



Reviewing Aspects of the Engine Fuel Specifications Regulations 2008

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Ministry of Economic Development
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Dear Sir/Madam

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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 1.3 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 impediments to the supply of biofuels and which help to align New Zealand's fuel specifications with international standards, particularly those in Australasia. We consider that moving away from a boutique NZ-only fuel specification and adopting standards which widen our source options and/or reduce the cost of sourcing fuel will lead to marginally lower fuel costs for NZ motorists.

Comments on the specific proposals for which we have feedback are provided below:

3.1 E70 Minimum

The NZAA supports the proposal to reduce the E70 requirement in summer only from 22% to 20% for petrol on the evidence presented that it may potentially reduce the costs of sourcing high octane fuel. We do however observe that it is more likely that older carburettor-fed vehicles remaining in the fleet use higher octane petrol (and tend to experience greater use in summer), so there is a potential for an increase in cold starting and cold running problems for these vehicles, which would be minimised if Option 1 (reducing summer E70 to 20% in Auckland/Northland only) were chosen, although this would not necessarily deliver the same supply flexibility and possible cost savings.

3.2 Regular grade MON

The NZAA is comfortable with the proposal to reduce the minimum MON requirement for regular grade petrol from 82 to 81, as this is compatible with the specifications in markets from which we source most vehicles and therefore should be compatible with the majority of the NZ fleet. It may also have the potential to reduce the cost of the source fuel which could deliver savings to motorists, although we recognise other specifications still require sourcing a more expensive regular grade fuel.

3.3 Petrol/Ethanol blend waivers for VP

We agree with the proposal to extend the current 7kPa VP waiver to winter as it removes a possible impediment to the supply of biofuels without compromising vehicle operability.

3.4 Timing of introduction of zero sulphur petrol

We concur with the conclusions in the discussion document and do not support a further reduction in petrol sulphur at this time. Given the average age of the NZ fleet, it would not be appropriate to adopt 'zero sulphur' petrol to accommodate a small number of compatible new vehicles at the expense of the wider fleet. This would also increase the cost of sourcing fuel in the region to meet a zero sulphur NZ specification, without delivering any benefit to the majority of vehicle owners. The NZAA does not support NZ fuel specifications being out of alignment with specifications in markets from which NZ sources its fuel – and its (new and used) vehicles – and 10ppm should only be adopted in NZ once it has been introduced in Australasia.

While a split approach between petrol grades to adopting 10ppm sulphur petrol is worthy of further investigation and industry consultation, it is also true that many older carburettor-fed vehicles also require a higher octane but may not be 10ppm compatible. Perhaps 10ppm could be considered for 98 octane only, which has been introduced mostly for the benefit of late-model vehicles which require a higher grade.

5.1 Reduction of PAH maximum

The NZAA does not support reducing the maximum diesel PAH content from 11% to 8% as this would place NZ's diesel specification out of step with the typical specification in Australasian source markets, and may unnecessarily risk supply constraints or impose higher costs on motorists.

5.5 Density waiver for diesel/biodiesel blends

We support the proposed density waiver for diesel/biodiesel blends up to 5% on the evidence presented that it may simplify the supply of diesel/biodiesel blends while not necessarily impacting on engine performance.

7.2 Changes to Auckland local authority boundaries

The NZAA supports changing the definition of "Auckland and Northland" in the Regulations to reflect the boundary of the new Auckland Council.

Yours sincerely



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