

21 December 2006

Diesel/Biodiesel Blends – Discussion Paper
Fuel and Used Oil Policy Section
Department of the Environment and Heritage
GPO Box 787
Canberra ACT 2601

Dear Sir / Madam

Standardising Diesel / Biodiesel Blend Fuels

We make the following submission on behalf of The Australian Petroleum Agents and Distributors Association (APADA), and in conjunction with our key business partner OAMPS Insurance Brokers, who also have a keen interest in the issues relating to the development on the biofuels industry.

APADA is a national employer's body representing the petroleum distributors, predominately regionally based, and who deliver about 35% of the products to the end user in Australia, and handle about 80% of all country sales to service stations, industrial, commercial and primary producer accounts.

As the main, or direct contact with the end user, our members look to us for advice on industry developments affecting operational activities, and the emergence of biofuels, and more particularly biodiesel is an area which is raising many questions, both positive and negative.

We would like to make the following comments in response to the DEH's commentary on management options for standardising diesel / biodiesel blended fuels. We are also attaching a copy of a background information and checklist paper produced by Diesel Test Australia, commissioned by OAMPS and APADA. This document is being used by both parties, with members and customers, to assist them in the process of assessing the merits, and issues of purchasing and/or selling biodiesel blends.

Management Options **Options 1 and 2**

~~We consider successful development of the biodiesel industry over the short term would best be achieved through low-level blends of less than 5% biodiesel (B5), where the biodiesel is certified to comply with the biodiesel fuel standard and where the blend is certified to comply with all requirements of the automotive diesel standard, including density (ie option 1). This option -~~

- Would be generally supported by the diesel engine and petroleum industries.
- Would likely cause few if any engine warranty issues.
- Would not lead to significant extra cost or complexity of distribution infrastructure.
- Would give good assurance that blends would be of high quality.
- Would ensure very few operational difficulties are encountered.
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- Would likely enable consumer confidence in biofuel blends to be established relatively quickly.

We would not support an exception allowing density of the biodiesel blend to exceed the maximum specified in the diesel fuel standard (as in option 2) unless the diesel engine manufacturers consider this would have no significant negative impact on engine operation, performance or durability, and would therefore not have warranty issues.

Options 3 and 4

We consider there would be benefit in establishing a B(06 to 20) biodiesel blend fuel standard –

- To provide assurance of the fuel quality in the market.
- To allow and encourage those transport operators willing (even eager) to trial these blends, to do so.
- To allow and encourage the accumulation of operational experience to inform operators, engine manufacturers, and the biodiesel industry.
- To guide the biodiesel industry's longer term development.

It may well be that until more operational experience is gained it will not be possible to develop a standard that would be acceptable to the engine manufacturers (as in option 3), and with which it would be practical and economic for the biodiesel industry to demonstrate compliance (perhaps as in option 4). In which case, a standard should be established that balances the risk (probably minor) of engine failure, between operators and the biodiesel industry (and their insurers).

Labelling

In principle, we consider that consumer information should always be sufficient to enable proper consideration of market alternatives.

B5 Label

We consider –

- Biodiesel B5 should always be labelled.
- A statement that the fuel 'contains 5% biodiesel' or 'contains up to 5% biodiesel' or equivalent would be sufficient.

Diesel/Biodiesel Blend Label (>B5)

We consider –

- Biodiesel blends higher than 5%, and neat biodiesel (B100) should always be labelled.
- A statement of the biodiesel content on its own, (eg 'this fuel contains 20% vol biodiesel) is not sufficient.
- Additional information is required, and should be provided in a label as suggested in the Seddon report (page 74).

We believe it is absolutely essential that the entire biofuels industry becomes strong, vital and self sufficient. The industry does not want to be party to any over promising and underperforming commitment.

We must be realistic in our expectations and pronouncements about the relative merits of various alternative energy, and for the customers must be comfortable, it must have firm product standards, and a sustainable, quality "Code of Practice"

We would be pleased to be involved in any future discussions you may be having on this issue as it moves forward.

Yours sincerely

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Garth Symington
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Robert Rowe
Manager – Future Business Strategy (OAMPS)