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FEDERAL BUDGET A BREAKTHROUGH FOR LOW CARBON FUELS

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The Australian Institute of Petroleum (AIP) welcomes the initiatives supporting low carbon fuels, announced tonight in the federal budget.

“Switching to low carbon fuels, such as renewable diesel and sustainable aviation fuel, is Australia’s great, untapped opportunity for cutting emissions”, said AIP CEO Malcolm Roberts.

“Australia uses more energy from liquid fuels – petrol, diesel and jet fuel – than any other energy source. Unfortunately, our dependence on liquid fuels comes with significant emissions. And, without policy change, these emissions are likely to increase.

“The federal government’s commitment to a thorough, public investigation of the merits of a low carbon fuel demand-side measure could be the circuit-breaker.

AIP supports the introduction of a Low Carbon Fuel Standard (LCFS) as the essential step to unlock demand for cleaner fuels. A LCFS would cut the emissions-intensity of the fuels sold into the Australian market.

In the United States, the EU and the UK, low carbon fuel standards and other policies spurred the uptake of cleaner fuels. These policies have started cutting emissions from hard-to-abate sectors, such as transport, and encouraged investment in new, cleaner technologies.

A LCFS complements other government policies, such as the NVES, by cutting emissions from existing vehicles.

AIP members are planning new production facilities and other projects but need assured local demand for their projects to proceed. A low carbon fuel standard would help unlock those major investments.

AIP also welcomes initiatives to support commercialisation of low carbon fuels, including additional funding to ARENA and support from the Government’s *Future Made in Australia* programs.

New funding to support environmental certification of low carbon fuels under the Guarantee of Origin scheme is important for ensuring consumer confidence.

“The package of measures announced tonight should lead to broader, faster emissions reduction across the economy.

AIP’s core members – Ampol, bp, Mobil Oil Australia and Viva Energy – supply around 90 per cent of Australia’s liquid fuels.

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