

2.1 **Current developments in Australia's rejuvenated shale-to-liquids industry**

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Australia has a long but chequered history of developing its oil shale resources. In 2010, Queensland Energy Resources Limited ("QER") is giving the future development of a shale-to-liquids industry in Australia a much needed shot in the arm by constructing a small-scale technology demonstration plant at its New Fuels Development Centre in central Queensland. Australia needs to develop alternative fuels to power its transport sector, and hence its economy, for many decades to come and in this paper we make a substantial case that within a decade Australia will require commercial scale production of oil from shale. However, there is a dilemma confronting both industry proponents and policy makers regarding how to balance the challenge of energy security in an increasing carbon constrained world. QER's Paraho II™ retort technology offers a real way forward for the commercialization of a shale-to-liquids industry in Australia. Apart from producing high quality feedstocks that could help underpin Australia's refinery industry, QER is investigating a number of initiatives which, if feasible, will help drive down the plant's greenhouse gas emission levels and minimize its overall environmental footprint.

The investment and construction of the technology demonstration plant occurs against the background of two overlapping reviews by the Queensland State Government, and we will outline both the positive contribution that successful operation of the QER plant can make to future Government support for a shale-to-liquids industry in Australia and the way in which QER's measured and staged development path is consistent with the approach favored by the Queensland Government.