



Premier of New South Wales
Minister for Western Sydney

Reference: A1601140

Dr Peter Boxall
Chair
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

10 MAY 2016

Peter
Dear Dr Boxall

Thank you for updating me on the outcomes of the consultation on the draft Terms of Reference for the review of the maximum price for wholesale ethanol.

I write to issue the final Terms of Reference for the review. The Terms are unchanged from the draft, with the exception of the timeframe which requires a final report by the end of December 2016.

If you require further information, please contact Liz Livingstone, Executive Director, Department of Premier and Cabinet, on 02 9228 5173.

Yours sincerely



MIKE BAIRD MP
Premier

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 by the end of December 2016. The final report will be made publicly available.

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