



Speech by

Hon. D. WELLS

MEMBER FOR MURRUMBA

Hansard 28 November 2002

MINISTERIAL STATEMENT

Ethanol

Hon. D. M. WELLS (Murrumba—ALP) (Minister for Environment) (9.58 a.m.): Unnecessary regulatory barriers to the expansion of the fuel ethanol industry were lifted on 14 November 2002 by an amendment to the Environmental Protection Regulation 1998. Reid vapour pressure is a measure of a liquid fuel's propensity to evaporate. The maximum Reid vapour pressure for petrol distributed in south-east Queensland during the summer months is to be reduced to 67 kilopascals—down from 76 kilopascals in previous years. This reduction in the maximum Reid vapour pressure standard was to reduce the evaporation and loss of petroleum hydrocarbons into the atmosphere in south-east Queensland.

This new standard is good for a clean and healthier environment as there are direct links between the amount of hydrocarbons in our atmosphere and the occurrence of air pollution levels, that is photochemical smog, during the summer months. We are reducing the figure in order to reduce the level of pollution in the air. In recent weeks, proponents of the ethanol fuel industry in Queensland have suggested to the government that this change in the vapour pressure limit would inhibit the development of the industry by preventing the use of many ethanol-petrol blends, even though the use of these blends would be more environmentally desirable than the use of petrol. In other words, reducing the Reid vapour pressure maximum that is allowed would have the effect of reducing the capacity of the industry to produce ethanol and consequently reduce our capacity to glean the benefits that ethanol delivers in terms of clean air. These industry people argued that ethanol evaporates very easily and that when mixed with petrol which would meet the new standard, even in ethanol concentrations as low as 10 per cent by volume, it would push the vapour pressure of the fuel above the new environmental standard. They have also argued that, although such fuel blends would exceed the new limit because of the evaporating ethanol, this would not result in any increase in air pollution levels.

After listening to the views of industry stakeholders, the Environmental Protection Agency conducted an extensive computer simulation of the air quality implications of the use of ethanol-petrol blends in south-east Queensland. We ran the whole process through the computer with a very thorough model and discovered that they were right. If we were making E10, and E10 only, we would get a more optimum outcome in terms of atmospheric pollution if we relaxed the new stringent rules relating to Reid vapour pressure than if we did not; so we did allow that relaxation. These technical studies have showed that there were very strong scientific grounds to introduce new laws to relax the maximum vapour pressure standard for petrol-ethanol fuel blends and that this will not compromise air quality in south-east Queensland but will in fact lead to a beneficial result.

I know this is technical, but the new stringent requirements will be introduced. However, those requirements under this regulation to which I refer members will be relaxed in respect of the production of E10, and E10 only—not E20 but E10. The necessary arrangements have been made to have the Reid vapour pressure requirements in the Environmental Protection Regulation 1998 amended to provide a relaxation of seven kilopascals for petrol blends containing nine per cent to 10 per cent ethanol. The relaxation does not apply to any ethanol content greater than E10.

Both the ethanol and petroleum industries have indicated that this regulatory change is a major breakthrough for developing an ethanol industry in this state. I am pleased to announce also that Queensland's own Neumann Petroleum has been supplying E10 at its south-east Queensland petrol stations since last week. This means that even more Queenslanders will be able to access E10 fuel.