

7 October 2011

Mr Richard Niven
Manager
Transport Fuels
Department of Resources, Energy & Tourism

Via email: *richard.niven@ret.gov.au*

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LPG AUSTRALIA
SUBMISSION TO THE DEPARTMENT OF RESOURCES, ENERGY & TOURISM
Alternative Transport Fuels Strategy

Dear Richard

LPG Australia appreciates the opportunity to contribute to the development of the Alternative Transport Fuels Strategy being prepared by the Department of Resources, Energy and Tourism.

It also commends the Department for its efforts in developing the Strategy and its supporting papers and appreciates the recent invitation to comment on the latest versions of the papers.

Following attendance at the 29 September 2011 Alternative Fuels Strategic Issues Group (AFSIG) meeting, LPG Australia is now more confident the Alternative Fuels Strategy will show the Autogas sector in a more accurate and positive light, particularly with regard to the current deployment of new and advanced LPG technologies. LPG Australia acknowledges and appreciates that most of our comments and background information have been incorporated into the Strategy papers.

Nevertheless, LPG Australia remains very concerned about the results of the CSIRO modelling work which are discussed in the main Strategy Paper, particularly those scenarios showing the Autogas sector disappearing in 15 years time.

We appreciate the latest modelling incorporates revised assumptions about accelerated improvement in LPG/LNG efficiency relative to petrol and diesel road vehicles and a declining cost profile for natural gas and LPG vehicles which improve the outlook for the Autogas sector somewhat. However, the unrealistic assumption that excise amounts will not rise in the future, which has the effect of making the price of LPG grow faster than that of petrol and diesel in the out-years, has been retained, which makes LPG uncompetitive. We understand the desire to make this modelling consistent with other modelling recently done by Treasury, as well as the political sensitivity of assuming future excise rises. But unless the results for the Autogas sector are revisited or heavily qualified, as in CSIRO's Possible Futures paper which discusses the modelling in detail, these results will undermine the credibility of the Strategy.

Consequently, we reiterate the view expressed at the last AFSIG meeting that these results should be revisited, or at the very least, as agreed at the meeting, heavily qualified so as to reduce the risk of misleading some policymakers to believe the Autogas sector has no future.

In addition, as requested, we wish to make the following specific comments on the working draft of the main Strategy paper circulated by Ms Naggs by email on 30 September 2011.

- a) Add a specific reference to LPG in recommendation 13 regarding the eligibility for clean energy initiatives which appears on pages 9 and 82, unless, as suggested, the recommendation is changed to refer to all alternative fuels.
- b) With regard to the reference to the need for an LPG example on page 23, we resubmit the following.
 - 1) "It was concerns about the impact on the Australian economy of the sharply rising cost of imported oil that led to the introduction of the LPG Vehicle Scheme in 2006."
- c) With regard to the third supporting Strategy paper, we offer to update the map we provided showing Autogas availability subject to discussions to resolve the number of service stations in Australia.

Also, as promised, please find attached at Annex A for your consideration two case studies – one on the deployment of advanced LPG technologies in Australia and the other on LPG conversion barriers for new and used vehicles in Australia.

For your consideration.

Yours sincerely



John Griffiths
Manager Policy Development

Annex: A. Proposed LPG Australia case studies for the Alternative Transport Fuels Strategy

Distribution: Department of Resources, Energy and Tourism

For Information:

Members: LPG Australia Automotive Equipment Suppliers Committee
LPG Australia Secretariat

Most European LPG system suppliers are able to draw on engine management computer system test results for at least 30 to 50 models of vehicles supported by OEMs. If Australian suppliers were able to use these tests results the Australian motorist could have many more models of 4, 6 and 8 cylinder conversion kits available immediately, at little or no extra cost to consumers;

limited access to vehicle OEM specifications and technical data that inhibits the development of compatible LPG conversion kits;

a lack of support by vehicle OEMs and dealerships for vehicles converted to LPG including voiding of warranties and additional servicing costs; and

no national compliance and certification for persons performing LPG conversions, including compliance standards for equipment and the utilisation of certified kits.