



**AUSTRALIAN
AUTOMOBILE
ASSOCIATION**

Our Ref:

18 December 2006

Fuel and Used Oil Policy Section
Department of Environment and Heritage
GPO Box 787
CANBERRA ACT 2601

Constituent Members



Dear Sir/Madam,

The Australian Automobile Association (AAA) welcomes the opportunity to provide a submission to the Australian Government in response to the Discussion Paper, Setting National Fuel Quality Standards – Standardising Diesel/Biodiesel Blends.

The AAA serves as the federal secretariat of the state and territory motoring clubs, its members being the:

- National Roads and Motorists' Association Limited (NRMA);
- Royal Automobile Club of Victoria (RACV);
- Royal Automobile Club of Queensland (RACQ);
- Royal Automobile Association of South Australia (RAA SA);
- Royal Automobile Club of Western Australia (RAC WA);
- Royal Automobile Club of Tasmania (RACT);
- Automobile Association of Northern Territory (AANT); and
- Royal Automobile Club of Australia (RACA).

Through these organisations, the AAA represents the interests of over 6 million motorists and, indirectly, all Australian motorists at the national and international levels.

The AAA and constituent clubs support the use of alternative fuels, including biodiesel blends in the Australian fuel mix to provide motorists with a choice of fuels. The management of alternative fuels must ensure that motorists are able to make an informed choice of fuel to avoid any detrimental effects to their vehicles. We consider that there are 4 conditions that must be applied to provide a suitable level of protection;

1. A maximum limit must be applied based on advice from vehicle manufacturers (and any independent testing conducted) to ensure engines or fuel supply systems are not damaged, experience undue wear or vehicle warranties are voided. For example the AAA supported the work undertaken by the vehicle manufacturers to provide the comprehensive list of vehicles that are able to satisfactorily operate on E10.
2. There should be no mandating of biodiesel content in the Australian fuel mix to allow consumer choice and to eliminate any practical problems with nationally mandated levels.

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3. There should be labelling of bowsers at point of retail sale to provide consumers with information that relates to the suitability of the use of biodiesel blends to their vehicle including any impact on fuel consumption or potential implications on vehicle warranty.
4. The use of biodiesel blends should not increase fuel prices or the cost of motoring (noting in particular the lower energy content of some biodiesel and the resulting increase in fuel consumption.)

The AAA believes that providing accurate information to allow motorists to make an informed choice when purchasing fuel is a necessary and important step in building consumer confidence in any alternative fuel.

As the AAA is not an expert in the field of biodiesel its comments will be restricted to the particular management issues raised in Sections 3 and 4 of the Discussion Paper followed by some general comments on the AAA's policy position;

Section 3 – Management options for standardising diesel/biodiesel blends

The AAA prefers Option 1, i.e. allow up to 5 % by volume of biodiesel with the biodiesel component of the blend meeting the biodiesel standard and the resulting blend to fully comply with the fuel quality standard for diesel.

This is consistent with the advice from vehicle manufacturers (as outlined in the Discussion paper) that a limit of 5% biodiesel needs to be in place for assurance of reliable vehicle operation and warranty. If there are vehicles that cannot use B5 the vehicle manufacturers via the FCAI should develop and publish a list of vehicles that are suitable to use B5 similar to the list prepared for E10.

The Discussion Paper also notes there are additional benefits of limiting biodiesel to a maximum of 5% including;

- The blend is less likely to have cold flow and stability issues.
- Existing fuel storage and handling systems could be used.
- Provides certainty and confidence that may lead to acceptance of biodiesel blends by both consumers and manufacturers.

Even though no vehicle manufacturer recommends the use of B20 the AAA acknowledges there are companies already selling B20. A B20 standard would at least provide some certainty for those consumers who wish to use this product.

Section 4 – Labelling

As outlined above the AAA supports the use of labels on all biofuels as the AAA considers provision of accurate consumer information is an important part of building consumer confidence in biofuels. All levels of biodiesel blends, even B5, should be labelled.

To provide consistency of information, labels on all biofuels should contain the same broad level of information. Therefore, the AAA would support a label on diesel/biodiesel blends consistent with the information provided for ethanol blended petrol;

- "Contains 5% biodiesel" or
- "Contains up to 5% biodiesel."

If the government decides to set a standard for biodiesel blends above 5% such as B20 or B50 additional information will be required on these labels to ensure consumers are fully informed. The AAA

agrees with the Duncan Seddon & Associates suggestion that the label for a biodiesel blend above B5 must advise;

- That biodiesel FAME are present.
- The concentration of the FAME (XX value of BXX)
- That the blend meets a BXX standard.
- That the purchaser of the fuel should take advice from the vehicle manufacturer on the use of the biodiesel blend.

General Comments

In addition to establishing the management parameters relating to biodiesel (i.e. the subject of the discussion paper) there is also a need to finalise the standards that relate to biodiesel. The AAA acknowledges the benefits of the Australian government policy to harmonise fuel standards with the international standards (i.e. European standards). However, it must be remembered that Australian vehicles are manufactured to meet Japanese and US standards as well as European standards and consequently, biodiesel standards in Japan and the US must be considered.

The AAA understands that the majority of biodiesel used in Australia is likely to be locally produced. While, international harmonisation of fuel specifications is an important factor in developing the standard the overriding concern must be vehicle operability, long term durability and warranty. In this instance the AAA would rely on advice provided by the vehicle and engine manufacturers.

If you have any further questions on this matter you may contact Mr James Hurnall, AAA's Director – Technical Services on 02 6261 4408 or james.hurnall@aaa.asn.au.

Yours sincerely,



for Lauchlan McIntosh
EXECUTIVE DIRECTOR