

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Climate Change and Energy

Fuel Quality Standards Act 2000

Fuel Quality Standards (Conventional Diesel) Determination 2025

Legislative Authority

The *Fuel Quality Standards Act 2000* (Cth) (the Act) provides the legislative framework for regulating the quality of fuel supplied in Australia. The Act seeks to reduce the level of pollutants and emissions arising from the use of fuel that may cause environmental and health problems; facilitate the adoption of better engine and emission control technology; allow the more effective operation of engines and ensure that, where appropriate, information about fuel is provided when the fuel is supplied.

Section 21 of the Act provides that the Minister may, by legislative instrument, determine a fuel standard in respect of a specified kind of fuel.

The *Fuel Quality Standards (Conventional Diesel) Determination 2025* is made for the purposes of the relevant provisions in section 21 of the Act.

Purpose

The purpose of the *Fuel Quality Standards (Conventional Diesel) Determination 2025* (the Determination) is to set out the parameters, specifications and testing methods for conventional diesel (formerly known as automotive diesel) and blends of conventional diesel and paraffinic diesel supplied in Australia. The Determination replaces the *Fuel Quality Standards (Automotive Diesel) Determination 2019* (the 2019 Automotive Diesel Determination).

Background

The 2019 Automotive Diesel Determination is being remade as part of a broader package of work to introduce a paraffinic diesel fuel quality standard for Australia.

Paraffinic diesel is a fuel that is predominantly made up of paraffinic hydrocarbons. It is used as an alternative to conventional diesel and can be made from a range of source materials. Renewable diesel is a type of paraffinic diesel that is made from renewable sources and is used as a low-carbon alternative to conventional diesel.

Under section 13 of the Act, the Minister may grant to any person an approval in writing that varies a fuel standard in a specified way in respect of specified supplies of the fuel (section 13 approval). Section 13 approvals to the 2019 Automotive Diesel Determination have been in place since 2022 to enable the supply of blends of automotive diesel and paraffinic diesel.

The 2019 Automotive Diesel Determination is being remade to allow fuel suppliers to supply of blends of conventional diesel and paraffinic diesel without applying for a section 13 approval. The policy rationale is that the final blend must meet the requirements in this Determination.

The Determination is being introduced concurrently with the *Fuel Quality Standards (Paraffinic Diesel) Determination 2025*, the *Fuel Quality Standards (Paraffinic Diesel) Information Standard 2025* and the *Fuel Quality Standards (Biodiesel) Determination 2025*.

Impact and Effect

The Determination introduces a new definition of ‘conventional diesel’ to differentiate from ‘paraffinic diesel’, which is defined in the *Fuel Quality Standards (Paraffinic Diesel) Determination 2025* that is being introduced concurrently. Fuel classed as ‘automotive diesel’ under the 2019 Automotive Diesel Determination, which does not meet the new definition of ‘paraffinic diesel’, will be classed as ‘conventional diesel’ under this Determination. This Determination regulates conventional diesel parameters in the same manner as the 2019 Automotive Diesel Determination. There are no changes to the parameters and testing methods for conventional diesel in this Determination from the 2019 Automotive Diesel Determination. Definitions are aligned across the legislative instruments being made concurrently as part of the broader package.

The Determination will also allow supply of any ratio of blends of conventional diesel and paraffinic diesel. This will remove administrative barriers for industry, ensure consistency of quality for consumers and ensure the effective operation of engines. This Determination may lead to an increase in the use of paraffinic diesel made with low-carbon feedstock, which would assist in lowering emissions across the Australian economy and help meet climate targets.

Consultation

Consultation with the Office of Impact Analysis

The Office of Impact Analysis (OIA) was consulted in October 2023 on the development of a paraffinic diesel standard under the Act. OIA advised that the introduction of a paraffinic diesel standard is unlikely to have a more than minor regulatory impact, and therefore the preparation of an Impact Analysis was not required (OIA23-05845).

As this Determination forms part of the package of legislative instruments that brings the paraffinic diesel standard into effect, an Impact Analysis was not prepared.

Public and industry consultation

Consultation was conducted on the regulation of paraffinic diesel and conventional diesel/paraffinic diesel blends between November 2023 and November 2024. In November 2023, the Department of Climate Change, Energy, the Environment and Water (the department) published a consultation paper: *‘Enabling supply of renewable diesel’*. The department received 44 submissions from the public, peak industry groups, individual

industry participants and government agencies. After consideration of comments from the public consultation process, the department undertook targeted consultation with key fuel and vehicle industry stakeholders. A further round of consultation was conducted in October–November 2024.

Consultation with the Fuel Standards Consultative Committee

Subsection 24A(1) of the Act provides that, with limited exceptions, the Minister must consult the Fuel Standards Consultative Committee (the Committee) prior to making a determination under section 21. In accordance with subsection 24A(1), on 4 February 2025, the Minister consulted with the Committee prior to making the Determination.

Details/ Operation

The Determination lists testing methods that are used to determine compliance with each parameter. These testing methods are identified in reference to codes developed by the international standards development organisations ASTM International, the European Committee for Standardization and the Energy Institute, and describe procedures that analytical laboratories must follow. The use of such testing methods is necessary and consistent with the Australian Government’s policy of harmonisation with international standards where appropriate. The testing methods are intended to be incorporated as in force at the time the Determination commences, in line with section 14 of the *Legislation Act 2003*.

The incorporated testing methods are publicly available and may be purchased on the websites of the relevant international standards development organisations. While access to the standards is not free of charge, it is expected that the standards mentioned in the Determination would be industry best practice and would already be widely used and accessed by affected members of industry. Therefore, it can be reasonably expected that those who comply with the standards outlined in the Determination already have access to those standards to carry out their business or meet their professional obligations.

Additionally, the department will make the incorporated testing methods available to view free of charge at its offices throughout Australia on request.

The Determination is a legislative instrument for the purposes of the *Legislation Act 2003*.

Consistent with subsection 21(5) of the Act, the Minister had regard to the objects of the Act in making this instrument. The Determination commences on the day after registration.

Details of the Determination are set out in Attachment A.

Other

The Determination is compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A full statement of compatibility is set out in Attachment B.

Details of the *Fuel Quality Standards (Conventional Diesel) Determination 2025*

Section 1 – Name

1. Section 1 provides that the name of the determination is the *Fuel Quality Standards (Conventional Diesel) Determination 2025* (the Determination).

Section 2 – Commencement

2. Section 2 provides that the Determination commences on the day after registration.

Section 3 – Authority

3. Section 3 provides that the Determination is made under section 21 of the *Fuel Quality Standards Act 2000* (the Act).

Section 4 – Definitions

4. Section 4 provides for definitions of the terms used in the Determination.
5. In the Determination, the definition of diesel has been replaced with the definition of ‘conventional diesel’ to provide clarity and to align with definitions in the *Fuel Quality Standards (Paraffinic Diesel) Determination 2025* (2025 Paraffinic Diesel Determination) which has been made concurrently. The definitions of ‘renewable diesel’ and ‘synthetic diesel’ have been removed as those fuels will be covered by the definition of ‘paraffinic diesel’ in the 2025 Paraffinic Diesel Determination.
6. A definition of ‘conventional diesel/paraffinic diesel blend’ has been added in this Determination to clearly define how fuels containing both conventional diesel and paraffinic diesel will be regulated. A fuel that is a blend of conventional diesel and paraffinic diesel and has a density between 765 and less than 820 kg/m³ is considered a conventional diesel/paraffinic diesel blend under this Determination. A fuel that is a mix of conventional diesel and paraffinic diesel with a density between 820 and 850 kg/m³ is considered a conventional diesel under this Determination.

Section 5 – Schedules

7. Section 5 provides that each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Section 6 – Fuel standard for diesel

8. The table in section 6 details the chemical and physical parameters and the specifications that must be met for each parameter before conventional diesel or conventional diesel/paraffinic diesel blends can be supplied for use in Australia.
9. The following parameters are specified to reduce emissions and therefore improve air quality and human health: sulfur, cetane index, derived cetane number, density and polycyclic aromatic hydrocarbons. Some of these parameters also affect engine and vehicle operability. For clarity, the specification for the cetane index at item 4 of

section 6 only applies to conventional diesel not containing biodiesel. Conventional diesel/paraffinic diesel blends that do not contain biodiesel are not required to have a cetane index of 46 minimum.

10. The following parameters are specified to ensure that engines can operate optimally, which ensures the best efficiency and lowest emissions from tailpipes: ash content, biodiesel content, carbon residue, copper corrosion, distillation, filter blocking tendency, kinematic viscosity, lubricity, oxidation stability, water and sediment, and water.
11. The following parameters are specified for safety and handling purposes: flash point and conductivity.
12. No change has been made to the conventional diesel parameters previously regulated as diesel by the 2019 Automotive Diesel Determination.
13. Additional specifications for density, lubricity and derived cetane number have been included in this Determination to regulate the quality of conventional diesel/paraffinic diesel blends. These new specifications apply only to conventional diesel/paraffinic diesel blends with a density between 765–820 kg/m³. Conventional diesel and blends containing conventional diesel and paraffinic diesel with a density between 820–850 kg/m³ must meet the specifications for conventional diesel.
14. Any biodiesel component of conventional diesel or a conventional diesel/paraffinic diesel blend must meet the requirements of the *Fuel Quality Standards (Biodiesel) Determination 2025* prior to being blended.
15. Any conventional diesel component of a conventional diesel/paraffinic diesel blend must meet the requirements of this Determination prior to being blended with paraffinic diesel.
16. Any paraffinic diesel component of a conventional diesel/paraffinic diesel blend must meet the definition of ‘paraffinic diesel’ in the 2025 Paraffinic Diesel Determination as well as the specifications listed in the table at subsection 6(6) of this Determination. These requirements ensure that the paraffinic diesel component of the blend is a diesel that is paraffinic in nature.

Schedule 1 – Repeals

Fuel Quality Standards (Automotive Diesel) Determination 2019

Item 1 – The whole of the instrument

1. Item 1 of Schedule 1 repeals the 2019 Automotive Determination. The Determination replaces the 2019 Automotive Determination.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Fuel Quality Standards (Conventional Diesel) Determination 2025

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The *Fuel Quality Standards (Conventional Diesel) Determination 2025* (the Determination) sets out the parameters, specifications and testing methods for conventional diesel and conventional diesel/paraffinic diesel blends supplied in Australia.

Human rights implications

The Determination engages the right to health in Article 12(1) of the International Covenant on Economic, Social and Cultural Rights (the ICESCR).

Right to health

Article 12(1) of the ICESCR makes provision in relation to the right to health, specifically the right to the enjoyment of the highest attainable standard of physical and mental health. Article 12(2)(b) includes the improvement of all aspects of environmental hygiene as a step to be taken to achieve the full realisation of the right to health. In its *General Comment No 14 (August 2000)*, the United Nations Committee on Economic, Social and Cultural Rights stated that this encompasses the prevention and reduction of human exposure to harmful substances (at [15]).

The Determination seeks to promote the right to health under Article 12 of the ICESCR by allowing the supply of blends of conventional diesel and paraffinic diesel of any ratio. This will remove administrative barriers for industry, ensure consistency of quality for consumers and ensure the effective operation of engines. This Determination may lead to an increase in the use of paraffinic diesel made with low-carbon feedstock, which would assist in lowering emissions across the Australian economy and help meet climate targets.

Conclusion

This Legislative Instrument is compatible with human rights as it promotes the right to health.

The Hon. Chris Bowen MP

Minister for Climate Change and Energy