

Industry looks to gas, coal for transport fuel

Nigel Wilson, Energy writer | February 26, 2008

A MOVE to develop a national agenda to create a multi-billion-dollar industry producing liquid transport fuels from coal and gas will be launched today by the Rudd Government.

Resources Minister Martin Ferguson will use a conference in Brisbane to set the scene for gas and coal offsetting Australia's huge and growing oil import bill.

Australia last year spent \$7.5 billion on energy imports, more than it gained from selling oil, gas and coal overseas.

The country has only about eight years of oil at current rates of extraction but more than 100 years of gas and about 600 years of coal.

Mr Ferguson will tell delegates to the third annual coal-to-liquids and gas-to-liquids conference in Brisbane that by 2015 Australia will be producing about 20 per cent of its transport fuels and the bill from oil and condensate will have blown up, including the trade deficit by \$27 billion.

The gas and coal to liquids agenda will follow on from Labor's National Energy Security Assessment now under way.

The new resources policy supremo argues that little has been done for the past seven years when a GTL taskforce was appointed by then Resources minister Nick Minchin. This concluded that a GTL industry would be of national significance, potentially underwriting offshore gas supply infrastructure as well as major new domestic gas pipelines.

The taskforce said GTL could increase domestic gas competition and boost gas exploration.

Mr Ferguson said the new agenda was designed to identify industry barriers and ways to overcome them and to develop a policy framework to build a sustainable industry for the future.

Mr Ferguson sees a liquids industry coming from natural gas or from coal as complementing the export LNG industry.

Both LNG and GTL require large gas volumes and could produce infrastructure investment where smaller projects could not.

The minister argues that Australia could become a valued supplier of GTL diesel as a clean transport fuel in the same regional markets as LNG.

Earlier this month, Linc Energy announced it was about to commission a fullscale plant producing five barrels a day of ultra-clean diesel using feed from its underground coal gasification project at Chinchilla in Queensland.

The federal Resources and Energy Department is working with Monash Energy, a joint venture of Shell and Anglo Coal, on a potential CTL project in the Latrobe Valley, while Chevron in partnership with South Africa's SASOL has proposed a GTL development based on the Wheatstone gas reservoir off Western Australia.