

The *Biofuel (Ethanol Content) Amendment Act 2009* was passed last year with the support of all major parties. Under the legislation, the mandatory replacement of ULP with E10 will not occur until 1 July 2011, however a number of oil companies have already begun converting service stations.

E10 is replacing ULP because it is cleaner, greener, locally made, and cheaper for the majority of motorists.

E10 reduces exhaust particle emissions, a major cause of lung cancer and other respiratory diseases by 33%. Ethanol also reduces greenhouse emissions by 30-40%.

The 2.5 billion litres of E10 sold in NSW since the start of the mandate has saved importing about 200 million litres of petrol worth about \$140 million in foreign exchange. This is money that has stayed in NSW supporting local development and jobs.

In addition to savings from the lower price of E10 relative to ULP, the advent of wide competition from E10 has seen the price of ULP in Sydney fall by over 2 cents per litre compared to the average of the other state capitals. This is saving motorists a further \$80 million per year. It is true that E10 produces about 3% less energy per litre, but depending on the engine management system, the higher octane (about 94) may offset this and fuel consumption may increase by as little as 1%. Once E10 replaces ULP, the oil companies will be able to reformulate the E10 to take full advantage of the higher octane rating of ethanol, with the opportunity for savings of several cents per litre which will more than fully offset the reduced energy content in all vehicles.

Most of the ethanol sold in NSW is made from waste starch that is a by-product of food production, and is therefore highly sustainable. In fact, if it was not turned into ethanol, the plant would use energy and emit greenhouse gases treating the waste. By building a sustainable local biofuels industry base now, NSW will be well positioned to grow the industry and deliver much larger volumes of advanced biofuels in the future to replace diminishing and increasingly expensive supplies of petroleum.

Over 2.5 billion litres of E10 has been sold in NSW since the start of the mandate, so there are a lot of happy motorists doing their bit for the environment, keeping money in Australia, and supporting local jobs.

Ethanol-free premium unleaded will continue to be available for older vehicles, boats, and small engines that cannot use E10. Premium unleaded will cost a little extra per litre but you should get improved fuel economy (about 3% better on average). Just like E10 users, if you change to premium petrol you get a higher octane fuel and you can also benefit from a cleaner burning fuel (67% less sulphur) that reduces exhaust emissions and can further improve fuel economy and performance and reduce car maintenance costs with ongoing use.

The world's oil supplies are being used up, and in the long term the price of petrol is inevitably going up. Acting now to develop our local biofuels industry will help to make sure that we have affordable fuel supplies available in the future for all motorists.

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