



11 January 2013

Chris Ritchie
Manager – Industry
Major Project Assessment
NSW Department of Planning and Infrastructure

By email: Ashley.cheong@planning.nsw.gov.au

Dear Mr Ritchie

**Proposed Modification Application 08_0083 MOD 1
Soybean Processing and Biodiesel Production Facility, Port Kembla**

We refer to your email correspondence of 20 December 2012 attaching National Biodiesel Limited's ("NB") response to submissions regarding the above mentioned matter and subsequent correspondence with our office with regard to an opportunity to provide further representations.

Attached is a summary of our concerns around utilisation of Berth 104 and the consequential impact on the grain supply chain as a result of NB's Proposed Modification Application.

In respect of NB's response to our submissions (copy **attached**), we make the following further representations (adopting same headings):

Item 1: Details of Proposed Liquid Bulk Infrastructure at Berth 104

While we appreciate the detail provided by NB with respect of the proposed liquid bulk infrastructure at Berth 104 and look forward to being involved in the review of the design once concept layouts have been prepared, we have the following concerns:

- Use of temporary hoses that run across Berth 104 during unloading will likely restrict access and usage of the berth by maintenance and management vehicles.
- It is unclear from NB's response where they intend to attach the fixed pipeline. GrainCorp would be concerned if it is intended to be attached to grain related infrastructure.

We note that bulk liquid infrastructure exists at underutilised Berths 103 and 201 and consider it more appropriate that these facilities be utilised by way of an extension to either of those pipelines to the proposed NB development, alleviating concerns around utilisation of Berth 104.

Item 2: Road Transport and Traffic

GrainCorp is concerned that Proposed Modification Application does not include dedicated rail access whereas the existing Project Approval did. This means that the domestic soybean inload



GrainCorp

task (estimated at between 50,000 to 100,000 tonnes per annum) will now arrive exclusively by road and the domestic soybean meal outload task (estimated at more than 300,000 tonnes per annum) will now depart exclusively by road. This equates to an estimated additional 23-27 truck movements per day.

By way of comparison, the existing Project Approval is based on approximately 2 inload trucks and 20-30 outload trucks per day. Consequently, the additional movements required by the Proposed Modification Application represents approximately double the truck movements associated with the existing Project Approval. It is unclear to us how this can be deemed to “not increase the overall volume of the traffic associated with plant operations” (para 2.5.3 of NB’s S75W submission and NB’s response to Proposed Modification Application submissions).

We also wish to reiterate that NB has no arrangements in place to sublease the land required for its truck marshalling, parking and maintenance facility from GrainCorp; a point not addressed by NB in its response to submissions.

While GrainCorp has provided in principle support of the NB development and diversification of Port Kembla Port Terminal more generally, we have concerns that the Proposed Modification Application represents a material change to the existing Project Approval, namely:

- The addition of 80,000 tonnes of storage capacity and truck inload facilities;
- Increased traffic movements as a result of domestic inload being exclusively by road; and
- Inclusion of bulk liquid infrastructure on Berth 104.

We trust that these representations will provide useful in your assessment of the Proposed Modification Application. If you have any queries in regard to this matter, don’t hesitate to contact Samara Fitzpatrick on 02 9266 9476.

Yours sincerely

Mark Jelbart
Acting General Manager – Ports
GrainCorp Operations Limited

NATIONAL BIODIESEL: IMPACTS OF PROPOSAL

Background

Port Kembla grain terminal is a crucial link between NSW grain growers and international markets. The Port Kembla grain terminal serves more than twenty exporters and thousands of grain growers across the largest grain producing port zone in eastern Australia, stretching from central north NSW to the Victorian / NSW border. Port Kembla exported nearly 7 million tonnes of grain in the 4 years ending 2012, including 3 million tonnes in the last year alone.

Impact analysis

Based on a reasonable analysis of the specifications and import/export requirements of both liquid and dry commodities at Berth 104 provided by National Biodiesel:

- GrainCorp's bulk grain terminal would be unavailable for grain exports for an estimated 118 days each year, with substantial upstream delays, other supply chain impacts and concerns for other exporters using GrainCorp's Port Kembla terminal.
- This is equivalent to the grain terminal being blocked out for a minimum of 34% of the year, making grain from southern and central NSW less competitive and attractive to international customers.
- Assuming berth activities are operationally effective up to a total utilisation rate of 70% (regarded as the industry maximum), the grain terminal will be theoretically blocked out for at least 49% of the operational year.
- Assuming the unlikely event of demand being spread evenly across the year:
 - 33 National Biodiesel vessels will load per annum, or 2.8 vessels per month. Based on estimated loading rates, these vessels will occupy the berth for 17% of the year.
 - 20 National Biodiesel vessels will unload per annum, or 1.7 vessels per month. Based on estimated dispatch rates, these vessels will occupy the berth for 17% of the year.
 - National Biodiesel vessels would require 9 days of berth access per month, with vessels arriving at a frequency of 1 every 3 days.
- In the event National Biodiesel imports 1.3 million tonnes of soybeans and exports 0.9 million tonnes of soybean meal per annum, National Biodiesel's minimum berth utilisation increases to 158 days or 45% of annual capacity. This rises to a 64% block out for GrainCorp assuming maximum operational effective utilisation of 70% of total capacity.

National Biodiesel has limited storage space:

- 80,000 tonnes of soybean storage.
- The plant will use an estimated 4,000 tonnes of soybeans / day – meaning a new Panamax load of soybeans (60-80,000t) will be required to unload at the terminal (blocking it out for grain export) every 16-17 days, to ensure there is sufficient inventory to keep the plant operational.
- There is only 25,000 tonnes storage capacity for outload of the by-product of the soybean crushing process, meaning smaller vessels would be frequently required to remove meal and transport it (most likely to domestic markets).

Supply chain already heavily constrained

NSW's grain supply chain is already strained by pressure at numerous points. The larger grain crops and busy export programs of 2010-11 and 2011-12 have demonstrated the challenges

eastern Australia's grain supply chain faces in efficiently outturning grain to the valuable and growing international grain market.

Stock levels and berth utilisation rates in a busy grain export year leave extremely limited margin for error or delay. In fact, the grain terminal at Port Kembla experienced two periods in the year to September 2012 where the port was "blocked out" due to a vessel being loaded while more grain was being delivered for following vessels. This has substantial impact further up the supply chain. An increase in the volume of commodities passing across Berth 104 such as those proposed by National Biodiesel will add further strain on the utilisation of this vital grain terminal port facility.

APPENDIX 2: Response to Comments and Request for Further Information by GrainCorp

Item 1: Details of proposed liquid bulk infrastructure at Berth 104

The proposed infrastructure at Berth 104 for liquid bulk unloading operations will consist of a fixed steel unloading pipeline, nominally 300mm in diameter, with three 200mm offtakes and associated valving for connection to the ships discharge hoses, and some small bore off takes for local quality testing and pressure monitoring. There will also be a small, nominally 50mm, compressed air supply pipe for pigging the line clean between uses, and a bunded platform underneath the sample points and connection points for the ship's discharge hoses to contain any minor leaks or drips during sampling and connection/disconnection of the ships hoses.

The fixed piping and associated valves will be located so they do not impede current access to the Berth, or movement of existing equipment or associated maintenance activities. The layout and arrangement of these items is being progressed, and as per other design work involving equipment on Berth 104, PKPC and GrainCorp will be involved in the review of this design when the concept layouts have been drafted so that they can offer relevant feedback and comments.

During unloading operations, temporary hoses will run across the berth between the fixed steel pipe line and the ship. Liquid will be unloaded from the ship using the ship's on board pumps. When not in use, these hoses will be stored on National Biodiesel's property.

It should be noted that this infrastructure and the associated unloading procedures are similar to the existing bulk unloading operations carried out at Berth 201 at Port Kembla, where National Biodiesel conducted biodiesel unloading operations to the Park Petroleum facilities for several years, commencing in January 2009.

Item 2: Road transport and traffic

As outlined in the DA Modification Application submitted by National Biodiesel, there are no changes to the volumes of traffic associated with the proposed changes. The only impact with regards to traffic for the proposed changes is that the traffic from the biodiesel site will commence earlier with the commencement of Stage 1 operations, and that the revised location of the biodiesel land allotment and truck dump station will mean that vehicles have to travel a negligibly longer distance (<500m) on the existing internal Port roads.

These facts are reflected in NSW RMS's determination on the proposed modification which stated:

"Furthermore, given the proposed modification is not considered likely to generate any additional traffic volumes, RMS raises no objections to the proposed modification".

With regards to the location of truck marshalling, parking and maintenance, there are no proposed changes from the original Project Approval, as incorrectly asserted in Don Fox Planning's response. The location and function of the truck marshalling, parking and maintenance areas remains as per the approved Maunsell-AECOM (2008) Environmental Assessment.

In summary there are no proposed changes to the volume of traffic, or the location of truck marshalling, parking and maintenance, from the approved Maunsell-AECOM (2008) Environmental Assessment.

As such, GrainCorp's comments on this matter do not pertain to the proposed modification, but rather to the Approved Project, for which a detailed traffic assessment was completed in Section 7.5 of the approved Maunsell-AECOM (2008) Environmental Assessment.

With regards to the Approved Project it should be noted that GrainCorp offered the following endorsement of the proposed development in a formal letter of consent to National Biodiesel dated April 22, 2008 (refer to Attachment A overleaf):

"GrainCorp Operations Ltd is highly supportive of development and diversification of Port Kembla and as such fully supports the development of the facility as proposed by National Biodiesel Pty Ltd.

As lessor of a portion of the land that National Biodiesel Pty Ltd will occupy, and as occupier of the land adjacent to the proposed site, GOP hereby gives its formal consent to National Biodiesel Pty Ltd to lodge the application with the NSW Department of Planning in order to gain approval through the Part 3A assessment process."