

APAC Biofuel Consultants

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Australian biofuel capacity growing strongly

Australia's capacity to produce biofuels (ethanol and biodiesel) is growing strongly, despite the drought and other challenges.

A key report, to be released on Tuesday at the Advanced Global Biofuel Summit in Bangkok, reveals that Australian biofuel production capacity is expected to double this year, to over 600 million litres (ML) and could exceed 1,000 ML a year by mid-2009.

The report, prepared by Mike Cochran and Graeme Bethune, Principals of APAC Biofuel Consultants, provides an assessment of the state of play for ethanol (blended with petrol) and biodiesel (typically blended with conventional diesel).

"Demand for ethanol blends is growing and fuel ethanol production in Australia is currently running close to full capacity of around 120 ML per annum," said Mike Cochran.

"This is being driven by the rapid growth in the number of retail outlets selling ethanol blends," said Graeme Bethune.

"Queensland and New South Wales have had the largest number of outlets but expansion is now underway in Victoria and South Australia. The number of E10 retail sites is expected to exceed 800 by end 2007, around 13% of Australian service stations and almost double the number 12 months ago."

"With new plants and expansion of existing plants, annual ethanol production capacity could exceed 300ML by the first half 2009. There are a number of other ethanol plants on the drawing board. If they come to fruition, ethanol production capacity could exceed 1,000 ML by 2011," said Mike Cochran.

“Biodiesel though continues to face challenges. High feedstock costs and, commissioning difficulties are contributing factors which have meant that biodiesel production has been well below capacity over the past six months.

“However the outlook is improving. The cost of major biodiesel feedstocks such as tallow, canola and (imported) palm oil are beginning to move down from their highs earlier this year.

“In 2006-7, biodiesel plant production capacity increased by 390ML. A further 210ML capacity is currently under construction, expected to be fully commissioned by the end of 2008, bringing capacity to almost 620 ML per annum.”

The study found that total biofuel production is on track to meet the Australian Government target of 350 ML by 2010. Achieving this target will also be facilitated by the NSW Government introducing a 2% ethanol mandate effective from 1 October, 2007.

Availability of suitable and sustainable feedstock remains a major challenge for the biofuel industry in Australia and Asia generally.

“Both ethanol and biodiesel production in Australia predominantly rely on ‘first generation’ feedstocks, most of which compete with the food cycle. Second generation feedstocks, such as microalgae (for biodiesel) and lignocelluloses (for ethanol) are being researched in Australia and overseas and are seen as offering longer term and more sustainability alternative feedstock source for the biofuel industry,” Mike Cochran said.

Australian Biofuel Projects 2007, is an independent assessment of the current state of the Australian biofuel industry carried out by APAC Biofuel Consultants, a joint venture of ECCO Consulting and EnergyQuest. As commercial consultants to the biofuel industry, APAC Biofuel Consultants were invited this week to chair and address the prestigious Advance Global Biofuel Summit in Bangkok on developments in the Australian biofuel industry.

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