



18 July 2024

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Submitted online

Submission: Unlocking Australia's low carbon liquid fuel opportunity

CS Energy welcomes the opportunity to provide a submission in response to the *Consultation on Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity*.

About CS Energy

CS Energy is a proudly Queensland-owned and based energy company that provides power to some of our state's biggest industries and employers. We employ almost 600 people who live and work in the Queensland communities where we operate. CS Energy owns and operates the Kogan Creek and Callide B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). CS Energy sells electricity into the National Electricity Market (**NEM**) from these power stations, as well as electricity generated by Gladstone Power Station for which CS Energy holds the trading rights.

CS Energy is creating a more diverse portfolio of energy sources as we transition to a new energy future and is committed to supporting regional Queensland through the development of clean energy hubs at our existing power system sites as part of the Queensland Energy and Jobs Plan (**QEJP**).

In terms of Sustainable Aviation Fuels (**SAF**), CS Energy is exploring the potential for development of Power to Liquids (**PtL**) SAF, using renewable power generation to create hydrogen from electrolysis, which along with a carbon source forms the feedstock requirements.

Submission

This submission provides responses to relevant questions from the consultation paper, quoting the beginning of each question for the department's reference.

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What do you think are Australia's comparative advantages as an LCLF producer? Where does Australia face international competition?

Australia is a country rich in renewable energy resources, which can be a great strength as a producer of Low Carbon Liquid Fuel (LCLF), and PtL processes can play an important role in this mix.

From an export perspective, Australia is also anticipated to be a favoured production region for customers in Asia, and LCLF could become one of Australia's significant export products in the future. Since PtL utilizes renewable electricity for production, it does not deplete Australia's valuable resources, such as minerals and agricultural products.

Although PtL is still an emerging technology, it is technically possible to produce PtL at scale. Therefore, in attracting operators as well as providing meaningful quantitative information to the government, we support subsidies for feasibility studies especially to ensure local conditions are similar to that of subsidised competitors.

The Government is seeking your views on the options for a production incentive scheme

Since there are currently no LCLF businesses operating in Australia, the first step is to start these operations. For this purpose, we believe it would be effective to offer substantial subsidies for SAFs at a fixed price for an extended period (given the significant investment amounts, a duration of 10-20 years would be preferable). Ideally, this financing should also encompass investments from overseas.

The Government is seeking your views on the following considerations regarding emissions and sustainability criteria

The application of an emissions reduction threshold, as posited in the consultation paper, could be supported if it acts as an incentive for operators to take on the challenge of engaging in higher-value LCLF activities. On the other hand, if there is a possibility that values may change in the short to medium term, it becomes difficult for operators to commit to investments. A simple production incentive reduces the barriers for producers in a way that retains consumer choice in terms of fuel use.

Yours faithfully



Don Woodrow
Acting Head of Policy and Regulation