



18 August 2005

Dear Sir

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Re: Comments on the Proposed Fuel Ethanol Standard

Bundaberg Sugar is currently conducting a feasibility study for a 60 kL per day ethanol distillery to be located at Tableland Mill, near Mareeba in North Queensland. The company seeks to become established in the ethanol market as an ethanol producer and supplier.

Bundaberg Sugar supports the establishment of a quality standard for fuel ethanol. This standard should be based on the internationally recognised ASTM D 4806 standard and take into account Australian conditions. It should represent the minimum quality that is acceptable for fuel ethanol and not some arbitrarily higher quality standard. The reason given for setting tighter limits for many of the quality parameters in the *DEH position paper (Table 2. - Standard setting rationale)* is “based on current Australian production capabilities”. This is not appropriate since the CSR & Manildra plants were designed to produce high grade ethanol and are not purpose built fuel ethanol plants. Setting an unnecessarily high quality standard will increase costs to both producers and consumers of ethanol products. The RFA comment on the proposed standard (April 2005) notes that “producing to the higher grade pharmaceutical standard could add up to 3c/L to the cost of production”.

Specifically, we believe that the tighter Ethanol content specification of 99.0 %v/v minimum and the lower Methanol content specification of 0.1%v/v maximum in the proposed standard are excessively restrictive and unnecessary. The current international practice for cane based fuel ethanol distilleries is to direct all heads and fusel oils (mainly higher alcohols) to the product, in order to maximise yields. These products all burn cleanly in motor vehicle engines and fusels actually enhance the properties of the fuel ethanol blend. The specification should not be unnecessarily restrictive and must accommodate the inclusion of heads and fusels in the fuel ethanol product.

Yours faithfully