

Reference: A1436136

Mr Peter Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

11 FEB 2016


Peter
Dear Mr Boxall

I write to request the Tribunal make recommendations for a maximum price of wholesale ethanol used in petrol blends, as outlined in the attached Draft Terms of Reference.

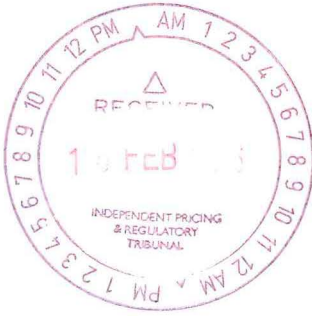
I note that under s13 of the *Independent Pricing and Regulatory Tribunal Act 1992*, the Tribunal is required to give public notice of s12A investigations and settle final Terms of Reference after considering any public comments.

If your officers wish to discuss this matter they should contact Liz Livingstone, Executive Director, Resources and Land Use Branch, Department of Premier and Cabinet on 9228 5173.

Yours sincerely



MIKE BAIRD MP
Premier



DRAFT TERMS OF REFERENCE

Maximum price for wholesale ethanol in NSW

I, Michael Baird, Premier of New South Wales, under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992 (Act)*, request the Independent Pricing and Regulatory Tribunal (**Tribunal**) to investigate and report on a maximum price for wholesale ethanol in accordance with this Terms of Reference.

Context

In December 2015 the Government announced it would implement a range of measures to improve NSW's performance against the ethanol mandate imposed on major fuel sellers. This includes amending the *Biofuels Act 2007* and regulation to extend the ethanol mandate to all service stations which sell three or more fuel types above a certain volume.

The Government also decided to regulate the price of wholesale ethanol to support availability of E10 at petrol stations at an attractive price to customers.

The task

IPART is requested to recommend:

- (a) a maximum price for wholesale ethanol for use in automotive fuel blends; and/or
- (b) a price methodology which ethanol suppliers must apply to determine a maximum price when selling wholesale ethanol for the purposes of complying with the *Biofuels Act 2007* and regulation.

In deciding the relevant maximum price and/or wholesale ethanol price methodology, the Tribunal is to review prices in the biofuels industry and have regard to:

- (a) protecting consumers from potential abuses in monopoly power relating to prices
- (b) the efficient costs of supplying ethanol
- (c) any other matters the Tribunal considers relevant.

Process and timeframe

The Tribunal is required to consult with the public and provide a final report to the Premier within 12 months of receiving the Terms of Reference. The final report will be made publicly available.

The Finance, Services and Innovation cluster will meet the agreed costs of the review.