

Diesel/Biodiesel Blends – Discussion Paper

Comments from Gull Petroleum.

Gull owns and operates a biodiesel plant at Narangba, Queensland from which we wholesale biodiesel. Gull also wholesales biodiesel and biodiesel blends from our Kwinana, Western Australia fuel terminal and retails Gull BIO-D a branded B20 product at 30 Gull branded retail sites in Western Australia.

Summary Comments:

Gull Petroleum strongly recommends:

- That all biodiesel blends containing any percentage of biodiesel should be required to meet the regulated automotive diesel specification.
- That strict testing requirements should be imposed on all biodiesel blends for which either of the diesel or biodiesel components does not meet their respective regulated specifications. For biodiesel blends that comprise diesel and biodiesel components that do meet their respective regulated specifications, a simplified testing regime should be imposed.
- That labelling requirements avoid unintended damage to consumer confidence and sales through clumsy or alarmist wording. Mandatory labeling should be limited to maximum biodiesel content and only for blends that exceed vehicle manufacturer warranty positions (currently above B5).

Specific Comments

Firstly, the correction of a serious error in the background section of the report.

“In the absence of standards for biodiesel blends, some producers are claiming that blends of up to B20 meet the diesel standard and therefore attract full fuel tax credits. However, it is unclear as to whether such blends actually meet the standard and as a result there is a lack of certainty for claimants wishing to correctly calculate their entitlements.” P.5

This statement is incorrect. Any diesel or biodiesel blend that is tested by a NATA accredited laboratory against the regulated automotive diesel specification and meets or exceeds these specifications can legitimately claim to meet these standards and be an eligible fuel for fuel tax credit purposes. It is disappointing that the author of the report did not seek to view test certificates supporting B20 blends. What can be said with accuracy, however, is that there is a lack of clarity around documentation standards needed to support fuel tax credit claims for biodiesel blends.

Comments on Options 1 and 2.

Should biodiesel blends be capped at B5 and meet the diesel standard?

Should flexibility be allowed for density (or any other parameter)?

Is Option 1 or Option 2 your preferred management option?

Gull recommends that any and all biodiesel blends be required to meet the diesel standard. This requirement may limit biodiesel blends to different percentage levels in different locations depending upon the parameters of the biodiesel and diesel available, but would ensure that the environmental and operability performance protected by the current diesel standard are maintained. Motorists would have confidence that all diesel and biodiesel blends met the same rigorous fuel standards whatever their composition.

An exemption for density (maximum 0.86 kg/l vs diesel standard of 0.85) is the only relaxation that should be considered. This would allow for higher concentrations of biodiesel to be supplied across more regions, more consistently, given the variations in density of diesel supplied by the refiner-marketers across Australia. In practice, Gull has found that B20 blends can be supplied within the diesel standard without any need for an exemption. This has been achieved using biodiesel produced at Gull's Queensland biodiesel plant and diesel imported from Singapore.

Comments on Options 3 and 4.

Should a full B20 fuel quality standard be developed as outlined in Option 3?

If so, which parameters should be included?

Should a simplified B20 standard be developed as outlined in Option 4?

If so, which parameters should be included?

Gull recommends that all B20 blends should be required to meet the regulated automotive diesel standard. If both the diesel and biodiesel components meet the regulated standards for diesel and biodiesel respectively, then a simplified set of parameters should be tested. If either one of the components of the B20 blend does not meet the relevant standard, then the B20 blend should be tested against the full set of parameters for the diesel standard.

Based upon practical experience as a blender and retailer of B20 product, Gull would recommend that the simplified test parameters comprise: biodiesel content, density, filter blocking tendency (FBT), and cold filter plugging point (CFPP). These parameters would be sufficient to ensure the B20 blend meets the diesel specification if both the diesel and biodiesel components meet their respective standards.

Comments on other fuel quality management options for biodiesel.

Should a "B5 only" cap be adopted or should both B20 and B5 blends be permitted?

Are there other management options that should be considered?

As noted in earlier comments, Gull recommends that any and all biodiesel blends be adopted as long as they fully meet the regulated automotive diesel specification.

From practical experience as a producer, wholesaler, blender and retailer of B20 product, Gull can state with authority that B20 blends have strong customer support and that B20 blends can comply fully with the diesel specification. Implementing a B5 cap would deny consumers access to a product that is clearly valued, restrict the ability of innovative independent fuel companies such as Gull to differentiate themselves from the major international refiner-marketers, and reduce the viability of biodiesel producers by removing an important market segment.

Comments on other labelling requirements for B5.

Should B5 be labelled?

If so, is a statement that the fuel “contains 5% biodiesel” or up to 5% biodiesel” sufficient?

Gull recommends that labelling of biodiesel blends up to 5% not be made mandatory as long as these blends fully meet the diesel specification. These blends meet regulated operability and environmental parameters and also comply with the stated warranty positions of vehicle manufacturers.

It is likely that most, if not all retailers will label blends up to B5 to achieve the halo effect of the accepted environmental benefits of biodiesel and also, as the fuel is better understood, to promote the improved lubricity that even lower percentage blends provide.

Comments on other labelling requirements for higher blends of diesel and biodiesel.

Should higher blends and neat biodiesel (B100) be labelled?

If so, is the statement of the biodiesel content (eg “this fuel contains 20% vol biodiesel”) sufficient?

Is additional information required?

If so, what information should be included on a label for higher blends of biodiesel?

Gull recommends that all biodiesel blends above the level that may cause difficulties with vehicle warranties (currently blends above B5) should be labelled to allow consumers to make an informed choice. The minimum standard of labelling should declare the maximum percentage of biodiesel in the fuel.

Gull does not support additional information being made mandatory. Even if well intentioned, additional information (per the examples provided in the Duncan Seddon report) will unnecessarily alarm a significant number of consumers and hurt retailers, wholesalers and producers of biodiesel.

Retailers may volunteer more information about their biodiesel blends on their labels (eg local content, the biodiesel feedstock) but only the maximum biodiesel content should be mandated.

Consumer experience with labels has, to date, largely been limited to listing of content and warnings about serious consequences (poisons, high voltage etc). There is a high risk that labels such as the examples provided by Duncan Seddon will alarm rather than inform consumers. From practical experience as a retailer of up to B20 blends since April 2006, Gull has found that labelling the fuel as a biodiesel blend meets consumer needs and expectations. Feedback from consumers has been entirely positive. Some consumers exercise their choice and seek a diesel fuel with no biodiesel content but even more consumers have been drawn to the biodiesel blend. There have been no instances of the fuel causing problems that would support the warnings and advice contained in the example labels prepared by Duncan Seddon. The warnings are out of proportion to the impact of the fuel. This is not surprising given that the fuel fully meets the diesel specification.