



Mandatory Reporting Discussion Paper: Biofuels

Introduction

The Department of the Environment and Energy is transitioning the [Australian Petroleum Statistics](#) from a voluntary survey to a mandatory legislated reporting scheme. The Department recently advised in the [Preferred Design Paper](#) based on feedback to the [Consultation Paper on Mandatory Reporting for Petroleum Statistics](#) that biofuels would be covered by mandatory reporting.

This discussion paper examines the inclusion of biofuels and asks stakeholders three questions intended to help the Department ensure the appropriate level of reporting, coverage and publication for biofuels.

Overview

Mandatory reporting will apply from 1 January 2018 to the *owners* of a *covered product* who undertake a *covered activity*. Reports will be due 15 days after the end of the month.

Ethanol and biodiesel will be ‘covered products’ both in pure and blended forms. The relevant ‘covered activity’ for biofuels is yet to be settled and is discussed at Question 1.

Further information on the design, rationale and expected operation of mandatory reporting is available in the [Consultation Paper on Mandatory Reporting for Petroleum Statistics](#) (September 2016) and the [Preferred Design Paper](#) (December 2016).

Rationale for Inclusion of Biofuels

Blended biofuels (such as ‘E10 unleaded petrol’) have long been part of the Australian Petroleum Statistics because they form an essential part of Australia’s fuel supply chain. The transition to mandatory reporting will see unblended biofuels added to the Australian Petroleum Statistics.

Unblended biofuels will be added for two main reasons. Firstly, their inclusion will enable the Department to produce improved biofuel statistics. Several industry stakeholders and government agencies have advised the Department that the absence of reliable national statistics on biofuels impairs their ability to monitor the sector and track its interaction with the wider liquid fuel market. Secondly, unblended biofuel stocks can be counted towards Australia’s compliance with the International Energy Agency’s stockholding obligation. Capturing data on these stocks will reduce Australia’s compliance gap.

Discussion Questions

Question 1: What should be a ‘covered activity’ for biofuels?

Mandatory reporting will create an obligation for relevant businesses to report on their monthly production, refining, consumption and end-of-month stocks as appropriate. For biofuels, determining the right reporting point is complex as the same biofuel can be traded twice or

more. For example, ethanol is traded when it is supplied from producers to blenders and again when the blended unleaded fuel is supplied to consumers.

The [Preferred Design Paper](#) proposed treating ethanol and biodiesel manufacturers as equivalent to crude oil producers. This approach would see biofuel manufacturers required to report monthly on the volume of ethanol or biodiesel manufactured, supplied (discussed further at Question 2) and held as stock. Fuel companies would then report any refinery blending, the volumes of blended fuel entered for home consumption and any stocks of blended fuel they held at the end of the month.

The Department is interested in whether biofuel suppliers consider this approach appropriate or if there is a better alternative? Some questions for consideration include:

- Should the supply of biofuels for blending (or other purposes as discussed at Question 2) be treated instead as ‘consumption’? This would see biofuel manufacturers required to report on the volumes of biofuel they entered for home consumption (or equivalent) and any remaining stocks.
- Is it necessary to collect data on the volume of biofuels manufactured and supplied? Could manufacturing volumes be determined by simply comparing consumption and remaining stock levels data?

Question 2: Should mandatory reporting apply to all biofuels?

Mandatory reporting could apply to all ethanol and biodiesel or only the proportion intended for use as a transport fuel.

The inclusion of all biofuels would enable the Department to compile and publish (subject to issues raised at Question Three) comprehensive biofuel statistics, with volumes split between transport, alcoholic beverages and other uses. Several stakeholders have indicated that they would find such breakdowns useful. However, the inclusion of non-transport biofuels would increase the reporting burden on manufacturers since more data would need to be reported each month.

If a transport only approach is adopted, it is important to note that a broader approach will apply for end-of-month stock reporting. All biofuel stocks that *could* be used as a transport fuel (even if not intended for blending with fuel) will need to be reported. This is because in a liquid fuel supply disruption these biofuels could be redirected for use in the transport sector to ameliorate supply and price impacts.

Question 3: How should biofuel statistics be published?

The Australia Petroleum Statistics do not publish statistics where this could enable commercially-sensitive information to be determined. For example, where there are only a small number of identifiable data providers in a sample or one data provider has a significant market share, the resulting statistics will either be redacted or aggregated with other data sets prior to publication to ensure commercially sensitive data cannot be identified from the Australian Petroleum Statistics.

Given the current market dimensions of the biofuel sector, this policy means that pure biofuels data would only be published at the national level.

The Department acknowledges that this approach may not meet the data needs of some stakeholders who supported the inclusion of biofuels. Therefore, we encourage potential reporters and Australian Petroleum Statistics users to advise the Department of the level of publication they would be comfortable with and whether there are any alternative approaches which would address their concerns, for example:

- combining pure biofuel data with other product categories before publication;
- publishing pure biofuel data with an additional delay such as six months; and
- redacting pure biofuel data from the Australian Petroleum Statistics, but releasing certain statistics to an agreed list of recipients.

Next Steps

The Department invites comments and suggestions on the three discussion questions it has posed in this paper. To make a submission, send your comments to mrps@environment.gov.au by Friday 31 March 2017.

Further information on mandatory reporting is available at <http://www.environment.gov.au/energy/energy-security-office/international-engagement/mandatory-reporting-petroleum-data>.