

**Fuel Quality Standards Act 2000****CLEAN FUELS  
BULLETIN****July 2002****MONITORING, COMPLIANCE AND ENFORCEMENT**

During the last couple of months, fuel sampling under the *Fuel Quality Standards Act 2000* (the FQS Act) commenced in all jurisdictions. Samples are taken nationally in proportion to the number of suppliers in each jurisdiction and in relation to the amount of each grade sold on a national average. To date, over 370 samples have been taken and 200 samples tested. Of the sample results received, a small number from NSW and SA have been found to be off specification and these are under investigation.

Both targeted and random sampling is taking place. Targeted testing addresses compliance incident reports on fuel quality received by the Clean Fuels and Vehicles in Environment Australia (EA) and approximately 100 reports have been received through information sharing arrangements and from the public. These incidents have predominately concerned NSW fuel supplies and all incidents have been followed by appropriate action (information letters and/or fuel sampling).

Up until now, sampling has been focusing on service stations as these outlets form the largest number of suppliers in the industry, but from July 2002, distributors and producers will also be included in the sampling program. Samples from distributors and producers were taken during the fuel sampling pilot project in October last year.

Raising awareness about the Commonwealth's fuel quality standards legislation within industry and the public continues. A mailout to 7,614 service stations and fuel distributors across Australia of an information package, which includes a poster, brochures, a magnet and information sheets on the obligations of fuel suppliers under the Commonwealth's national fuel quality legislation, is expected to occur early July. A second poster, advertising the introduction of the legislation, has been distributed to government departments and industry.

Please contact Clean Fuels and Vehicles for either an information package or a poster.

**NEW FUEL QUALITY STANDARDS****Operability standards for petrol and diesel**

The Minister for the Environment and Heritage, the Hon Dr Kemp, has endorsed the operability standards as detailed in the tables below, and these standards will be added to the *Fuel Standard (Diesel) Determination 2001* and the *Fuel Standard (Petrol) Determination 2001* (the Determinations). It is *expected* that the operability standards will come into effect mid-September 2002, two months after incorporation into the Determinations. A Clean Fuels Bulletin will be issued when this has occurred. It should also be noted that currently, due to legislative drafting issues, the following operability parameters, have not been put to the Minister for decision:

- for petrol: drivability index, flexible volatility index, colour and appearance (in relation to a drivability index specification, this is unlikely to be resolved until a decision is made on the maximum limit of ethanol in petrol.); and
- for diesel: appearance, and cloud point and cold filter plugging point.

The Department of Industry, Tourism and Resources, EA and industry are working together to find an outcome to enable the addition, at a later date, of the above parameters to the Determinations.

***Diesel 'operability standards' endorsed June 2002***

<b>Fuel Parameter</b>	<b>Specification</b>	<b>Referee Test Method</b>
Carbon Residue (10% distillation residue)	0.2 mass % max	ASTM D4530
Water and sediment	0.05 vol % max	ASTM D2709
Conductivity @ambient temp	50 pS/m (Min) @ambient temp (only applies at terminals/refineries/major distribution centres)	ASTM D2624
Oxidation Stability	25 mg/L max	ASTM D2274
Colour	2 max	ASTM D1500
Acidity	Total: 0.08 mg KOH/g (Max)  Strong: nil	ASTM D974
Copper Corrosion (3 hrs @50°C)	Class 1 max	ASTM D130
Flash point	61.5°C min	ASTM D93
Filter blocking tendency	2.0 max	IP 387
Lubricity	0.460 mm (max) (only for diesel containing less than 500ppm sulfur)	IP 450

***Petrol 'operability standards' endorsed June 2002***

<b>Fuel Parameter</b>	<b>Fuel grade</b>	<b>Specification</b>	<b>Referee Test Method</b>
MON	PULP	85.0 (min)	ASTM D2700
	ULP	81.0 (min)	ASTM D2700
	LRP	82.0 (min)	ASTM D2700
Copper Corrosion (3 hrs @ 50°C)	All	Class 1 (max)	ASTM D130
Existent Gum (washed)	All	50 mg/L (max)	ASTM D381
Induction Period	All	360 minutes (min)	ASTM D525

**Biodiesel**

Tenders were recently called for seeking a consultant to prepare a technical paper on the chemistry of biodiesel, its use as a transport fuel in Australia and its impact on emissions and engine operability. This paper will form the basis for a public discussion paper on proposed fuel quality standards for biodiesel in Australia. A consultant will be selected shortly. Producers, or prospective producers of biodiesel who have not previously contacted EA should do so to ensure that appropriate consultation is undertaken.

**Ethanol Limit in Petrol**

The Ethanol Task Force met on 5 April 2002 to review and analyse the 32 public submissions received in response to an ethanol discussion paper, and to finalise advice to EA. The Ethanol Task Force used the submissions, as well as other available information, to prepare advice for the Environment Minister.

The biofuels market barrier study (see below under 'Biofuels markets barriers study') will involve, in part, vehicle testing and a technical assessment of the use of 20% ethanol:80% petrol blends (E20) in the current Australian vehicle fleet.

### **Liquefied Petroleum Gas**

Following receipt of 36 submissions in response to a discussion paper released in October 2001, a Cost Benefit Analysis has now been commissioned and a report is expected by the end of August 2002.

### **FUEL STANDARDS CONSULTATIVE COMMITTEE**

The FSCC has been working fairly continuously over the past few months via email on the following issues.

(a) A working group has been reviewing the use of leaded fuel in motor and water vehicles, to allow those who can demonstrate a genuine technical need, access to leaded fuel. It is proposed to list in the *Fuel Standard (Petrol) Determination 2001* a number of motor and water organisations or clubs who will have authority to issue to its eligible members a fuel passbook. On presentation of this passbook to a fuel supplier, the holder of the passbook may purchase leaded fuel. Conditions will apply. The supply of leaded fuel to dyno-tuners and engine builders is also being considered.

(b) Five applications for approvals to supply 'non-compliant' fuel at a racetrack and/or motoring event have been considered by the FSCC and its recommendations to the Minister will be made in the near future.

(c) As a result of drafting difficulties mentioned above under 'Operability standards for petrol and diesel', the FSCC agreed to withdraw at this stage, pending further discussion, certain petrol and diesel parameters.

(d) A working group to examine the necessity for any change to the present minimum density standard for automotive diesel has been convened and terms of reference are currently being drafted. The working group is expected to meet later in the year.

### **BIOFUELS MARKET BARRIERS STUDY**

On 10 May 2002, the Commonwealth Government announced a \$5 million study to address market barriers to the increased use of biofuels in transport. The study is part of the Government's broader strategy to increase production of bio-fuels to 350 million litres/pa by 2010. Its focus is primarily on investigating demand-side issues that may be affecting market acceptance and take-up of bio-fuels.

The study will have two main parts. The first will involve vehicle testing and a technical assessment of the use of 20% ethanol:80% petrol blends (E20) in the current Australian vehicle fleet. This will provide information on the suitability of E20 blends for use in the current vehicle fleet. Tenders have been called for and a consultant will be selected shortly.

The second element of the study will examine current and potential future market barriers to the take-up of biofuels, and make recommendations on possible mechanisms to address these barriers, including a mandatory or a voluntary take-up scheme. The market barriers element will be informed by research, stakeholder consultation and an interdepartmental government committee and is expected to be completed by the end of the year.

The Terms of Reference for the study will be posted on the internet ([www.ea.gov.au/fuel](http://www.ea.gov.au/fuel)) and stakeholder consultation will be crucial in informing the market barriers element. It is expected that a draft report will be prepared by October this year, with a final presented for Government consideration in December. Updates on the progress of the study will be posted on the website as key activities are conducted.

## THE FUEL TAXATION INQUIRY

The Government has released the report of the Fuel Taxation Inquiry, which is available on the internet site <http://fueltaxinquiry.treasury.gov.au/>. The Government did not accept the main findings of the Inquiry.

The Government has stated that the Energy Grants (Credits) Scheme (EGS), announced in the Government's 'Measures for a Better Environment' package in 1999 (to replace the existing Diesel Fuel Rebate Scheme (DFRS) and the Diesel and Alternative Fuel Grants Scheme (DAFGS)) is proposed to be implemented by 1 July 2003. The purpose of the EGS will be to provide active encouragement for the move to the use of cleaner fuels, while at the same time maintaining entitlements that are equivalent to those under DAFGS and the DFRS, including for use of alternative fuels.

The Government also stated it will carefully examine the Inquiry's recommendations for a production subsidy for ultra low sulfur diesel (ULSD) funded by an increase in the excise of all diesel. The Government has already made a commitment to apply an excise differential to encourage the early introduction of ULSD (with sulfur content of 50 parts per million or less). This excise differential will consist of an additional excise on regular diesel of one cent per litre from 1 January 2003, rising to two cents per litre for 2004 and 2005. A production subsidy would be aimed at easing the administrative requirements of applying the DFRS and DAFGS to two differently taxed types of diesel.

### Amendments to the *Fuel Quality Standards Regulations 2001*

Some minor amendments in relation to the operation of the approval application fee provisions to the *Fuel Quality Standards Regulations 2001* came into effect on 14 June 2002. The amendments:

- insert criteria for assessing financial hardship; and
- clarify the operation of the refund provision and include a review mechanism.

A copy of the *Fuel Quality Standards Amendment Regulations 2002 (No. 1)* (Statutory Rules 2002 No. 116) can be purchased at a Government Info shop, from [scaleplus.law.gov.au](http://scaleplus.law.gov.au), or by emailing [fuel.quality@ea.gov.au](mailto:fuel.quality@ea.gov.au).

### Register of prohibited fuel additives – development of guidelines

The FQS Act requires that the Minister must keep a 'Register of Prohibited Fuel Additives' and develop written guidelines that the Minister must have regard to when deciding whether or not to enter or remove a fuel additive. The aim of the guidelines, that are currently being drafted, is to provide the Minister with a framework to ensure that a consistent, objective process is followed. The guidelines will also provide guidance to any interested parties wishing to make submissions relating to the listing or removal of an additive on the Register. The guidelines, once finalised, will be available in both written form and on the Environment Australia website.

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