

## OFFICE OF THE SECRETARY



**Australian Government**  
**Department of Resources,  
Energy and Tourism**

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Submissions – Jet Fuel  
National Competition Council  
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**RE: Application for Declaration of the Jet Fuel Supply Infrastructure Services at Sydney Airport**

I am writing in response to the Council's request for an update to the Sydney Jet Fuel Infrastructure Working Group's report *Infrastructure for the Provision of Jet Fuel at Sydney Airport for the Period to 2029* (the Report). This submission has been jointly prepared with the Department of Infrastructure and Transport.

The Report, completed in April 2010 identified that additional investment in jet fuel storage capacity would be necessary on site at Sydney airport beyond 2014 and offsite beyond 2029.

The report suggested that investments to provide an additional 0.3ML to 4.5ML per day of jet fuel supply infrastructure capacity to the airport will be needed by 2014 and at least 7.4 ML to 11.6ML per day by 2029. Improved infrastructure would also increase the transfer rate of fuel which is required to meet forecast demand.

The report considered that additional investment could be by way of pipeline and/or storage facility or import facility upgrades.

In the 20 months since the report was completed, the NSW Government has approved the second phase upgrade to the Caltex pipeline. It is understood that work has commenced on this upgrade with expected completion in 2012. Upon completion, this could result in an increase in the fuel transfer rate from 5ML per day to 9-10ML per day between the Kurnell refinery and the on-site storage facility.

In the face of pressure for expansion of passenger terminal capacity, decisions around the future use of the current JUHI site must be made before investment decisions can be taken on increases in storage and supply capacity at the JUHI and offsite.

In announcing its decision in July 2011 to close the Clyde refinery, Shell stated that it "remains committed to servicing its customers through a reliable supply of fuel."

The Report made a total of 11 recommendations, eight of which are relevant to Sydney Airport. Each of these eight recommendations along with a progress update is listed below.

- 1. JUHI members undertake works required to address projected demand, with a short term horizon up to 2014/15. The decision by Caltex to proceed with the second stage upgrade of the Caltex line is noted;**

Upgrades at the JUHI to facilitate upgrade of the Caltex pipeline have been approved by the New South Wales Government and are now underway.

- 2. The Sydney Airport Corporation, as part of the 2014 Sydney Airport Master Plan process, further review options for the airport jet fuel storage facility, including on and off-airport storage options;**

The current Sydney Airport Master Plan identifies plans for the removal of the Joint User Hydrant Installation (JUHI) fuel storage area near Sydney Airport Corporation (SACL)' offices to accommodate the Terminal 1 apron expansion. We are advised that this issue and related options is likely to be further considered in SACL's 2014 master plan process.

- 3. Potential investors in consultation with the NSW Government undertake a review into option 7.1.5 (additional pipelines to on-airport storage facility), taking into account the potential long lead time for the construction of the infrastructure.**

This is a matter for the parties concerned.

- 4. The JUHI operator and the SACL review options beyond the current lease term;**

This is a matter for the parties concerned.

- 5. JUHI members immediately commence discussions with SACL regarding site requirements for future on-airport jet fuel storage options;**

Refer 2 above.

- 6. Jet fuel demand projections be considered as part of all future Sydney Airport Master Plans with input from appropriate industry representatives;**

Aviation traffic forecasts contained in master plans already provide input for determining potential future needs for jet fuel supply infrastructure. The *Airports Act 1996* requires an airport's master plan to specify the airport-lessee company's (ALC) assessment of the future needs of civil aviation users of the airport, and other users of the airport, for services and facilities relating to the airport. Broader aviation and airport operational implications such as aircraft types, airline schedules and routes, fuel usage, and new technology are taken into account by SACL in the development of traffic forecasts.

7. **Sydney Ports Corporation consider bringing forward investment in a third bulk liquids berth if medium term jet fuel demand as projected in this report is realised;**

This is a matter for Sydney Ports Corporation.

8. **The Commonwealth Government monitors the actual jet fuel usage at Sydney Airport against forecast demand and the capacity of Sydney's ports to handle the increasing volumes of imported jet fuel to supplement local refinery production.**

The National Operating Committee (NOC) was established by the four major jet fuel suppliers following a taskforce review initiated by the Government in 2003. The NOC monitors short term usage and demand, advises on potential jet fuel supply disruptions and manages actual supply disruptions. The NOC monitors the real time jet fuel supply situation at eight Australian airports, including Sydney, and three international airports. Reports on the jet fuel supply situation, which includes a forecast for the following six weeks, are provided on a weekly basis to airlines and Government. These reports inform actions taken by jet fuel suppliers and the airlines. The reports are updated more frequently in instances where a supply disruption has occurred or is anticipated to occur.

Yours sincerely



Drew Clarke