSW BIODIESEL MANDATE FAILURE – VICTIM OF IMPORT EXCISE  
 BEHIND THE NSW BIOFUELS AMENDMENT ACT, 2016  
 OTHER STATE'S BIOFUEL UPTAKE  
 PRODUCTIVITY COMMISSION REPORT – NO MANDATES, MARCH 2017  
 FEDERAL GOVERNMENT POLICY DEVELOPMENTS UPDATE

#### ADVANCED BIOFUELS AND BIO AVIATION FUELS

ADVANCED BIOFUEL DEVELOPMENTS IN AUSTRALIA  
 QUEENSLAND BIOFUTURES PROGRAM  
 SOUTHERN OIL REFINING – LEADING THE PACK  
 IRENA – INTERNATIONAL REPORT ON ADVANCED BIOFUELS  
 AVIATION BIOFUELS – ADVANCING IN AUSTRALIA AND OVERSEAS  
 VIRGIN AUSTRALIA/AIR NZ INITIATIVE

#### SPECIAL TABLES – INDUSTRY HISTORY

ETHANOL PLANTS/PROJECTS IN AUSTRALIA 2006 TO 2016  
 BIODIESEL/RENEWABLE DIESEL PLANTS/PROJECTS IN AUSTRALIA 2006 TO 2016

**ORDER FORM****Australian Biofuels 2017\***

	Report Fees (excluding GST)
	Standard
Single User (single copy)	\$2,950
Corporate (two copies)	\$5,350

\***Australian Biofuels 2017** is a client report, researched and prepared by **APAC Biofuel Consultants**, due for release in April 2017. **APAC Biofuel Consultants** (BN 04665650) is a joint venture of **EnergyQuest Pty Ltd** (ABN: 51110284270) and **Ecco Consulting Pty Ltd** (ABN 18109919799). **Graeme Bethune** is the CEO of **EnergyQuest** and **Mike Cochran** the CEO of **Ecco Consulting**.

<b>Name</b>			
<b>Position</b>			
<b>Organisation</b>			
<b>Office Address</b>			
<b>Office Telephone</b>			
<b>Mobile Phone</b>			
<b>Email address</b>			
<b>Preferred Report Format</b>	PDF <input type="checkbox"/>	Hard Copy <input type="checkbox"/>	Both HC and PDF <input type="checkbox"/>
<b>Direct Payment (preferred)</b>	<b>Payable to:</b> Ecco Consulting Pty Ltd Commonwealth Bank of Australia, Adelaide <b>BSB:</b> 06 5000 <b>Account#:</b> 1119 1915 <b>SWIFT:</b> CTBAAU2S <b>Quote:</b> AB17		
<b>Credit card:</b>	<b>Visa:</b>	<b>MasterCard:</b>	Expiry Date: ...../.....
<b>Card Number</b>			CCV: .....
<b>Name on Card</b>			
<b>Signature (for Card and Direct payment)</b>			

Please email order form to either:

**Mike Cochran**

CEO

**Ecco Consulting Pty Ltd**

Ph: (08) 8274 1738

Mob: 0419 116 696

Email: biofuels@eccoaustralia.com

**Graeme Bethune**

CEO

**EnergyQuest**

Ph: (08) 8431 7903

Mob: 0419 828 617

Email: gbethune@energyquest.com.au

**THANK YOU FOR YOUR ORDER**

## *Study Team*

### **Mike Cochran**

In 2004 Mike Cochran established Ecco Consulting Pty Ltd to provide marketing and commercial services to the oil, gas, petroleum, and resource sectors in Australia and overseas. As CEO of Ecco Consulting, Mike Cochran brings to the client, experience in market research and analysis, business and strategy development, price and contract negotiations, as well as in commodity trading and logistics. Biofuels, along with alternative fuels, crude oil and natural gas liquids in Australia and Asia, are specialty areas. Ecco Consulting has undertaken consulting assignments with governments, oil producers, energy and agriculture trading companies, international refiners, biofuel producers, investment banks, infrastructure sector, and local governments.

APAC Biofuel Consultants was formed in 2006. Since then Mike has co-authored and co-researched a major client biofuel study in 2006, plus eight editions of APAC's annual **Australian Biofuels** report, which has become a leading and widely quoted analysis on the Australian and international biofuels industry.

Prior to establishing Ecco Consulting, Mike held various senior commercial and marketing positions with some of the world's largest resource and petroleum organisations – most recently 22 years with Santos Ltd, and before Santos, with Rio Tinto (CRA, Mary Kathleen Uranium, Bougainville Copper Ltd) and BHP.

Mike has a degree in Economics from Sydney University and post graduate Diploma of Oil Supply and Refining (University of Oxford).

### **Dr Graeme Bethune**

Graeme Bethune is CEO of EnergyQuest, which he established in 2005 to provide strategic research on Australian oil, gas and other energy sources. EnergyQuest's clients include major Australian companies, most Australian governments, institutional investors and a number of international companies.

EnergyQuest also produces the EnergyQuarterly, which provides comprehensive and timely analysis of oil and gas production, reserves, development projects and gas contracts in Australia.

The company has also undertaken major multi-client studies of coal seam methane and biofuels and provided strategic advice on acquisitions and major energy contracts.

Prior to establishing EnergyQuest, Graeme had 30 years in senior finance and corporate affairs roles. For 10 years he held a range of senior positions with the Australian energy group, Santos, reporting to the CEO, responsible for finance, business development, investor relations and media. This included over \$2 billion of major financing and asset acquisitions and divestments.

Graeme has a first-class honours degree in economics from Monash University and a PhD from the Australian National University. He has undertaken the executive program at the Graduate School of Business at Stanford University and is a member of the Society of Petroleum Engineers and the Petroleum Exploration Society of Australia.

### **Susan Bethune**

Susan Bethune is a partner in EnergyQuest, responsible for market analysis. Susan has over 30 year's experience in economic and financial analysis with the Commonwealth government, the finance sector and the tertiary education sector. She has an honours degree in economics from Macquarie University and a Masters degree in economics from the Australian National University.