



Australian Government

Department of the Environment and Heritage

What's happening in Australia – fuels & emissions

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Department of the Environment and Heritage

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Three Policy Pillars

- ◆ *Fuel Quality Standards Act 2000*
- ◆ *Motor Vehicles Standards Act 1989*
- ◆ Emissions from the in-service fleet





Fuel Quality Standards Act 2000

- ◆ Reduce pollutants and emissions
- ◆ Facilitate modern engines & emission controls
- ◆ More effective engine operation
- ◆ Information about fuel (where appropriate)





Fuel Quality Standards Act 2000

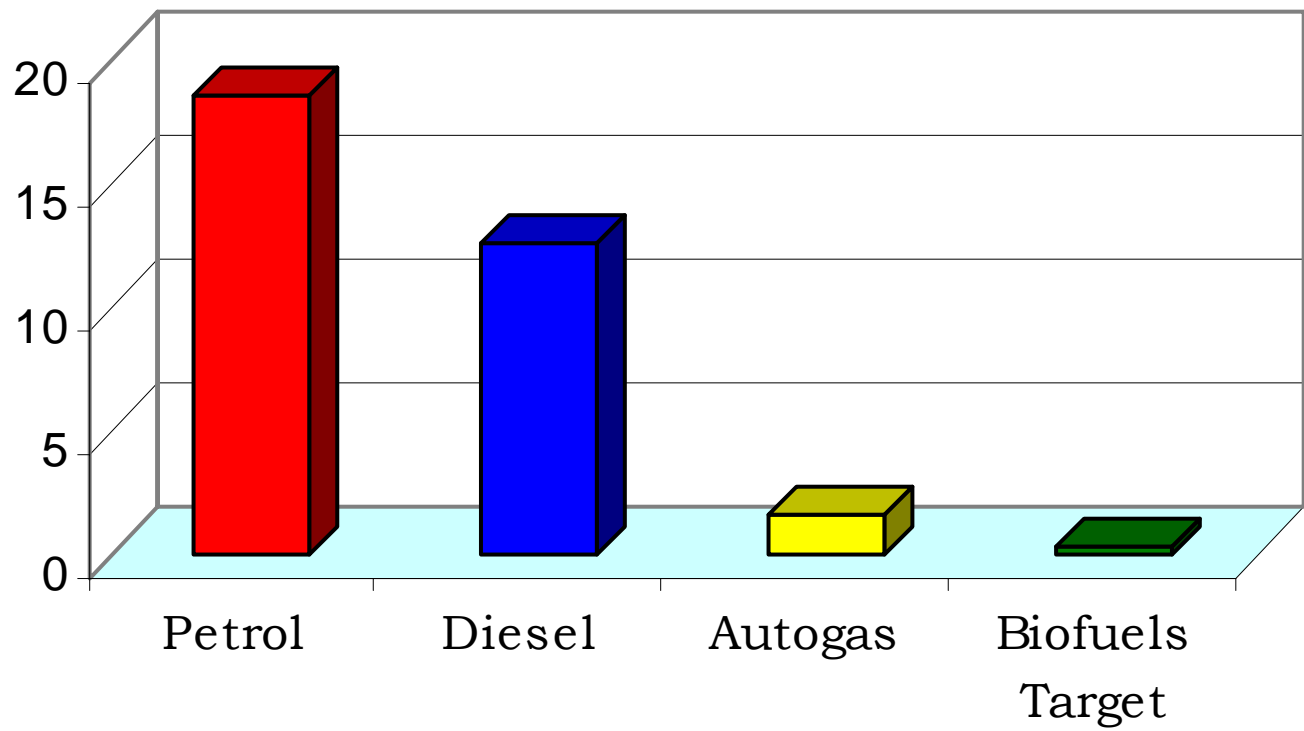
- ◆ Act amended December 2003
 - ◆ Strict liability for offences
 - ◆ Labelling power in the public interest
- ◆ Act amended April 2004
 - ◆ Disclosing information to the Commissioner of Taxation on biodiesel





Current Annual Fuel Sales

billion
litres

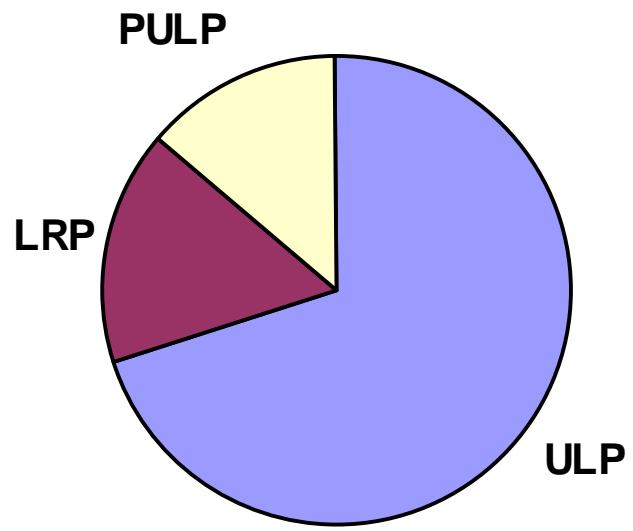




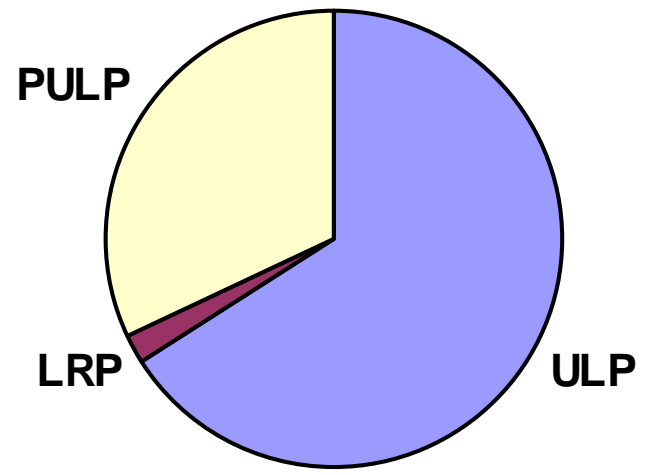
Market Shares – Grades of Petrol



2004



2010





Fuel Quality Standards

- ◆ Petrol – January 2002
 - ⊕ Tighten in 2004, 05, 06 and 2008
- ◆ Automotive Diesel – January 2002
 - ⊕ Tighten in 2006 and 2009
- ◆ Biodiesel – September 2003
 - ⊕ Tighten in 2004 and 2006
- ◆ LPG – March 2004
 - ⊕ Tighten ?





Fuel Quality Information Standards

- ◆ Ethanol – March 2004
 - ◆ petrol blends containing between 1% and 10% ethanol must be labelled
 - ◆ ethanol content capped at 10%
- ◆ Biodiesel
 - ◆ labelling of blends likely





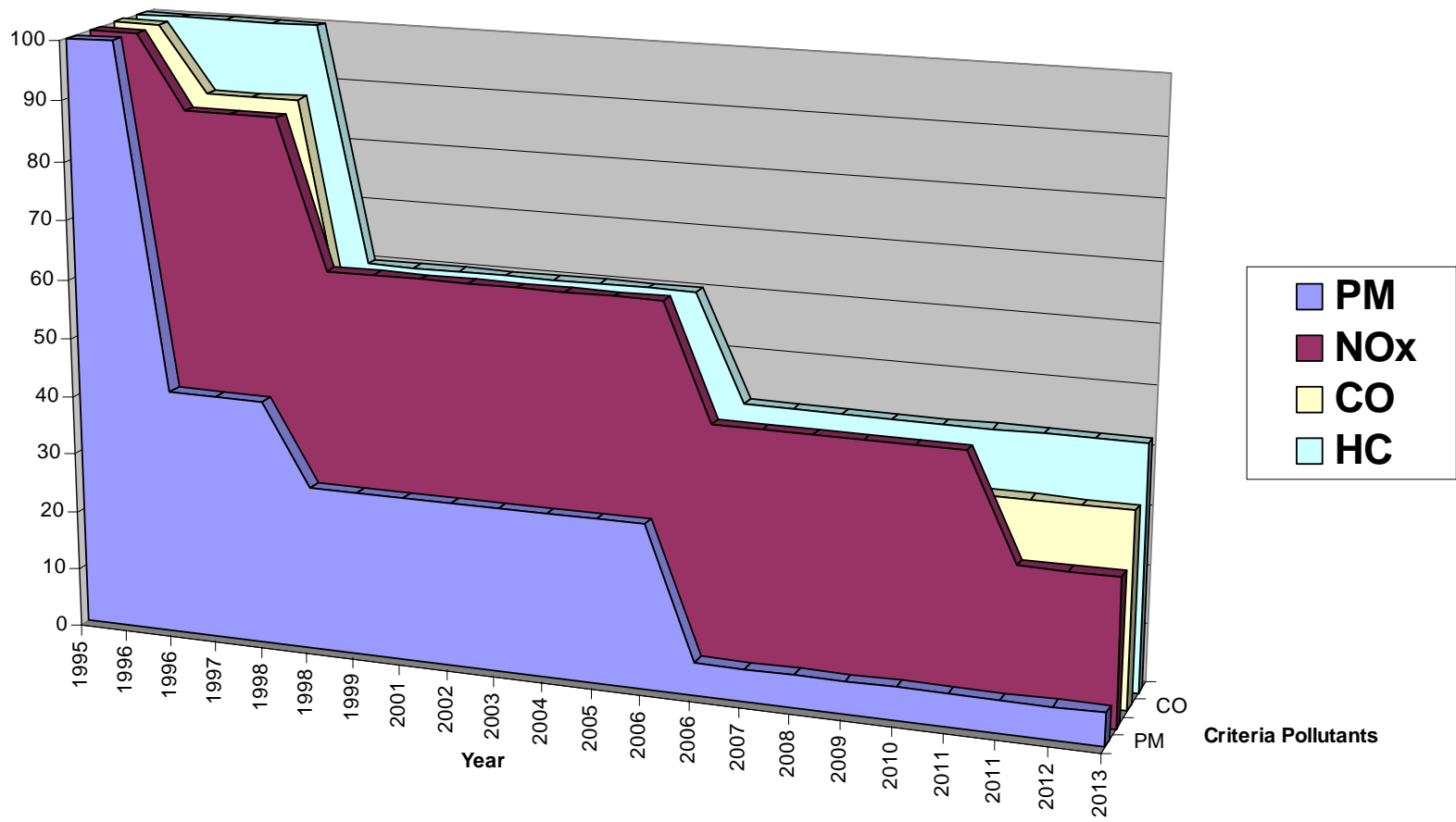
The Role of Standards

- ◆ Consumer confidence
- ◆ Ensure fuel quality
- ◆ Anti-competitive potential
- ◆ Operability outcomes
- ◆ Market certainty
- ◆ Industry certainty
- ◆ Environmental, health and safety outcomes
- ◆ Basis for enforcement
- ◆ Enable new technology



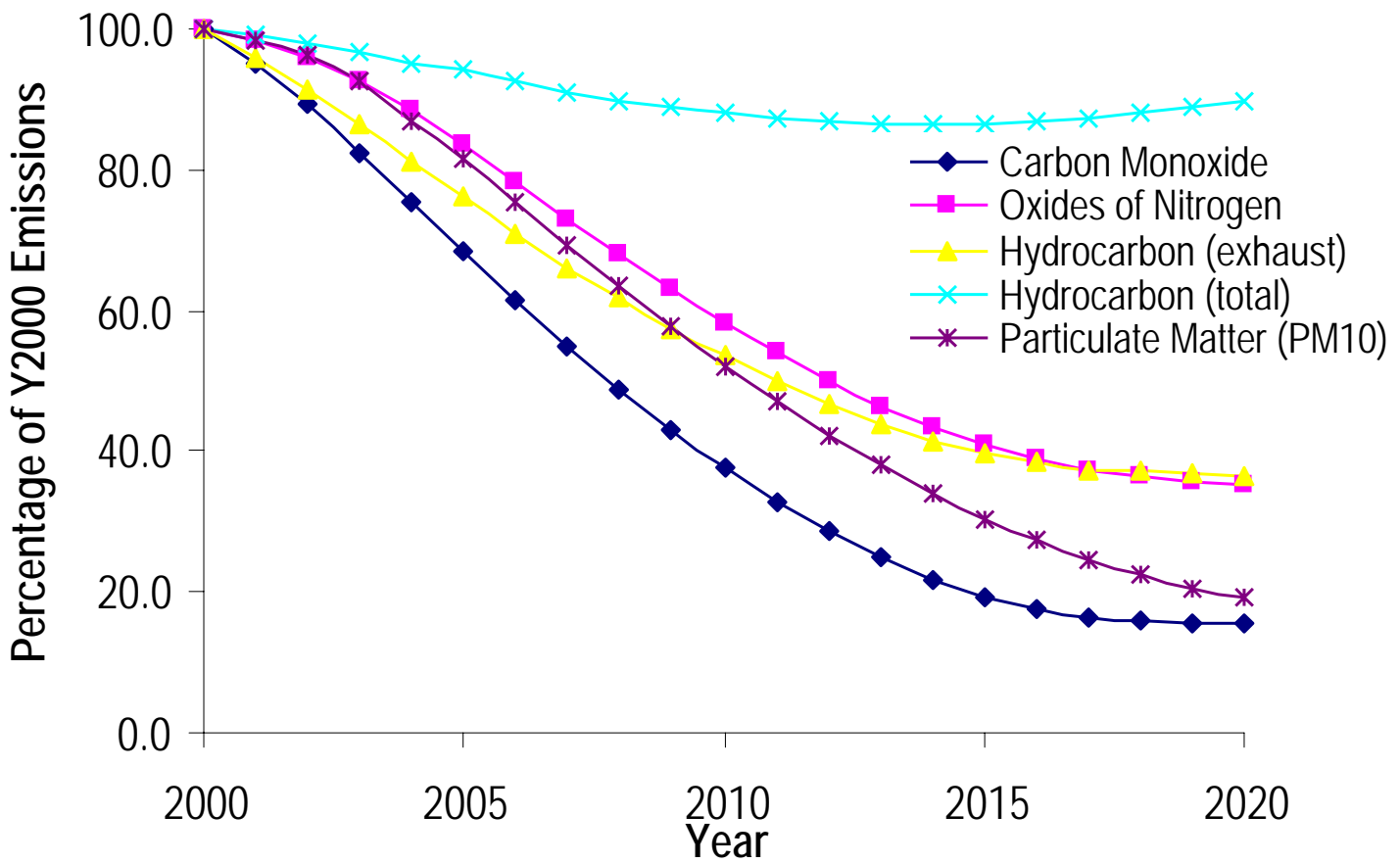


Reduction in Criteria Pollutants





Projected Emissions - Key Pollutants





Support for Biofuels

- ◆ Ethanol and Biodiesel remain tax-free until mid-2011
- ◆ Annual increment from 2011 to 2015
- ◆ Final rate for ethanol of **12.5** cpl
- ◆ Final rate for biodiesel of **19.1** cpl
- ◆ Compares with diesel/petrol excise rate of **38.143** cpl





Biofuels Capital Grants Program

- ◆ \$37.6 million for new biofuels plants or additional plant capacity-4BD, 3 Ethanol
- ◆ Grants limited to a maximum of \$10 million per project
- ◆ Second round applications close 31 August 2004





Petrol – What’s happening?

- ◆ 95 RON sulphur down from 150ppm to 50ppm in 2008
- ◆ Olefins – reductions in cap and pool average
- ◆ Phase out of LRP by market forces
- ◆ Leaded and Racing Fuels
- ◆ 10ppm sulphur 95 RON ?





Diesel – What’s happening?

- ◆ Currently maximum 500 ppm sulphur
- ◆ 50 ppm sulphur from 1 January 2006
 - ‡ 2cpl excise incentive available now
- ◆ 10ppm sulphur from 2009
- ◆ Cetane index vs Cetane number
 - ‡ IQT vs cetane engines
 - ‡ Cetane enhancers, emulsified diesels etc





Biodiesel – What’s happening?

- ◆ Blending trial – diesel with biodiesel
 - ◆ B5 “invisible”
 - ◆ B20 does not meet diesel standard
- ◆ No international blend standards
- ◆ B100 = Biodiesel?
- ◆ B20 = Blend requiring label and standard?
- ◆ B5 or less = Diesel (no label)?





Biodiesel – What’s happening?

- ◆ Cetane discussion paper
 - ⊕ Identify Australian testing infrastructure
 - ⊕ Identify alternative cetane test methods
 - ⊕ Determine best approach for management of cetane in diesel and biodiesel
- ◆ Submissions generally support need to measure cetane and use of alternative test methods





Ethanol – What’s happening?

- ◆ Development of ethanol standard
- ◆ International Fuel Quality Centre has prepared technical paper on quality and characteristics of ethanol
- ◆ Discussion paper for comment by end 2004





LPG – What’s happening?

- ◆ LPG standard commenced 1 March 2004
- ◆ Working with ALPGA to resolve technical issues associated with testing
- ◆ Full scale testing to commence in 2005





Diesohol – What’s happening?

- ◆ Government considering need for a standard
- ◆ Public discussion paper released
May 2004
- ◆ General support on need for a standard
- ◆ Concerns over flashpoint





CNG – What’s happening?

- ◆ Discussion paper released November 2003
- ◆ Considered appropriate mechanism for managing CNG used as a transport fuel
- ◆ Existing Australian Standard 4564 (*specification for general purpose natural gas*)
- ◆ Currently under consideration





Other fuel issues

- ◆ Review of the *Fuel Quality Standards Act 2000*
- ◆ State differences in standards
- ◆ Alliances between supermarkets and fuel retailers
- ◆ Uncertainty over Australia's seven remaining refineries





Other fuel issues (continued...)

◆ **Diesel** operability parameters

- ◆ cloud point
- ◆ cold filter plugging point
- ◆ acidity
- ◆ appearance

◆ **Petrol** operability parameters

- ◆ driveability index
- ◆ flexible volatility index
- ◆ colour/appearance





Motor Vehicle Standards

- ◆ Euro 4 for heavy vehicles deferred until 1 January 2007
- ◆ Government considering timing of new vehicle emissions standards
 - ◆ Euro 4 for light vehicles 2006/07?
 - ◆ Euro 5 for heavy vehicles 2009/10?





In-Service Emissions

- ◆ Federal funding to support in-service diesel emission testing by the States
 - ◆ Over \$14 M million to date
- ◆ Second National In-Service Emissions Study (NISE 2) commenced July 2004
 - ◆ Preliminary phase – development of an Australian drive cycle for light duty petrol vehicles





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More information?

www.deh.gov.au/atmosphere/transport

Contact us at

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