



Australian Government  
Department of Industry,  
Innovation and Science

# Opportunities to increase Australia's domestic fuel storage capacity

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Request for Information

June 2020



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# 1. Introduction

The Australian Government is committed to delivering policy and regulatory frameworks that support secure, reliable and affordable supplies of energy for consumers.

Liquid fuel is a critical input and enabler of economic and social activity, making up around 50% of total final energy consumption in Australia.

Normal historical commercial storage and stocks have provided a secure and reliable supply to meet Australia's needs for many decades. However, the COVID-19 pandemic has highlighted limited flexibility in the fuel storage market in Australia when the fuel supply and demand balance changes suddenly.

The Government has announced initial steps to begin testing with industry opportunities that have the potential to increase Australia's domestic fuel storage capacity. An initial non-binding Request for Information (RFI) process has been opened to gather preliminary information on these opportunities from new and existing market participants.

## 2. Purpose of this paper

The Government is requesting RFIs for information gathering and consultation purposes only.

The information gathered through the RFI will help the Australian Government better understand the opportunities to increase domestic liquid fuel storage that industry consider to be viable projects. It will also inform the Government in assessing any next steps to potentially increase Australia's fuel storage capacity.

Participation in this RFI will not impact or influence any entity's participation in any market engagement processes. Submissions in this process do not constitute a formal or binding proposal to the Australian Government. The RFI process is non-binding and does not create any rights, interests, benefits, obligations or liabilities of any kind.

## 3. Objectives

The purpose of this RFI is to seek information on industry-led opportunities that could support the construction of viable proposals for new fuel storage capacity in Australia that may not proceed through existing commercial drivers.

The Government would seek for this new storage capacity to be cost effective, but be achieved at the highest value add to national fuel security. It is envisaged that new capacity would result in a measureable increase in liquid fuel storage capacity in Australia of around 7 to 15 million barrels as an upper limit. This limit is not expected to be reached in every RFI proposal.

It is anticipated that new storage should:

- comprise either crude oil or finished product

- be designed, built and operated by the private sector to take advantage of existing expertise, supply chains and procurement networks
- deliver oil or fuel storage capacity beyond current commercial needs of the proponent
- operate in a way that minimises any potential negative impact on the existing market and industry participants.

## 4. Information requested

The Government is seeking information from interested parties that will assist in developing a potential program's next steps.

To assist industry in compiling an RFI, the information should focus on storage details, location and project financing options. The list below will assist interested parties to compile RFIs:

### A. Physical storage details

- Volume/s of storage proposed to be built
- Types of tanks: product (please specify) or crude oil
- Location/s of storage and if on a greenfield/brownfield site
- Distance to existing fuel transport infrastructure
- When construction could begin and anticipated completion date (including whether the construction would be staged)
- Demonstration of how the storage goes beyond current and currently-forecast commercial requirements
- Process to ensure how the storage will be managed appropriately

### B. Partnerships

- Details of your organisation and (where relevant) any proposed partners
- Whether the proposal is likely to have the support of state/territory or local governments, and details of any current support
- Details of any engagement with the local community

### C. Project financing

- Anticipated project cost
- How you expect the project to be financed
- Type of Australian Government involvement that would be required to support the project, including why such support is required and the timeframe for such support (for example: loans, public-private partnerships, other concessions etc.)

- iv. Any other relevant financial matters
- D. Anticipated impact on the existing market
- E. Any other information you consider relevant to the design of the program, including fuel security considerations.

## 5. Next steps

### Process and Timeline

The RFI process is intended to assist the Government in considering the next steps of a potential program to ensure it is both fit for purpose and is able to deliver on the Government's fuel security objectives.

The RFI process does not represent a decision gate and is not part of a formal approach to market. A failure to make a submission will not preclude a proponent from participating in any subsequent engagement with the market. However, these submissions will be used to assist with developing next steps.

The timeline for the proposed process is:

1. 15 June 2020 RFI opens
2. 10 July 2020 RFI closes
3. September 2020 Next steps to be considered by Government
4. Late 2020 Announcement of next steps

### Making a submission

Interested parties are invited to provide written submissions by close of business on 10 July 2020. Submission will be able to be made through the Department's Consultation Hub website at: [consult.industry.gov.au/energy/increasing-australias-domestic-liquid-fuel-storage](https://consult.industry.gov.au/energy/increasing-australias-domestic-liquid-fuel-storage).

Submissions will be kept confidential and will not be published due to the potential commercial sensitivity of the information sought. However, information that is provided may be used by the Australian Government to support and inform technical design and planning for any further market engagement. Electronic submissions are preferred and can be sent to the Department through the Consultation Hub.

Those who wish to mail a hard copy by post may do so by addressing their submissions to:

Fuel Storage Request for Information  
Global Oil Security Section  
Energy Security and Efficiency Division  
Department of Industry, Science, Energy and Resources  
GPO Box 2013  
Canberra ACT 2601