



SENATOR THE HON JENNY MCALLISTER
MINISTER FOR EMERGENCY MANAGEMENT
MINISTER FOR CITIES

MS24-001083

Senator the Hon Sue Lines
President of the Senate
Parliament House
CANBERRA ACT 2600

Dear President

SENATE ORDER 536 - Cement Australia's Railton Alternative Fuels Transformation

Please find attached response from the Minister for Climate Change and Energy, the Hon Chris Bowen MP, to Senate Order 536 regarding the alternative fuels used in Cement Australia's Railton project, awarded grant funding under the Powering the Regions Fund, Critical Inputs into Clean Energy Industries - Cement, Lime, Alumina and Aluminium Stream.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jenny', with a large, sweeping flourish underneath.

Senator the Hon Jenny McAllister
Minister for Emergency Management
Minister for Cities

Enc Applications suitable for funding
Minutes of Committee Meeting Redacted



THE HON CHRIS BOWEN MP
MINISTER FOR CLIMATE CHANGE AND ENERGY

MS24-001083

Senator the Hon Jenny McAllister
Minister for Emergency Management
Minister for Cities

Parliament House
CANBERRA ACT 2600

jennifer.mcallister@aph.gov.au

Dear Minister

A handwritten signature in blue ink, appearing to read 'Jenny', written over the word 'Minister'.

I write with regard to Senate Order for Order for the Production of Documents No. 536 moved by the Senator for Tasmania, Senator McKim, and agreed by the Senate on 25 June 2024, regarding the alternative fuels used in Cement Australia's Railton project, awarded grant funding under the Powering the Regions Fund, Critical Inputs into Clean Energy Industries - Cement, Lime, Alumina and Aluminium Stream.

The project will result in a 35-percentage point increase in coal substitution, replacing 54,000 tonnes of coal annually, with the total proportion of alternative fuels and raw materials (AFR) use increasing to 50 per cent from the current 15 per cent.

The AFR will be locally sourced tyre derived fuels (TDF) and woody biomass in the form of by-products and residues from harvesting operations from a mix of certified sustainably managed forest types, including plantation, regrowth eucalypts and associated processing facilities.

The use of these residues will not require any increase in harvesting activity. Tasmanian forestry generates over 5 million tonnes of wood products annually, of this, woody residues make up around 30 per cent or 1,500,000 tonnes. This project would result in annual consumption of around 146,600 tonnes of woody biomass which is equivalent to around 10 per cent of the total Tasmanian residues market.

The grantee is negotiating with potential suppliers and disclosure of their intended fuel mix at this time could negatively impact their negotiating position.

Text from the documents have been redacted or withheld where it is excluded from the ambit of the order to produce.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris', written over the word 'sincerely'.

CHRIS BOWEN

Attachment A

Powering the Regions Fund – Critical Inputs to Clean Energy Industries – Cement, Lime, Alumina and Aluminium Sectors

Applications assessed as suitable for funding.

Application number	Organisation	Project title	Application Project description	Grant amount sought (plus GST where applicable)	Score out of 100	Basis for recommendation
PRCLAAS000012	CEMENT AUSTRALIA HOLDINGS PTY LTD	Railton Alternative Fuels Transformation	The project aims to increase the utilisation of alternative fuels and raw materials (AFRs) at Cement Australia's (CA) site in Tasmania (Railton facility). This involves the construction of AFR storage, drying and feeding systems and the implementation of kiln upgrades. These will result in a 35% increase in AFR substitution, reaching a total of 50%, while maintaining performance levels. As a result, approximately 152,200 tonnes of waste will be diverted annually, replacing 54,000 tonnes of coal. This will lead to a reduction of 107,200 tonnes of CO2 emissions per year. The project aligns with CA's target to reduce scope 1 and 2 emissions by 23% by 2030 from its 2018/19 baseline.	\$52,874,500.00	74.75	<p>The project has been assessed as suitable against the criteria in the Guidelines and aligns with the policy intent and support meeting the program objectives and outcomes.</p> <p>The project would support and sustain sovereign manufacturing capability during the net zero transformation and ensure the continued availability of locally produced cement, lime, alumina and aluminium.</p> <p>The strengths of the application are:</p> <ul style="list-style-type: none"> • Good availability of feedstock in the region which created more security around the sufficient supply of fuel. • [redacted] • [redacted] • [redacted], and • The use of biomass rather than waste. <p>The weaknesses of the application are:</p> <ul style="list-style-type: none"> • The broader system profile of emissions was not clearly described. • Use of a wet biomass which would require a drying supply chain and drying capability. <p>The risks and queries</p> <ul style="list-style-type: none"> • [redacted] • Offtake and feedstock contracts under negotiation. • The Committee also questioned the lack of consideration given to alternative renewable energy sources in cement production.



3. PRCLAAS000012 – CEMENT AUSTRALIA HOLDINGS PTY LTD

Project Summary from Application

Railton Alternative Fuels Transformation

The project aims to increase the utilisation of alternative fuels and raw materials (AFRs) at Cement Australia's (CA) site in Tasmania (Railton facility). This involves the construction of AFR storage, drying and feeding systems and the implementation of kiln upgrades. These will result in a 35% increase in AFR substitution, reaching a total of 50%, while maintaining performance levels. As a result, approximately 152,200 tonnes of waste will be diverted annually, replacing 54,000 tonnes of coal. This will lead to a reduction of 107,200 tonnes of CO2 emissions per year. The project aligns with CA's target to reduce scope 1 and 2 emissions by 23% by 2030 from its 2018/19 baseline.

The Committee noted that the project would increase the use of alternative fuels for heat production for cement manufacture.

The Committee agreed that a strength of the application was a good availability of feedstock in the region which created more security around the sufficient supply of fuel. The described benefits to the local community, both in terms of economic and system value, and the whole organisation's First Nations' cooperative statement were considered strong positives. That the project would provide jobs in a region with few opportunities, and that the project would use biomass rather than waste were seen as further strengths of the project.



The Committee agreed that a weakness of the application was that the broader system profile of emissions was not clearly described. That is, the emissions footprint created through using a feedstock which would have otherwise remained inert but would be more quickly introduced to the atmosphere through the project by converting the waste into fuel [REDACTED]

[REDACTED] It was also noted that this project would use a wet biomass which would require a drying supply chain and drying capability in the facility.

The Committee considered a risk of the project was that a number of approvals for the project were still outstanding and that the offtake and feedstock contracts were still under negotiations.

The Committee also questioned the lack of consideration given to alternative renewable energy sources in cement production.

The Committee found that this project would meet desired outcomes/objectives of the program to a sufficient degree.

Decision - the Committee agreed:

- The final score for criterion 1 would be 37.25/50.
- The final score for criterion 2 would be 19/25.
- The final score for criterion 3 would be 18.5/25.
- The overall score is 74.75.
- The committee agreed the project was **Suitable– Recommended**.

[REDACTED]

[REDACTED]

[REDACTED]