Thank you for the opportunity to provide the views of the Biofuels Association of Australia (BAA) in relation to the Light Vehicle CO2 Emission Standards for Australia. It is appreciated that the Minister for Infrastructure and Transport encourages this feedback and the BAA believes that mandatory carbon dioxide emissions standards will be important drivers in the Government’s Clean Energy Future plan. It is imperative that the standards complement and work hand in hand with the carbon price in order to reduce emissions from the light vehicle fleet.

The BAA does not make any judgments in relation to the actual emission targets to be established under the standards. Rather the BAA presents the elements below in relation to the most appropriate regulatory framework for implementing the standards.

In conjunction with the Green Vehicle Guide, with model specific information and ratings for consumers on fuel consumption and the environmental performance of new model vehicles, it will be crucially important going forward that consumers can make informed decisions and calculate annual fuel costs and CO2 emissions.

The BAA believes that it is absolutely imperative that any standards reflect how these measures may be met and enhanced by the use of alternative fuels such as biofuels and to this end the BAA highlights three key elements that must be included in the standards:

- Any standards must reflect a full ‘life cycle analysis’ of the emissions and not just ‘tailpipe’ emissions. Emissions are of course not simply out of the tailpipe of a vehicle but are produced along the full chain of production and use of fuel. Without this complete assessment the standards are only addressing one small part of the chain. For example, the standards could grossly advantage electric vehicles and hybrids, even though an assessment of the full life cycle of their emissions would highlight the fact that the vast majority of them currently require electricity sourced from coal fired generation.

- The BAA also believes that, under the NGERS reporting mechanism, a consideration of a life cycle analysis is more consistent with the fossil fuel energy ratio and thus the relative measurement of the fuels renewability. The NGERS reporting covers energy production, energy consumption and greenhouse gas emissions from the operation of facilities during the financial year. The Emission Standards for Light Vehicle must be consistent with the NGERS reporting mechanism.

- The standards must reflect the fuel being used and the opportunity posed therein. Many vehicles are now able to be tested on E85 (between 70 and 85% ethanol blended fuel) or B20 (20% biodiesel). The standards must highlight that, through the use of different fuels in the same vehicle, emissions can be substantially reduced. If this does not occur, the standards will not truly reflect the nature of the light
vehicle fleet in Australia which is capable of providing such differentiation. This would also then make the standards inconsistent with their international counterparts which reflect the implementation of Euro 5 / Euro 6 emissions standards.

- The BAA believes that CO2 emissions standards which are consistent with the US and EU, whereby bonus credits are provided for “advanced technology” vehicles such as flex fuel vehicles, would be a strong signal in changing behaviour. As highlighted in the discussion paper, E85 capable vehicles can have their CO2 emissions value reduced by 5% for a limited period (until 2015) provided the fuel meets legislated sustainability criteria and at least 30% of the fuel outlets in the country where the vehicle is registered provide E85 for sale. A similar program in Australia incorporating E85 vehicles (for petroleum) and B20 (for biodiesel) would:
  o Encourage the uptake of low emission vehicles and the use of the alternative fuel
  o Encourage the import or manufacture of these vehicles
  o Encourage the development of wider access to the fuels
  o Support the development of sustainability criteria and standards for the fuels.

Australia has the potential to virtually replace all current transport fuels over time with sustainable, renewable and locally produced biofuels blends that do not compete with food production and have biodiversity and regional economic benefits. Biodiesel, ethanol and certain other liquid biofuels can and are already being used in existing vehicle fleets.

Unlike LNG, CNG, electric vehicles and plug-in hybrid electric vehicles which require modified or new engines, extensive new distribution infrastructure, time, capital and the establishment of a new electricity generation base, liquid biofuels can be used in existing fleets and can immediately and rapidly contribute to a reduction in greenhouse gas emissions. Added to this, flex-fuel vehicles over a full ‘life cycle analysis’ of the emissions are able to substantially reduce emissions, rather than just at the tailpipe.

Drop in alternatives such as biofuels have a high energy density and are a relatively low cost option. They are easy to handle in conjunction with the current fuels and there is already wide experience and knowledge of the fuel systems. They are easy to store longer term and can take advantage of the already widely established infrastructure. They are a proven commodity that can immediately reduce CO2 emissions.

The case for electric vehicles and plug in hybrids in Australia continues to be dubious given the source of the electricity and therefore over the full life cycle analysis of the emissions profile, choosing such a vehicle is certainly not in the best interests of emissions reduction or air quality improvements.

Biofuels are the lowest emission alternative and are truly sustainable and renewable sources of energy. The Light Vehicle CO2 Emission Standards for Australia would be greatly enhanced by including the abilities of alternative fuels in reducing emissions and improving air pollution via the three mechanisms outlined above.

Yours sincerely

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