



Mandatory Reporting Discussion Paper: Petroleum Coke

Introduction

The Department of the Environment and Energy is transitioning the [Australian Petroleum Statistics](#) from a voluntary survey to a mandatory legislated reporting scheme. The Department recently advised in the [Preferred Design Paper](#) based on feedback to the [Consultation Paper on Mandatory Reporting for Petroleum Statistics](#) that petroleum coke would be covered by mandatory reporting.

This discussion paper examines the inclusion of petroleum coke in the reporting requirements and asks stakeholders a series of questions intended to help the Department better understand the sector and ensure the requirements are appropriate.

Overview

Mandatory reporting will apply from 1 January 2018 to the *owners* of a *covered product* who undertake a *covered activity*. Reports will be due 15 days after the end of the month.

Petroleum coke will be a covered product. The covered activities will be refining, sale or direct use (entering for home consumption¹) and holding stock.

The Australian Petroleum Statistics already covers petroleum coke when it is produced, consumed or stored in domestic refineries. Statistics on imports and exports of petroleum coke are developed through a data-sharing arrangement with the Australian Bureau of Statistics.

The transition to mandatory reporting will see entering for home consumption (sale or direct consumption) and end-of-month stock levels for *imported* petroleum coke added to the Australian Petroleum Statistics.

Further information on the design, rationale and expected operation of mandatory reporting is available in the [Consultation Paper on Mandatory Reporting for Petroleum Statistics](#) (September 2016) and the [Preferred Design Paper](#) (December 2016).

Rationale for Inclusion of Petroleum Coke

Petroleum coke will be covered by mandatory reporting because it is a common output from oil refining and because coverage will improve Australia's compliance with the International Energy Agency's stockholding obligation.²

Although not a liquid fuel, petroleum coke is counted when determining International Energy Agency member countries' net oil imports and stock levels. Through a data-sharing arrangement with the Australian Bureau of Statistics, petroleum coke imports are counted when determining Australia's net oil imports. However, as importers and major consumers of petroleum coke do not currently report their end-of-month stocks, their inclusion is expected to reduce the compliance gap.

¹ Petroleum coke is not subject to excise, but the concept of 'entering for home consumption' will be applied to determine when sales or consumption must be reported because the concept is well understood.

² The IEA stockholding obligation requires member countries to hold stocks equivalent to 90 days' worth of their net oil imports during the previous year. Australia has been structurally non-compliant with the IEA stockholding obligation since 2012. The Australian Government has developed a plan to return to compliance by 2026.

Rationale for Reduced Reporting Requirement

While petroleum coke is a relevant product for IEA compliance, its relevance to energy security is minor compared to fuels like petrol or jet fuel. There is little evidence to suggest a disruption in petroleum coke supply would have a widespread adverse impact on the economy equivalent to that for transport fuels. As a result, the Department does not believe there is justification for mandating the monthly reporting of detailed statistics on petroleum coke so long as the end of month stock data is able to be derived by the Department to a satisfactory level.

Discussion Questions

Question 1: How does the supply chain for petroleum coke operate in Australia?

The Department would appreciate any information stakeholders are willing to share on their supply chains. Including:

- Where do users source their petroleum coke?
 - Do domestic refineries sell petroleum coke or do they consume all their output?
 - Do importers sell any petroleum coke to other users?
- Are there any industries apart from aluminium and titanium dioxide manufacture where petroleum coke is a key input or energy source?
- What is the average supply cycle for importers/consumers?
 - How often would you import or purchase petroleum coke?
 - Are there significant differences in consumption or stock levels month to month?

Answers to these questions will help the Department to better understand the market, develop effective guidance material and evaluate responses to Question 2 (below).

Question 2: Should there be a reduced reporting requirement?

On the basis of consultation to date, the Department believes it may be appropriate to set different reporting requirements for petroleum coke by sector.

The Department proposes that there be no change in the reporting requirements for petroleum refiners. Petroleum coke is one of many reportable inputs, throughputs and outputs and applying a different reporting requirement for one specific product is likely to increase rather than decrease the complexity of reporting for refineries. The Department welcomes comments or suggestions from petroleum refiners on this approach.

For direct importers and suppliers of petroleum coke, a reduced reporting requirement may be appropriate.

- One option would be to require annual reporting of consumption and average end-of-month stock levels, which could then be applied on a pro-rata basis to develop estimated monthly consumption and stock figures.

- Another option would be to require monthly reporting of end-of-month stock levels, then estimate consumption using the import and export data obtained from the Australian Bureau of Statistics.³

The Department is open to other suggestions from petroleum coke suppliers and consumers.

Next Steps

The Department invites comments and suggestions on the discussion questions it has posed in this paper. To make a submission, send your comments to mrps@environment.gov.au by Friday 31 March 2017. The Department encourages stakeholders to identify commercially sensitive information as confidential. Information marked as confidential will not be published.

Further information on mandatory reporting is available at <http://www.environment.gov.au/energy/energy-security-office/international-engagement/mandatory-reporting-petroleum-data>.

³ Consumption would be determined through the formula of net imports \pm total stock change = consumption