SUSPENSION OF NSW ETHANOL MANDATE

The NSW Government has announced it will suspend any increase in the ethanol mandate, from the current four per cent, because of supply shortages.

Minister for Lands, Tony Kelly, said unfortunately investor confidence is low because of a number of factors including the Global Financial Crisis, the higher Australian dollar, lower petrol prices, and uncertainty over the Federal fuel excise regime.

“As a result, the supply needed for higher mandatory levels is simply insufficient at this time,” the Minister said.

“If we were to proceed to our next target of 6% in January, we would force wholesalers to turn to imports, which would work against one of the key objectives of the Biofuels Act.

“NSW has led the way in promoting the uptake and use of biofuels in Australia, introducing the nation’s first biofuels mandate in 2007.

“Since then, the use of ethanol and biodiesel has increased dramatically, with 36% of all petrol sold in NSW now E10 (10% ethanol blend) - that’s almost four billion litres used by an estimated 1.8 million motorists.

“The mandate has replaced around 320 million litres of imported petrol with local biofuel – that’s $220 million pumped back into the pockets of farmers, regional workers and their communities.

“At the same time, approximately 240,000 tonnes of CO2 emissions have been saved.

“When we introduced the Act, we made sure it was flexible and able to adapt to changing market conditions and that’s exactly what we’re doing here.”

Today’s announcement means:

- The move towards a 6% mandate will be delayed until 1 July 2011;
- The total phase out of regular unleaded (ULP) suspended until 1 July 2012; and
- The 2% biodiesel mandate will not be impacted.

“The Government will continue to manage the impacts of the supply constraints on individual volume sellers by conditional partial exemptions, and of course we will continue to do everything we can to encourage and support new investment in the biofuels industry.

The legislative review required under the Act has commenced and a report will be tabled in Parliament by July 2011, providing an opportunity for all stakeholders to present their views on future mandate settings.
Biofuels – Facts and figures

- Biofuels are fuels made from renewable biological feed stocks, either crops or waste.
- The most common biofuels currently available are biodiesel and ethanol.
- Biofuels are generally blended with petroleum – B5 is diesel containing 5% biodiesel and E10 is petrol containing 10% ethanol.
- Biodiesel is diesel fuel produced from tallow, waste cooking oil or other vegetable oils. It may be blended in petroleum diesel at up to 5%, sold as a higher biodiesel blend (e.g. B20 at 20% biodiesel) or even used straight as B100 (100% biodiesel).
- Biodiesel quality is currently regulated by the Federal Biodiesel Fuel Quality Standard.

www.biofuels.nsw.gov.au