

Ms Lyn Allen
 Executive Director, Environment & Heritage
 Office Environment and Heritage
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 Darwin NT 0801



Re: Facsimile received 26/11/2004 – Draft revised PER for the proposed Biodiesel plant.

Dear Lyn,

The draft revised PER for the proposed biodiesel plant development was submitted to your office on 18 November 2004. A response was received from yourself on Friday 26 November 2004.

On behalf of Natural Fuel Ltd, we have addressed the items raised by you in that letter and itemise our response below.

- Consultants in
- ▼
- environmental impact assessment
- ▼
- ecological studies
- ▼
- flora
- ▼
- fauna
- ▼
- environmental auditing
- ▼
- GIS
- ▼
- land resources
- ▼
- management planning
- ▼
- environmental management
- ▼
- development planning
- ▼
- ecotourism

Comment	Section	Clarification
P2, 2 nd para – “We also suggest that any reference to ‘appropriate standards’ include the name of the standard and how it applies.”	<p>A search of the draft revised PER did not find the use of ‘appropriate standards’ in the document. Where applicable, standards are listed.</p> <p>These include:</p> <ul style="list-style-type: none"> ▪ Australian Fuel Standard (Biodiesel) Determination 2003, pp III, VI, 12, 13, 14, 50, 51, App1 ▪ OU (Orthodox Union) Kosher processing facility, p III, 25, 54, 57 ▪ International Standard ISO 14001 Environmental Management System (EMS), p IV, p57 ▪ AS1940: The storage and handling of flammable and combustible liquids, p 19, 20, 25 ▪ AS1692: 1989 Tanks for flammable and combustible liquids, p19, 20, 25 ▪ API: 650 Welded Steel Tanks for Oil Storage, p19, 20, 25 ▪ AS 1345: 1995 Identification of the contents of piping, conduits and ducts, p25 ▪ AS1319: 1994 Safety signs for the occupational environment, p25 ▪ Wind loading code AS1170.2 for Region C, pp25, 45 ▪ Earthquake loading code AS1170.4, pp 25, 25 ▪ AS/NZS 4360: 1999 Risk Management, p 52 	<p>The processing plant and associated infrastructure will be designed and constructed according to the relevant Australian and International Standards. Natural Fuel Limited will ensure that all statutory regulations and local by-laws are satisfied.</p> <p>We did not mention <i>AS 2885.1-1997 Pipelines - Gas and liquid petroleum - Design and Construction</i>, as the ships pipeline is not for gas and liquid petroleum, but feedstock and Biodiesel (there is no standard for Biodiesel pipelines). The design and construction of the pipeline will be in accordance with the various standards for pipeline construction that may or may not require the rigour of AS2885.1. The final determination on this will be done at the detailed design stage by the engineers.</p> <p>We also neglected to mention Boiler construction and operation standards AS1228, 1271, 1732, 2593, 5667.7, and DR99268, considering that these were details not necessary for assessing environmental impacts and should come at the design and construction stage which is where they rightly belong.</p>

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Comment	Section	Clarification
	<ul style="list-style-type: none"> ▪ AS 4801, Occupational Health and Safety Management Systems, p55 ▪ AS/NZS ISO 9001 Quality Management Systems, p55 	
How will drain water from bunded areas be tested? (Water NFL site)	Commitments Table, Section 2.8.1, 5.2.6	<p>The NFL site bunds include bunds around the caustic, and HCl tanks, a small biodiesel tank and small glycerin tank – refer Table 2.</p> <p>Testing will include visual inspection and appropriate testing, and maybe other testing if required under the Discharge Licence. We assumed that this would be set as a condition of the Discharge Licence and not require resolution at this stage. The bunds are a third-stage mitigation measure, which provide protection after the design and frequent inspections of all piping, and fitted alarms for many components.</p>
What if water is contaminated by acid/caustic/methanol? An oily water separator will have no effect and it is unlikely that visual inspection will pick it up.	Section 2.8.1 page 25	<p>Water from bunds containing the acid and caustic tanks (which will be on the NFL site, see Table 2) will be drained into the Waste Water Buffer Tank and will be tested prior to discharge to the stormwater drainage system. Again, we assumed that testing requirements would be set by the Discharge Licence.</p> <p>Water from the Methanol/Sodium Methylate tank bund will be sampled and checked for density (Vopak site). If it is not contaminated it will be directly drained to clean stormwater after opening a locked valve and following a documented procedure that will involve ensuring no leaks or loss of product has occurred. In the rare event of a spillage or detection of contamination, wastes will be transferred for treatment offsite by a licensed waste tanker.</p> <p>Again, these are third-stage preventative measures to ensure protection in the event of failure of other primary and secondary protection systems.</p>
Is waste water being treated in the treatment plant or removed by a licensed waste contractor for disposal.	2.8.2 page 26. Where required, waste water will be removed by a licensed contractor for subsequent proper disposal.	<p>Waste water as detailed in section 5.2.4 will be treated via the waste water treatment plant.</p> <p>However, there may be instances where a licensed contractor is required such as stated under section 5.2.5 “The contents</p>

Comment	Section	Clarification
		of the waste water buffer tank will be tested for evidence of contamination and where required, removed by a licensed waste contractor.”
What are the disposal options for the waste water organic sludge?	Section 5.2.4	Under Tertiary Filtration Treatment - “The underflow solids from the HRAT and ASOT will be commingled in a sludge tank.”..... “A waste contractor will collect the sludge solids every second to fourth day.” Waste contractors in Darwin have advised that they can accept and treat this organic sludge.
Where will treatment water be released?	Section 5.2.4 (under Tertiary Filtration System)	“alternatives had not at the time of this report been resolved due to the extended negotiations on waste water treatment. More detailed options will be developed in consultation with Land Development and Office of Environment & Heritage.” Options for release of treated waste water have been put forward to government. “Approval for the disposal of this water will be sought from the Office of Environment and Heritage under the <i>NT Water Act 2004</i> .”
How will solids be separated from filter backwash water prior to discharge and what will be done with them?	Section 5.2.4 page 37	“Filter backwash water needs to be accommodated in terms of solids separation prior to discharge.” This was a requirement for water treatment stated by OEH. There are commitments under Secondary and Tertiary treatment for the separation and disposal of solids from the waste water streams. Final details of skimmers and other devices were not included as this seemed a level of detail too great for a PER and will, of course be provided in final designs for approval. We assume that we will be required to address these issues at the appropriate stage in final design of the WWTP.
Who deems that it is appropriate to release water from the bund drain? What measures will be used? How will water be tested?	Section 5.2.5 Stormwater management – Vopak site	Trained and experienced operators will be responsible for the whole plant and operations, including inspecting water in bunds and deciding on its appropriate destination. All banded water on the NFL site will be drained to the waste water buffer tank, tested and disposed of accordingly.

Comment	Section	Clarification
		Water in bunds on the Vopak site will be inspected and disposed of according to the details provided in the final revised PER.
A waste management program has not been provided.	Section 5.5	<p>See section 5.5 for details of waste management program.</p> <p>Natural Fuel Ltd has since received an e-mail from a licensed waste contractor stating that they are able to dispose of the various wastes detailed in the PER. A copy of this e-mail can be provided in confidence to OEH and will not be included in the PER as this is deemed to be inappropriate.</p>
The draft revised PER still lacks clear detail on the greenhouse costs and benefits of the biodiesel plant specifically in relation to palm oil feed stock.	Section 5.4	The draft revised PER addresses the Greenhouse Management section (4.2.4) in the Guidelines to the best of the proponent's ability. There are no published guidelines on assessment of greenhouse costs and benefits associated with palm oil, from the Australian Greenhouse Office. We have studied all available material on the costs and benefits of biodiesel in general and consider this has been reasonably addressed.
<p>The draft revised PER states they will investigate participating in trading or emissions offsets schemes once these schemes are defined and approved nationally.</p> <p>This statement is not listed as a commitment within the PER. Is it intended that offsets recognised by the NT Government only be ruled out?</p>	Section 5.4.4	<p>It is up to industry to develop offset schemes. OEH have stated that they would prefer that industry in the NT contribute to offset programs that directly relate to and benefit the Territory. We did not deliberately exclude NT offset proposals, and will consider these as they are developed.</p> <p>It is understood that OEH works with industry in the NT to develop offset programs (examples of industry offset programs in the NT include contributing to fire management, sponsoring energy efficiency programs). NFL will investigate appropriate offset schemes in consultation with OEH once operational.</p> <p>The commitment is in the text, and could have been included in the table of commitments. It is now included.</p>
Transportation routes have not been discussed. (In relation to hazardous goods)	Section 5.6	<p>See section 5.6.2</p> <p>"Methanol will also be shipped to the Port facility from suppliers in Indonesia and Malaysia. Delivery of fresh feedstock and methanol will occur on a monthly basis for approximately the first six months of operation and will then increase to</p>

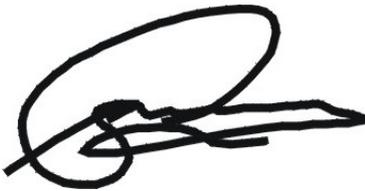
Comment	Section	Clarification
		<p>fortnightly delivery.”</p> <p>“Transport of feedstock, methanol and the resulting biodiesel product from the Port to the Vopak site will occur via a 250 mm ships pipeline.”</p> <p>“Additional required chemicals such as hydrochloric acid, sodium methylate and caustic (liquid) will be transported via road or rail from interstate suppliers on an estimated monthly basis. Transport during both construction and operation will comply with the <i>NT Dangerous Goods Act 1996</i> and the <i>Australian Dangerous Goods Code 1998</i>.”</p> <p>The road transport routes will be up the Stuart Highway and to East Arm. We are not sure what more detail could be envisaged on this matter.</p>
<p>Procedures for spill prevention have not been detailed.</p>	<p>Assumed you mean section 5.6</p>	<p>Section 5.2.6 ‘Precautionary and response measures will be undertaken to minimise the risk of water contamination resulting from a spill from the processing facility.’ These are detailed in the following page in section 5.2.6.</p>
<p>Contingency plans have not been produced.</p>	<p>Assumed you mean section 5.6</p>	<p>Commitments to the development of appropriate contingency spill response procedures and emergency protocols are made throughout the draft revised PER. The emergency response procedures and contingency plans that will be produced are further outlined in section 8.3.</p> <p>For example: “Spill response procedures will be developed for every chemical stored on the processing site. Emergency protocols will ensure that all spills are controlled at source, contained on site and cleaned up according to the requirements of the Material Safety Data Sheet (MSDS) to be provided by the manufacturers.”</p>
<p>Potential for odour has not been explained. “Minimal odour will be produced and these are not anticipated to be offensive in any way”, is not sufficient discussion.</p>	<p>Section 5.3.2</p>	<p>Odours are not anticipated to be produced. NFL has committed to responding to any complaints if received.</p> <p>Expected gaseous emissions and the methods of minimising these emissions are discussed in this section.</p>

Comment	Section	Clarification
Alternative processes and procedures for minimising environmental impact have not been adequately discussed.	Section 3.4	Potential alternative processes and procedures that are known at this point in time have been discussed.

We feel that we have addressed the issues in sufficient detail in the revised PER. As stated in the table above, some detailed design matters will be addressed as detailed in the PER or will be addressed in design stages (eg, of the boiler). Amendments will be made to the revised PER as directed in the table above. From your letter, it does not appear that there are any major outstanding issues that would impede the continuation of the assessment of the revised PER. Does this accord with your thinking also? Can you confirm or otherwise, since our clients are becoming anxious about bringing the PER process to a close.

If there are no further matters, we will supply you with the final revised PER with the latest minor amendments this week to trigger the last two weeks of statutory process of referral to the responsible Minister.

Yours sincerely



Noel Preece
Director

30th November 2004