

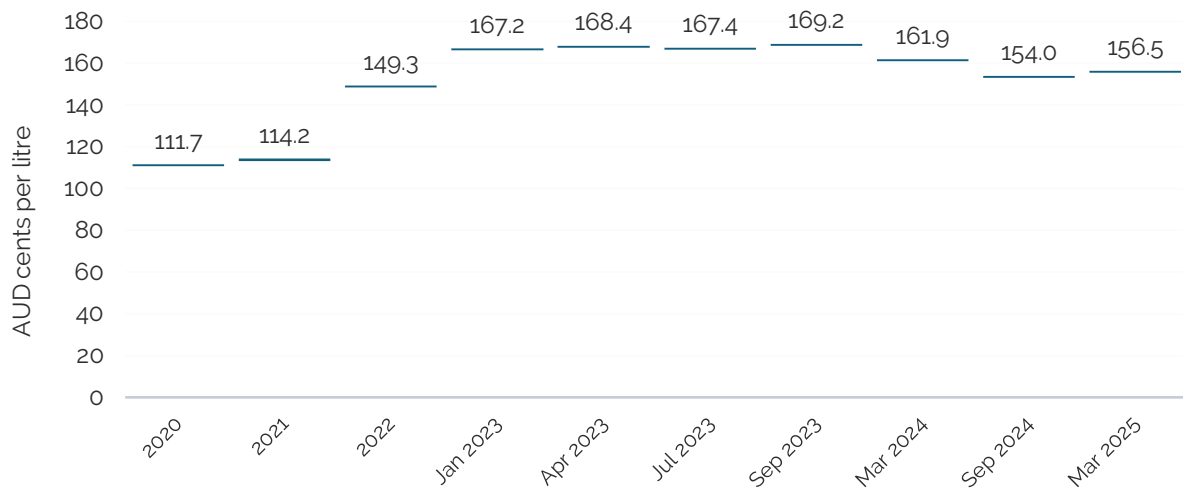
Wholesale price for fuel ethanol

20 February 2025

1 Determination

IPART has determined that a reasonable wholesale price for fuel ethanol starting from 1 March 2025 is 156.5 cents per litre (excluding GST). This is up from 154.0 cents in September 2024 (Figure 1).

Figure 1 Determined wholesale fuel prices for fuel ethanol (ex GST, \$nominal)



Note: Between 2020 and 2022 IPART determined the wholesale price annually. Due to significant price volatility following COVID, we made quarterly determinations over 2023. In September 2023, we decided to do 6-monthly updates as the ethanol price had stabilised. For more information on how often we set prices, please see our [September 2023 determination](#).

Source: IPART import price parity model.

2 Changes in the determined wholesale price

The wholesale price is determined based on a 9-month average (up until one month prior to the commencement of the pricing period) of weekly import parity price estimates, using the lowest cost origin for ethanol for each week from either the US or Brazil.^a The price model is available on our [website](#).

The March 2025 determined price of 156.5 cents per litre is 2.5 cents or 1.6% higher than the previous period. The rise in the price in March is mainly due to a slight increase in the mill-gate

^a We use the 9-month average of all cost inputs except for fuel excise and wharfage, where we instead apply the rates that will apply at the beginning of the determination period.

price and origin country freight cost (see Table 1 and Figure 2). The origin country freight cost was higher as local transport in the US tends to be more costly, and the US mill-gate price was the lowest priced origin for wholesale ethanol for almost 90% of the Import Parity Price averaging period (up from around 70% last averaging period).

Table 1 Determined wholesale price for fuel ethanol from 1 March 2025 (AUD cents per litre, ex GST, \$nominal)

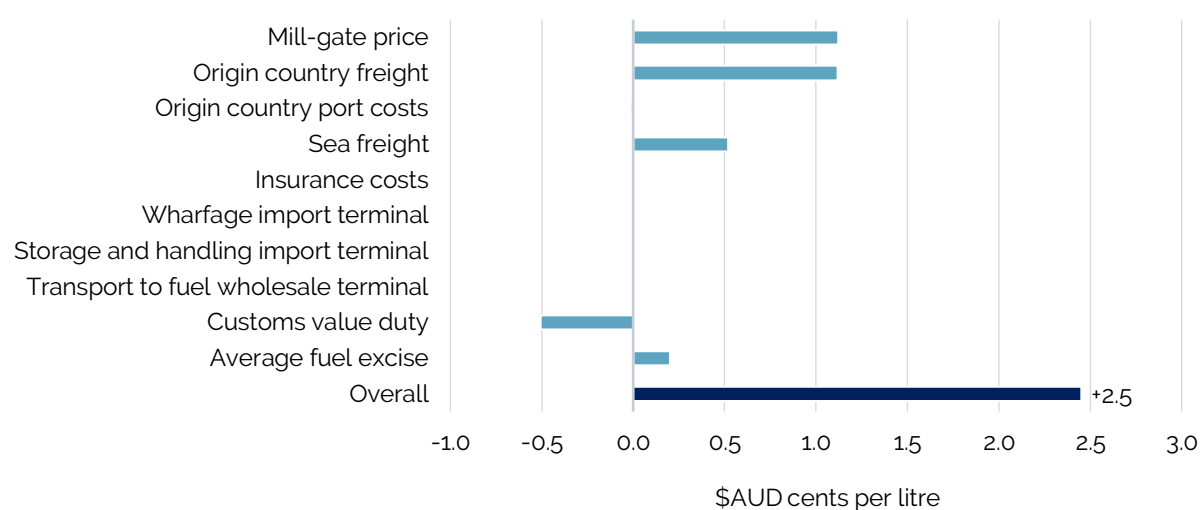
Cost component	1 Sep 2024	1 Mar 2025	Change	% of the index ^a
Total free on board (FOB) price	79.3	81.5	2.2	52%
Mill-gate price	65.2	66.3	1.1	42%
Origin country freight	9.7	10.8	1.1	7%
Origin country port costs	4.4	4.4	0.0	3%
Total transit costs	23.2	23.7	0.5	15%
Sea freight	18.1	18.6	0.5	12%
Insurance costs	0.4	0.4	0.0	0%
Wharfage import terminal	0.2	0.2	0.0	0%
Storage and handling import terminal	3.0	3.0	0.0	2%
Transport to fuel wholesale terminal	1.5	1.5	0.0	1%
Total landing costs (taxes)	51.5	51.2	-0.3	33%
Customs value duty	0.9	0.4	-0.5	0%
Average fuel excise	50.6	50.8	0.2	32%
Total import parity price delivered to wholesale terminal (ex GST)	154.0	156.5	2.5	100%

a. As at 1 March 2025.

b. Numbers may not add to totals due to rounding.

Source: IPART import parity price model.

Figure 2 Changes in the wholesale price components for March 2025 (ex GST)



Source: IPART import parity price model.

3 Why we set the wholesale price for ethanol

Under the *NSW Biofuels Act 2007* (Biofuels Act), fuel sellers must ensure that 6% of fuel sold is ethanol. This means that 60% of fuel sales are required to be E10 (which is made up of 10% ethanol, and 90% unleaded fuel).

Fuel sellers can be exempt from this requirement on various grounds. Since 2017, one of the grounds of exemption is that the wholesale price of fuel ethanol paid by retailers exceeds [the reasonable wholesale price determined by IPART](#).

4 How we set prices

Our approach to determining a reasonable wholesale price depends on the level of competition in retail and wholesale markets. Where there is effective competition in one or both of these markets, customers will be protected from excessive prices.

In the NSW retail market, around 21% of the fuel sales were E10 in 2024.¹ E10 competes with regular unleaded petrol ("U91") and premium fuels. This limits the price that suppliers can charge for ethanol. If the wholesale price of ethanol is too high, the retail price of E10 would rise and customers would switch to other fuels.

We set wholesale prices based on an estimate of the market price of importing ethanol (the "import parity price" or "IPP"). This approach reduces the risk of the determined wholesale price being set too low, which could impact the financial viability of ethanol suppliers and discourage new entry.

We adopted this approach in 2016 while taking into account the matters in the Biofuels Act, and extensive consultation with stakeholders. Since then, we have periodically reviewed our approach and sought stakeholder feedback.

Further information on our methodology and why we consider this is the most appropriate approach is available on our [website](#).

¹ Department of Climate Change, Energy, the Environment and Water, *Australian Petroleum Statistics – Data Extract November 2024 (re-issued)*, accessed February 2025.