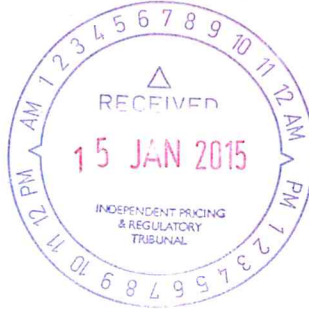




Premier of New South Wales
Minister for Western Sydney
Minister for Infrastructure

IPART
Doc No 218/828
File No



Reference: A1039594

09 JAN 2015

Dr P J Boxall, AO
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Review
Dear Dr Boxall

I write in relation to the Independent Pricing and Regulatory Tribunal undertaking an assessment of measures the Government could take to meet the requirement under the Biofuels Act 2007 for a volume fuel seller to sell a volume of ethanol that is not less than 6% of total petrol sales by that seller in NSW.

Please find enclosed a reference under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* for the Tribunal to undertake this assessment.

If your officers wish to discuss this matter they should contact Jane Mallen-Cooper, Director, Resources and Land Use Branch, Productivity and Sustainability Group, Department of Premier and Cabinet on 9228 4260.

Yours sincerely


MIKE BAIRD MP
Premier

Terms of Reference

I, Mike Baird, Premier, pursuant to Section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*, approve the Independent Pricing and Regulatory Tribunal (IPART) entering into an arrangement with the Department of Premier and Cabinet to provide services to the Department that are within IPART's area of expertise.

The *Biofuels Act 2007* imposes an ethanol mandate on major fuel sellers ('volume fuel sellers') who must ensure that ethanol blended fuel accounts for 6% of their total petrol sales in NSW. The overall 6% target has never been reached and a range of reviews have been carried out to look into reasons behind the shortfall and the costs and benefits of the policy, including a review by IPART in 2012.

In early 2014 the NSW Government undertook targeted consultation on two broad options for increasing ethanol consumption in NSW. These were to broaden the mandate by imposing a direct obligation on additional retailers and requiring ethanol to be added to 95 grade (premium) fuel.

The services to be provided by the Tribunal are:

- An assessment of the two broad options for increasing ethanol consumption in NSW that were the subject of this limited earlier consultation, namely:
 1. Broadening the ethanol mandate by:
 - Amending the definition of major retailers so that more retailers are subject to the mandate, or
 - Requiring all service stations to offer an ethanol blended product, or
 - Requiring service stations that sell more than a specified minimum annual volume of petrol to offer E10.
 2. Introducing premium ethanol blends by:
 - Requiring E10 blended in NSW to conform with the Premium Unleaded Petrol (PULP) standard or
 - Requiring all primary wholesalers to offer at least one premium ethanol blend petrol.
- An assessment of the opportunity for stronger enforcement of the mandate, and the costs and benefits of such an approach.
- An assessment of any other measures the government could take, singly or in combination, to increase the uptake of ethanol in NSW.

This assessment should have particular regard to the likely effectiveness of a measure (or a combination of measures) in reaching the 6% target and the direct and indirect costs to the NSW Government, consumers and businesses of implementing such a measure.

The assessment should make use of previous investigations into the ethanol mandate in NSW and other inquiries as the Tribunal sees fit and have regard to the impact of relevant Australian Government programs.

The Tribunal is to provide the final report to the Premier in May 2015 and is not required to consult with the public. The final report will be made publicly available.

