



Bioenergy Australia Pty Ltd
PO Box 127, Civic Square, ACT 2608
Phone: [REDACTED]
Email: shahana@bioenergyaustralia.org.au

BIOENERGY AUSTRALIA SUBMISSION

IPART draft report - Approach to determining wholesale ethanol prices

Bioenergy Australia is the national industry association, committed to accelerating Australia's bio economy. Our mission is to foster the bioenergy sector to generate jobs, secure investment, maximise the value of local resources, minimise waste and environmental impact, and develop and promote national bioenergy expertise into international markets.

Bioenergy is a cross-sector solution, which can support the state in overcoming environmental and socioeconomic challenges. Bioenergy Australia has recently developed a number of reports to highlight the key opportunities of the development of a national bioeconomy, as well as some recommendations to support the growth of the bioenergy industry. These are listed below, and we encourage IPART to review these in conjunction with our submission.

- [Bioenergy Australia submission to the Australian Bioenergy Roadmap](#)
- [Bioenergy Australia Economic Recovery Proposal](#)
- [Shovel Ready Sample of Bioenergy Projects Across Australia](#)
- [KPMG Bioenergy State of the Nation Report](#)

The purpose of this submission from Bioenergy Australia is to provide feedback on IPART's approach to determine ethanol prices and to support the NSW Biofuels Act 2007 and its goal of encouraging the use of sustainably produced ethanol in NSW.

Does our price setting framework capture all relevant considerations? Does it lead to appropriate outcomes?

Bioenergy Australia supports the continued application of a light-handed approach to setting maximum price of wholesale ethanol and strongly supports the continued determination of wholesale ethanol prices using an IPP methodology on a quarterly basis.

We also support the continuation of IPART's role in monitoring and critically ensuring there is widespread availability of E10 so that motorists have effective choice between different types of fuel.

Have there been changes to the retail and wholesale markets that could affect our assessment of the effectiveness of competition? If so, how should we take these into account when we consider how to determine prices?

Bioenergy Australia highlights that there is growing interest in the development of biofuels in Australia internationally and domestically. The Federal Government is making a record level of investment in

driving Australia's bioeconomy through funding the development of Australia's first Bioenergy Roadmap and sustainable fuels are going to be a key investment priority.

The level of competition is likely to be affected by global trends towards renewable and biofuels, significant innovations in technology and feedstock, global future fuel strategies of oil majors moving towards renewable and biofuels, and the international aviation and marine emission reduction targets, which can only be achieved through sustainable fuels.

If we maintain our approach to setting prices, can we simplify our import parity model to improve transparency and reduce costs?

From our point of view, the import parity price (IPP) methodology is appropriate as it is, and no refinements are needed.

How should IPART consider the viability of wholesalers and retailers when determining a reasonable wholesale price?

We believe that IPART should mainly seek to understand if the cost saving of ethanol is being passed onto the consumer.

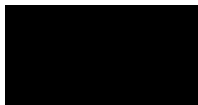
How should IPART take into account the minimum biofuels requirements when determining a reasonable wholesale price?

The determination of the wholesale price should take into account the minimum biofuels requirement because fuel retailers are not able to comply with the requirement if it is economically unfavourable.

What additional analysis would help inform our ethanol price determination?

We encourage IPART to continue with a light-handed approach to setting maximum price of wholesale ethanol, because the degree of consumer choice in the retail fuel market is relatively high with the availability of E10 becoming more widespread since the ethanol mandate was amended in January 2017; and there is ongoing competition between the major eastern Australian ethanol producers.

Thank you for the opportunity to provide this submission.

A solid black rectangular box used to redact the signature of the sender.

Yours sincerely
Shahana McKenzie, CEO Bioenergy Australia