



19 August 2005

Dear Nick

PROPOSED FUEL QUALITY STANDARD FOR FUEL GRADE ETHANOL

I refer to the July 2005 Australian Government's discussion paper 'Setting National Fuel Quality Standards - Proposed Fuel Quality Standard for Fuel Grade Ethanol'.

Australian Ethanol Limited ("AAE") prepared a detailed response to the International Fuel Quality Centre paper 'Setting a Quality Standard for Fuel Ethanol', submitted to Government in February 2005. The company's position is that a fuel ethanol standard for Australia, specifically related to testing parameters, should be based on the US ethanol industry.

In relation to the Government's discussion paper, AAE believes the fuel ethanol specifications and rationale outlined in Tables 1 and 2 are broadly acceptable. This rationale is based on noting that the majority of the proposed fuel ethanol quality parameters are derived from US quality standard ASTM D4806-04a "Standard Specification for denatured Fuel Ethanol for Blending with Gasoline for Use as Automotive Spark-ignition Engine Fuel".

AAE endorses the Government's view that the parameters are commence concurrently, to facilitate ease of passing legislation to underpin, and measures to implement, the standard.

Some specific comments are as follows

- AAE endorses the development of a quality standard for un-denatured fuel grade ethanol to underpin international commodity trade, noting that the immediate requirement is for the development of a standard for denatured fuel grade ethanol;
- With regard to test methods, AAE broadly endorses the proposed test methods as outlined in the Government discussion paper. Recognising these will require review over time, AAE requests participation in any group of test method experts that has a role in reviewing and selecting the various methods in use internationally in ethanol quality standards;
- As for a fuel quality standard for un-denatured ethanol, AAE endorses the development of standards for fuel ethanol blends other than E10. AAE recognises this would be a separate process under legislation; and



- AAE notes Government does not make a recommendation as to volatility when related to ethanol petrol blends. AAE also seeks the Government's commitment to measures to promote the domestic production of Blendstock for Oxygenated Blends (BOB) to ensure that ethanol blended with petrol does not exceed State fuel volatility requirements.

Thank you for the opportunity to submit. If anything in this correspondence requires further clarification, please do not hesitate to get in touch.

Yours faithfully