

IPART seeks comment on ethanol market monitoring

The Independent Pricing and Regulatory Tribunal (IPART) is seeking comments on its proposed approach to monitoring the wholesale and retail markets for ethanol used in fuel blends like E10.

Under the Biofuels Act 2007, a fuel retailer may be exempt from complying with the ethanol mandate if the price at which they purchased ethanol exceeds the wholesale price determined by IPART. IPART currently determines a wholesale price for ethanol based on an estimated import price.

IPART Chair Peter Boxall said IPART's methodology for setting the wholesale price was applied from 1 January 2017 following extensive consultation. It is intended to avoid distorting the wholesale ethanol market and support the development of further competition in ethanol production.

"This methodology encourages ethanol producers and fuel wholesalers to continue to negotiate wholesale ethanol prices below the price determined by IPART," Dr Boxall said

The Biofuels Act also requires IPART to monitor the retail market for E10 and report on the effect of its determinations.

"Our proposed approach to monitoring will observe retail prices for E10 and consider any changes in the petrol and wholesale ethanol markets to ensure our pricing methodology remains appropriate," he said.

A paper released by IPART today seeks feedback on a range of issues to be considered as part of the review and is seeking feedback until 10 September 2018.

IPART will release a draft report on its findings in October 2018 and will seek submissions before providing a final report to the Minister for Innovation and Better Regulation by December 2018.

A full copy of the Issues Paper is available at www.ipart.nsw.gov.au.