18 May 2026

Engagement & Product Stewardship branch
Engagement Digital and Innovation division
NSW Environment Protection Authority

Submission via: ccp@epa.nsw.gov.au

Re: Response to EPA Options Paper - Ethanol

1. About ACAPMA

Established in 1976, ACAPMA is first and foremost an employer organisation that is formally recognised under Australian law as the industrial advocate for fuel marketing and fuel distribution businesses.

Today, the Association directly represents 95% of fuel distributors/wholesalers in the country and directly and indirectly (via franchisees and distributor-owned retailers) around 5,400 of the 8,100 service stations (i.e. 76%) operating in Australia.

The scope of ACAPMA's membership extends from the 'refinery gate' through to the forecourt of Australia's national network of service stations and petrol convenience outlets – including fuel importation, fuel wholesalers, distributors, retailers, and petroleum equipment and service suppliers.

ACAPMA's member businesses range from Australian-owned subsidiaries of international companies to large Australian-owned businesses, to independently owned mid-cap Australian companies, and small single retail site family-owned businesses.

Given the diversity of our membership base, ACAPMA strives to assemble an aggregate whole-of-industry perspective on key public policy and market regulation - with a view to providing policymakers and regulators with meaningful industry insights that are directly relevant to issues under consideration.

Given the wide variance in the market propositions (and market presence) of individual market participants, ACAPMA's aggregate whole-of-industry perspective should not be taken as necessarily being wholly representative of the position of any individual fuel retailer. It is therefore possible that one or more of ACAPMA's members may have an individual enterprise position that varies markedly from the one presented in this paper.

2. Response to the Options Paper

ACAPMA is greatly concerned with the options being considered by the EPA. At the core, this appears to be an environmental and industry policy masquerading as a fuel security policy.

If it truly is a fuel security issue the EPA is attempting to address, then the proposals being considered in the options paper will likely create significant complexity and cost for fuel wholesalers, distributers, retailers and consumers for a miniscule increase in Australia's fuel security.

Consumer preference

E10 is sold in just over 85% of the 2,734 service stations in New South Wales. Since being introduced in 2007, and currently having a 6% mandate, ethanol fuel has failed to be attractive to consumers. Apart from a spike in sales in March following the Middle East conflict, E10 sales typically sit in the 2.1% - 3.2% range for total unleaded fuels sold.

The fact that U91 outsells E10 by a factor for five, despite a cost differential, stands as stark evidence of where consumer preference lies. To believe a consumer 'education' campaign could change almost 20 years of perception of E10 is ambitious in the extreme. ACAPMA draws on market share as evidence to the point that these perception are 'rusted on' and an 'education' campaign will do little to shift the dial.

Underground Petroleum Storage Systems (UPSS) and infrastructure

The options paper notes that "most" underground petroleum storage systems (UPSS) were installed after 1999 and are therefore compatible with ethanol. While this broadly correct, in reality, it is unknown how many fibreglass tanks are pre-1999 in the service station ecosystem.

What is known however is that there remains a substantial number of service stations operating steel tanks that are 30 years old or more. Introducing ethanol into these tanks would almost certainly require costly tank replacement or relining, which is not a trivial or inexpensive exercise.

Even very low ethanol blends (such as E1) will have an interaction with older steel tanks can mobilise corrosion resulting in suspended solids along with associated maintenance and compliance implications. This also presents a material risk of fuel contamination for consumers.

Older service stations could be left only able to retail premium fuels. While the paper correctly notes that ethanol is not stored pre-blended at seaboard terminals, it doesn't recognise the role of regional depots in supplying smaller retail sites.

Many of these depots, and the downstream retailers they serve, do not have ethanol-compatible UPSS or the infrastructure required to handle blended fuels. Retrofitting depot pumps, loading gantries and truck pumps would involve very substantial cost.

The switching out of U91 for E10 would create enormous costs for fuel retailers and is not as easy as is being assumed. It is not only tanks that may need to be replaced of re-lined, but filters will need to be installed in bowsers and/or modifying dispensing equipment to accept filters.

It is known that fuel with an ethanol blend less than 5% is particularly suspectable to phase separation. The issue of phase separation could materially impact the use of E1 in boats, yachts, and jet skis. This would force the owners of these vessels and craft to use the more expensive U95 or U98. In addition, classic cars and newer performance vehicles are unable to use ethanol.

Tank replacement and re-lining

In terms of the cost or tank replacement, it is really varied and depends on:

- Site location (e.g. proximity to a water course and/or flood plain)
- Existing system (Single wall/double wall, fibreglass/Steel etc)
- Suction or Pressure system (manway or straight connected pipes)
- Size of the compartments
- Permit application writing and safety set up
- Range of products
- Needs of concrete cut and re-concreting
- If site needs dewatering (this could be too risky dependant on site condition and council regulations and might add another environmental risk to the project)
- Existing piping disconnection, isolation and re-piping (cutting of pipework etc)
- Condition of the existing equipment (connections, valves etc) if they can be re-usable or not.
- Installation and commissioning
- Cost of site shut down time (approximately one week per tank)

In terms of the tank cost itself, this also depends on the size and number of compartments and type of system (pressure or suction).

The price of a tank is only one cost component and does not include the significant costs involved in all of the associated works such as labour, concrete cutting, excavation, removal of the in-situ tanks, transport costs, installation of the replacement tanks etc. A possible additional cost is if the backfill is found to have any contamination, it cannot be re-used but disposed of at approved facility.

In addition, items such as overfill valves, dip drop tubes and manway upgrades are many thousands of dollars.

While not in the purview of the EPA, but nonetheless a factor that should be taken into consideration as a further costly and complicating factor, if service stations required to upgrade tank infrastructure should have the ability to proceed under an Exempt Development without the need for a full Council Development Approval, even where tank capacity is increased.

While Exempt Developments have traditionally applied to like-for-like replacements, the legacy model of multiple small tanks is no longer fit for modern service station operations, particularly where fuel resilience is the policy objective.

Similar to tank replacements, there are many variables (such as tank access) that go into the cost of re-lining tanks to make them able to safely store ethanol blended fuels.

Transport and supply chain

Fuel distributers and retailers in southern and western NSW source their inventory out of Melbourne and Adelaide where neither South Australia or Victoria have an ethanol mandate and there is no ability to source ethanol blended fuels from these terminals.

From a logistics and cost perspective, it is not feasible to source inventory from Sydney to supply these areas of NSW.

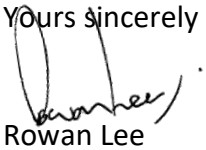
In addition, the Manildra terminal, the primary source of E100, currently operates with a single loading bay. Regardless of production capacity, ethanol loading is highly schedule dependent with trucks time-slotted for access. It is acknowledged that it was explained at the roundtable that the terminal would have to expand, this is worth mentioning as this will be a medium/long term expansion.

3. Conclusion

ACAPMA does not believe that the marginal increase in fuel supply and security offered by both options is worth the costs that would be imposed on small and family businesses. It would also risk to fuel equipment and infrastructure, and fly in the face of consumer preferences.

Should you require clarification of any of the material provided in this report in the meantime, please contact me on 0419 133 139 or by email via rowan@acapma.com.au.

Yours sincerely



Rowan Lee
Chief Executive Officer
ACAPMA