

Planning & Assessment Hearing – Wednesday 29 November 2017

Commissioners, Ladies & Gentlemen

My name is Brian Hanley, Energy & Sustainability Manager for the Manildra Group. I have been employed by the Group for 25 years.

The Manildra Group's Shoalhaven Starches Plant at Bomaderry processes flour from the Company's Flour Mills at Bomaderry, Gunnedah, Manildra & Narranderra and produces Gluten, Starch, Syrups, Ethanol and Dried Distillers Grains.

The Plant uses approximately 175tph of process steam in manufacturing these products and approximately half of the steam is produced from Coal fired boilers. The other half is produced from Natural gas fired boilers with some steam produced by co-firing bio-gas from our Wastewater Treatment Plant.

In recent years the price of East Coast natural gas has increased significantly as a result of the constraints on land based gas extraction and the commissioning of large liquid natural gas export plants in Queensland.

The cost of natural gas and electricity to operate the Plant at Nowra will increase by several million dollars from 1 January 2018 when our new energy contracts begin.

As a consequence of these large increases the Company is planning to reduce the amount of gas being used for the production of steam and increase the nut coal usage because it is a lower cost fuel. In addition, heat recovery projects are being implemented to reduce our energy usage.

The Plant cannot operate without steam and is reliant on coal for the boilers. The coal fired boilers are designed to operate on low ash sized coal (Nut Coal) and therefore the procurement of low ash nut coal is critical.

The Company purchases coal from Centennial (Clarence Colliery) near Lithgow and the Whitehaven Colliery near Narrabri. These coals are more expensive than the coal that would be produced from the Invincible mine site which was the source of supply prior to the mine being shut down.

The Manildra Group is dependent on low ash nut coal for the boilers which supply steam for the Shoalhaven Starches Bomaderry Operations and therefore it is recommended that the Commission approve the application for the development of the Southern Extension Project at the Invincible Coal Mine.