

Govt talks move \$10b gas-liquids plant closer

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Hopes that WA could house a \$10 billion-plus processing plant which would convert gas to diesel have been boosted by revelations that the Federal Government is in discussions with two multinationals about building a pilot operation.

Resources and Energy Minister Martin Ferguson yesterday said a so-called gas-to-liquids (GTL) plant could be a reliable source of environmentally friendly fuel and help reduce Australia's reliance on oil from the Middle East.

Mr Ferguson said his department was discussing the issue with officials from Sasol Chevron, a joint venture between the South African-based Sasol and the US-based Chevron, which specialises in GTL production, about establishing a pilot project in Australia — perhaps in WA.

Another firm, Central Petroleum, is interested in pursuing a GTL project in the Northern Territory.

Sasol Chevron has previously been involved in talks about building a GTL plant on the Burrup, though it was understood that a substantial subsidy would be needed to make the project viable.

Mr Ferguson said one of the advantages of the North-West Shelf was that the CO₂ emitted during the conversion could be buried below the sea.

"I would like to see by 2015 our nation serious about gas to liquids, basically creating a new synthetic

transport fuel which is potentially more environmentally sound, based on CO₂ sequestration," Mr Ferguson told *The West Australian*. "That would also fit into our commitment to develop green cars in Australia."

Engine manufacturers, including Bosch, Daimler, Renault and VW, are already investigating adapting their technology to use GTL diesel.

"WA is potentially central to a debate about alternative transport fuels in Australia involving gas-to-liquids and that's why we are intimately involved at a department level in discussions with companies operating in this area," Mr Ferguson said.

"It (GTL) will be a contributing factor to us making progress in the climate change front but to also, perhaps more importantly given current trends, save our own bacon in terms of being completely exposed on the transport fuel front and major trade problems."

Mr Ferguson's department had made no financial commitment to any Sasol Chevron proposal and would not consider doing so until the "fiscal and policy settings" for the industry had been devised.

Mr Ferguson said Australia's deficit in oil imports would blow out to a gigantic \$27 billion within the next seven years, and leave Australia dependent on oil from the Middle East, unless alternative fuels were found.

GTL is considered a much better alternative to diesel because it has no sulfur and has low "aromatics" such

as carcinogens benzene and toluene, meaning it burns cleaner and emits far fewer particulates which are harmful to health and the environment.

An ABARE report in 2006 found that GTL was a relatively environmentally friendly technology and that a GTL project could replace more than half of Australia's projected oil and fuel imports by 2015.

Mr Ferguson said he also wanted to encourage coal to liquids technology, noting Australia had up to 600 years supply of the fossil fuel. Pilot plants would be built in Victoria's Latrobe Valley and in Gladstone, Queensland.

To advance all these projects, Mr Ferguson said his department would release a legislative framework for carbon capture and storage before the year's end.

The Resources Ministry has started on a national energy security assessment to establish requirements for electricity, gas and liquid fuels in five, 10 and 15 years time.

The Australian Petroleum Production and Exploration Association said it was vital that impediments to the development of Australia's vast natural gas reserves were removed.

"APPEA agrees with the Minister that gas has a major role to play in providing clean energy to offset greenhouse gas emissions. If industry targets are met, global emissions of 180 million tonnes per year could be offset by Australian natural gas," APPEA chief executive Belinda Robinson said.



Competitive edge: WA's North-West Shelf offers advantages for a GTL plant, says Federal Minister, Martin Ferguson