



SPEECH FOR OFFICIAL LAUNCH OF LNG MARINE FUEL INSTITUTE

By Richard Sandover, Chairman of LNG MFI
Parliament House, 21 June 2017

Good evening.

"I respectfully acknowledge the traditional owners of the land on which we are meeting today, the Nggunawal People, and pay my respects to their Elders both past and present."

My name is Richard Sandover, Chairman of Partners of law firm Jackson McDonald. I have the privilege of being the Chairman of the Australian LNG Marine Fuel Institute. I am honoured to be addressing you this evening for the national launch of the LNG Marine Fuel Institute.

I would like to welcome our distinguished guests:

- His Excellency Sumio Kusaka, Ambassador of Japan
- Her Excellency Unni Klovstad, Ambassador of Norway
- James Carouso, Charge d’Affaire of USA
- Mr Shivakumar Nair, Deputy High Commissioner of Singapore
- Mr Kyubong Lee, Commercial Counsellor of Korea
- Distinguished Ministers, Members of Parliament and Industry leaders

On behalf of the Board of LNG Marine Fuel Institute and our members, I extend our sincere thanks to the Honourable Josh Frydenberg, Minister for Environment and Energy for agreeing to be part of our launch here in Canberra.

In mid-2016, a group of people from the Australian marine, LNG, academic and general commercial sectors came together. We shared a conviction that bunkering Heavy Fuel Oil which traditionally powers global maritime shipping trade had to change.

It was clear to us that LNG, a significantly cleaner transitional energy source, could and should replace Heavy Fuel Oil in the maritime shipping industry.

We saw an opportunity to:

- Secure global health and climate emissions benefits;
- Position Australia at the forefront of the development of LNG as a marine and transport fuel;
- Establish an LNG bunkering industry in Australia with the economic benefits that would flow; and
- Increase our nation’s security of energy supply.

Out of this was borne the idea of establishing the LNG Marine Fuel Institute, a fact based, independent, not for profit organisation.

In October 2016, the International Maritime Organization, the UN agency charged with establishing and regulating maritime shipping emission standards globally, published new emission standards.

While the emission standards are agnostic as to the nature of the marine fuel, by 2020, the international maritime industry **must** significantly reduce their sulphur dioxide , nitrous oxide and particulates emissions.. For example, by 2020, SO₂ emissions from marine fuel must be reduced from 3.5% to 0.5%.

A number of OECD countries including China, USA, Canada, the Baltic States and the European Union have started the process. They have introduced even more stringent standards relating to emissions from ships sailing through their territorial waters. For example, they have mandated lower standards for SO₂ from the proposed IMO level of 0.5% to 0.1%. Such a standard cannot practically be met by using Heavy Fuel Oil.

By comparison, LNG as a marine fuel emits negligible sulphur dioxide, nitrous oxide and particulates emissions and 10-20% lower greenhouse emissions.

By every measure, LNG is a significantly cleaner marine fuel by comparison to Heavy Fuel Oil.

On the back of this global focus, the maritime industry is in a rapid transition to gas for marine power generation and propulsion. The desire for cleaner fuels is creating a potential worldwide market for LNG as a transition transport fuel to renewables.

As a great trading nation and soon to be the single biggest exporter of LNG, Australia is well placed to embrace early adoption of LNG as a marine transport fuel.

The vision of LNG MFI is for Australia to play a leading role in the supply of LNG as a global marine fuel.

LNG MFI supports the establishment of a '*green corridor*' for the bulk ore and LNG export trade between China and Australia ... Japan and Australia ... Korea and Australia and other south east Asian countries. With collaboration between industry, government and the community this can lead to the establishment of an LNG bunkering industry in Australia, jobs for Australians and enhanced energy security for Australia.

Today, Australia is over 90% reliant on imported transport fuels, despite extensive gas reserves in our backyard. This reliance on imported fuels is an unsustainable model –
- **A model that undermines Australia's Defence and National Security.**

Bunkering LNG produced in Australia strengthens our national energy supplies.

LNG MFI sees a future for LNG fuels, not only in the marine industry ... but also our road, rail and mining industries being fuelled by our own gas. For LNG MFI ... it is about Australia gaining energy independence. Our CEO and director, Captain Walter Purio describes this as our '*noble cause*' and he is right.

LNG as a marine fuel is the first step towards helping Australia achieve energy independence and is part of our transition to a cleaner energy mix.

LNG MFI is an independent, not-for-profit organisation. We promote best practice use of LNG as a marine transport fuel through industry collaboration and thought leadership across the supply chain... by driving innovation through research and development ... and by providing advocacy, information and expertise to industry, government and our community.

We believe LNG MFI is an opportunity, applying an evidence based model, to make a contribution to securing Australia's energy independence, establishing new industry and contributing to a cleaner global environment.

In this respect the future is today.

We look forward to your support ... We encourage you to be involved.

I would now like to welcome The Honourable Josh Frydenberg, Minister for the Environment and Energy to say a few words and officially launch the LNG Marine Fuel Institute.

End.