



8 OFFICE OF BIOFUELS REPORT

THE OFFICE OF BIOFUELS IMPLEMENTS AND SUPPORTS THE FURTHER DEVELOPMENT OF BIOFUELS STRATEGY

KEY ACHIEVEMENTS

- ✓ The minimum average ethanol content in petrol reached the mandated 2%, with 20% of all petrol now E10.
- ✓ The office supported the second stage of the biofuels program that embodies initiatives including an increase in future biodiesel averages to 2% by 1 Jan 2010.

The world is now using up proven petroleum resources faster than new supplies are being discovered, a situation commonly referred to as 'peak oil'. Our transport future therefore depends on finding new renewable sources of energy.

Many new vehicle propulsion technologies, such as electric vehicles and hydrogen fuel cells are being developed, but only biofuels are useable in the current vehicle fleet without modification, and many of our existing motor vehicles are going to be on the road for another 20 or more years.

The NSW Government therefore aims to increase the sustainable local production, distribution and consumer uptake of biofuels, creating a viable biofuels industry base. From this industry base, the government will encourage the development of second-generation technologies and feedstocks that will enable the sustainable production of much greater volumes of biofuels.

The Office of Biofuels was established in the Department of State and Regional Development in 2007 to implement the NSW Government's biofuels program and to support the further development of biofuels strategy. The Office was transferred to the Department of Lands on 1 December 2008.

AIMS AND OBJECTIVES

The Office of Biofuels' aims and objectives are to:

- develop biofuels strategy in accordance with government policy
- develop legislation and other measures to implement the strategy
- implement biofuels legislation
- deliver other approved measures to increase the sustainable production, distribution and use of biofuels
- provide the secretariat for the Biofuels Expert Panel, which advises the Minister for Lands on biofuels issues.

Biofuels Expert Panel

Members are appointed to the Biofuels Expert Panel in accordance with the provisions set out in Section 24 of the *Biofuels Act 2007*. The Act nominates six members, who hold the office of, or are a respective nominee of, the Department heads of the Department of Lands, State and Regional Development, Primary Industries, Environment and Climate Change, Commerce, and the Treasury. The Director General of the Department of Lands, or his nominee, chairs the panel.

Panel meetings

The panel met formally on four occasions during the year.

GOVERNANCE

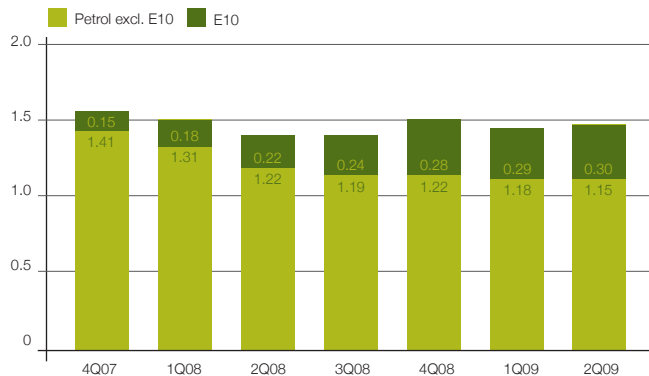
The Office of Biofuels reports to the Director General of the Department of Lands.

Director, Office of Biofuels
Greg McDowall

REPORT ON PERFORMANCE

The *Biofuel (Ethanol Content) Act 2007* mandated a minimum 2% average ethanol content in petrol, which was the first stage of the NSW Government's biofuels program.

The Act was successfully implemented during 2008, with the average ethanol content of



Graph 1 Petrol Market History (GL/quarter)

NSW petrol reaching 2% in September 2008. This means that 20% of all NSW petrol is now E10.

The progress of some individual primary wholesalers that have not yet reached the required 2% ethanol is managed through partial exemptions granted by the Minister in accordance with the Act. These partial exemptions impose strict conditions that require the primary wholesaler to take all reasonable actions to achieve the required 2% ethanol content as soon as possible.

During 2008/09, the Office of Biofuels supported the development of the second stage of the biofuels program, embodied in the *Biofuel (Ethanol Content) Amendment Act 2009*, which:

- renames the original Act to be the *Biofuels Act 2007*
- broadens its application to impose a direct obligation on major retailers
- increases the ethanol mandate to 4% from 1 January 2010
- further increases the ethanol mandate to 6% from 1 January 2011
- requires all regular grade unleaded petrol to be blended with 10% ethanol from 1 July 2011
- establishes a 2% biodiesel mandate from 1 January 2011
- increases the biodiesel mandate to 5% from 1 January 2012
- establishes sustainability standards for biofuels.

The office also developed new regulations and reporting systems to implement the revised Act.

The office maintained liaison with many stakeholders to ensure that the biofuels program is smoothly implemented

STATUTORY REPORTING

Consultants

The Office of Biofuels did not employ any consultants during 2008/09.

Consumer response

The Office of Biofuels is part of Lands. As such, all policies, systems and guidelines relating to complaints and customer satisfaction are dealt with as per the Department's directions.

Ethnic Affairs Priorities Statement

All policies, systems and guidelines relating to ethnic affairs are dealt with as per the Department's directions.

Grants to non-government organisations

There were no grants given to non-government organisations in the reporting year.

Legislation

The Office of Biofuels was established in 2007 to implement the *Biofuel (Ethanol Content) Act 2007*.

The *Biofuel (Ethanol Content) Amendment Act 2009* passed both Houses of the New South Wales Parliament on 1 April 2009 and received Royal Assent on 7 April 2009. The

Act will commence on 1 October 2009. Upon commencement, the *Biofuel (Ethanol Content) Amendment Act 2009* will rename the *Biofuel (Ethanol Content) Act 2007* as the *Biofuels Act 2007*.

Publications

The Office of Biofuels maintains a website, www.biofuels.nsw.gov.au, which provides information for the petroleum and biofuels industries, other stakeholders, and consumers.

FUTURE FOCUS

The Office of Biofuels is to develop a 10-year biofuels strategy to encourage the development of second-generation technologies and feedstocks, which will enable the sustainable production of much greater volumes of biofuels.

Second generation technologies include:

- lignocellulosic ethanol
- butanol
- algal biodiesel
- pyrolysis oil.



Gerringong, South Coast NSW.