

Your Reference : EXF26368

Mr D Sheedy
Clean Fuels and Vehicles Section
Environment Australia
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Director General

Dear Mr Sheedy

I am writing to you to provide NSW comments on the 'National Standard for Biodiesel - Discussion Paper' prepared by Environment Australia.

NSW supports the development of a national biodiesel standard. Most importantly a national standard will enhance community confidence and acceptance of biodiesel as an alternative fuel and so provide for expansion of biodiesel production and use. There is also capacity to improve environmental outcomes from biodiesel by setting a biodiesel standard. The development of a biodiesel standard should also aim to assist the adoption of biodiesel in niche markets where it has a comparative advantage. For example neat biodiesel is an attractive alternative to diesel in marine applications as biodiesel biodegrades much faster in water.

The paper provides a valuable contribution to the development of a suitable biodiesel standard. The approach adopted by the Commonwealth is sensible in that the fuel specifications and test procedures under consideration are based on European and United States standards where biodiesel has been used in conventional diesel transport for some time. The harmonisation of the proposed Australian biodiesel standard with overseas biodiesel standards is also supported as most diesel engines are imported. A number of the fuel parameter specifications under consideration seek to address vehicle operability concerns associated with the use of biodiesel and it is expected that Environment Australia would closely consider the advice of automotive manufacturers and fuel suppliers in determining the specifications that should apply to these parameters. Regarding fuel testing there would seem to be logic to adopting American testing procedures as this would align with current procedures for testing diesel fuel.

Any biodiesel fuel standard will need to be in line with the stricter diesel fuel specifications for diesel applying progressively to 2006. It is also important from an urban air emission perspective to ensure that any biodiesel standard enables vehicles using the fuel to meet ADR (Australian Design Rule) emission requirements. As outlined in the discussion paper, the CSIRO "Comparison of Transport Fuels" (2001) study indicates that pure biodiesel performs well in reducing greenhouse gas emissions but its urban air quality performance in terms of oxides of nitrogen emissions ranks behind current diesel fuel (500ppm sulfur). The report estimates that

heavy vehicles operating on 100% biodiesel would not meet the current ADR80 or ADR80/01 emission limits for oxides of nitrogen and possibly particulate matter. On the other hand, the study indicates that heavy vehicles operating on a blend of 20%-30% biodiesel with diesel would be expected to meet all ADR80/01 standards.

The intention suggested in the discussion paper to set a single biodiesel standard which would be applicable to 100% biodiesel and biodiesel blends is supported. An easily administered system which ensures blending of high quality biodiesel is required. An additional practical step would be to require biodiesel/diesel blends to meet the diesel fuel standard where the level of biodiesel is relatively low (eg less than 5%). In these circumstances biodiesel is mainly added to diesel to improve lubricity and the small amount of biodiesel should not significantly affect other properties of the diesel.

An Australian biodiesel standard should focus on characteristics and composition of biodiesel rather than prescribing the feedstocks that can be used. As there is limited raw product in Australia for use as biodiesel feedstock it would be more productive to set composition standards for the fuel and allow the providers to source the appropriate raw products as available to meet these standards. There is also a need to ensure that the processes to acquire the agricultural products that are supplied as feedstocks do not degrade the environment and that the feedstocks are produced sustainably in the long term.

There is a strong case for labelling biodiesel fuels at the bowser given the number of its fuel characteristics that differ from those of diesel. As identified in the discussion paper, while many European vehicle manufactures issue warranties for use of biodiesel up to 100% and most United States manufactures allow the use of 20% biodiesel blends, this is not the case in Australia. Most Australian engine and equipment manufacturers only support the use of biodiesel blends up to 5% so warranties may be voided for problems resulting from use of blends greater than 5%. In these circumstances a minimum requirement for biodiesel should be labelling the proportion of the biodiesel blend at the bowser. Additional information that may be useful to the end-user (such as warranty and fuel consumption information) could be incorporated by way of a web site address on the bowser (linking to a biodiesel information fact sheet provided by Environment Australia).

Yours sincerely

LISA CORBYN
Director General