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Reviewing Aspects of the Engine Fuel Specifications Regulations 2011

Introduction

The New Zealand Automobile Association (NZAA) welcomes the opportunity to provide comment on the review of the Engine Fuel Specifications Regulations.

The NZAA is an incorporated society with 1.45 million Members. It represents the interests of road users who collectively pay over \$2 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST. The NZAA's advocacy and policy work mainly focuses on protecting the freedom of choice and rights of motorists, keeping the cost of motoring fair and reasonable, and enhancing the safety of all road users.

The NZAA supports proposals in the review which reduce unnecessarily stringent specifications and add costs to motorists, as well as better aligning New Zealand's fuel specifications with international standards. We also generally support continually reviewing fuel specifications to reduce harmful emissions, provided the overall benefits are meaningful.

Our comments on the relevant proposals for which we have an opinion are provided below:

3.1 Sulphur limit

Q1. While the NZAA supports the introduction of 10 ppm petrol to reduce emissions and maximise the benefits of fuel technology in Euro 5 and 6 engines, we are cautiously supportive of the proposed phased move to 10 ppm petrol.

We are concerned that the proposed timeframe (by 1 July 2017) may be too soon based on the timeframes other countries we source from plan to move to 10 ppm production. Our concern is that moving to 10 ppm by 2017 will restrict source markets for refined petrol which may negatively impact on security of supply and unnecessarily raise costs for consumers. In our discussions with fuel importers, they have also echoed this view and recommended delaying the date of introduction.

We propose it may be more prudent to delay this until 2018 or later, when more source markets will be producing 10ppm fuel, and when a greater proportion of the fleet meet Euro 5 or 6 emissions standards.

3.2 Oxygen content and other oxygenate limits

- Q2. The NZAA has significant concerns about the proposal to permit a maximum of 3% methanol in petrol blends with a maximum 10% ethanol in option B. Vehicle manufacturers do not recommend the use of methanol in fuel and neither does the Worldwide Fuel Charter: "Methanol is not permitted. Methanol is an aggressive material that can cause corrosion of metallic components of fuel systems and the degradation of plastics and elastomers."¹

In addition, methanol can cause swelling damage to fuel system materials not designed for alcohols, increase water contamination, loosening of deposits causing clogging and destruction of fuel system components. Emission savings may be made redundant if emission componentry becomes perished.

While the discussion document illustrates that Europe's fuel specifications do permit up to 3% methanol in E10 petrol-ethanol blends, other jurisdictions, notably Japan, do not. Japan is a major source of new and used-import vehicles into NZ.

Consequently, the NZAA believes it is premature to propose the introduction of up to 3% methanol in option B. We consider more technical analysis and research on the compatibility of methanol in ethanol-compatible vehicles in the NZ fleet is required before this change to fuel specifications could be considered.

We have no fixed view on option A as the proposal does not align with other jurisdictions' oxygenate fuel specifications (except for E10 in Japan) and there is insufficient information in the discussion document as to whether this change will deliver any benefits to motorists.

In conclusion, the NZAA is not supportive of the proposed changes to oxygen content and other oxygenate limits and opposes option B in particular.

4.1 Biodiesel limit

- Q7. While the NZAA is supportive of increasing the voluntary use of biofuels, we note that to raise the biodiesel blend limit to 7% would be to increase the limit above all other jurisdictions except Europe. As we support the intent elsewhere in the review to better align New Zealand's fuel specifications with other jurisdictions, this proposal therefore goes against that intent.

Additionally, with other jurisdictions retaining a 5% biodiesel limit, vehicle manufacturers in those jurisdictions may only recommend (and warrant) the use of biodiesel blends up to 5%. Therefore, the vast majority of biodiesel-compatible vehicles on NZ roads, or likely to be imported (new or used) in future are not compatible with biodiesel blends above 5%.

Consequently, the NZAA does not support raising the biodiesel limit to 7% at this time. While we acknowledge the results of European Commission analysis that there are no significant engine issues when using biodiesel blends up to B7, this may not be sufficiently reassuring for vehicle owners. If B7 blends are permitted, owners will need assurance that the vehicle manufacturers endorse its use and will guarantee fuel system integrity and repair in the event of operability issues that can be traced to the correct use of B7 biodiesel blends.

¹ *Worldwide Fuel Charter fifth edition, page 27*

The NZAA will however support reviewing the limit once most jurisdictions from which we predominantly source vehicles have raised it above the current 5% limit, or when all diesel vehicle manufacturers endorse B7 blends or higher.

6.1 E85 fuel standard

- Q16. The NZAA supports prescribing a standard, as proposed, for E85 ethanol/petrol, which will permit the fuel to be retailed for general purposes and used in flex-fuel vehicles that already operate on NZ roads. However, while biofuels are required to be labelled at the pump, we think it may be necessary for the Engine Fuel Specifications Regulations to consider imposing additional means of clearly differentiating E85 from mineral fuels and E10 blends or less.

As we understand it, Gull locates its E85 pumps away from other bowser which is desirable, but if this is not practical then we suggest the E85 pump should be more clearly distinguishable from other fuels and not rely solely on the small EECA biofuel label. This could include the requirement to display the text 'warning' or 'E85' in large font on the bowser, and warning tags or flaps on the pump handle.

Yours sincerely



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