Australian autogas ... past, present and future

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Presentation agenda

- Australian autogas history
  - 1970’s to 2000
- Australian autogas history
  - 2000 to 2010
- Current Policy Environment
- Industry Growth Objectives and Strategy
- Lessons from Australia
LPG as a Vehicle Fuel - The Fundamentals

Community benefits of fuel security and lower emissions

Benefits to motorists to offset the incremental investment in LPG

POLICY DRIVEN MARKET
Australian autogas fundamentals

- Australia introduced policies in the 1970’s to promote the use of LPG due to the oil crisis.
- Australia is oil short, LPG & gas long
- International pricing for all petroleum fuels, including LPG
- Relatively low excise applied to petrol and diesel (currently 38 c/litre)
- Alternative fuels exempt from excise
Australian autogas 1970 to 2000

- LPG autogas grew rapidly from taxi, small commercial vehicles to private vehicles.
- Retail network grew to 3000 sites by early 1990’s.
- 500,000 LPG vehicles (5% of light fleet).
- All retrofit - cost paid by consumer, benefit of lower fuel costs.
- Conversions and LPG usage rose when oil price high.
- No other alternative fuel successful (CNG for some bus fleets only).

MARKET DRIVERS – ZERO EXCISE, EXTENSIVE CONVERSION & RETAIL NETWORKS
Australian autogas 2000 to 2010

- Government announced in 2001 that alternative fuels would have excise applied.
- LPG Association won campaign to defer excise to 2011
- LPG conversions returned to growth
- OEM involvement for first time
- 2006 – Government rebate scheme for private motorists of A$2,000 towards cost of LPG Conversion
- LPG autogas conversions surged.
- LPG now available on half of all service stations

MARKET DRIVERS – ZERO EXCISE & GRANTS
New LPG Vehicle numbers
(Total light vehicle population 10 million, LPG vehicle population 650,000)

All LPG Autogas Vehicles Per Annum 2003 - 2010

- OEM (V-Facts)
- LPG Retrofit Non-Scheme
- LPG Vehicle Scheme (LVS) grants

Rebate introduced in August 2006
LPG Grant Vehicle Conversions vs LPG-petrol price Differential

LVS Grants vs. ULP / LPG retail price differential
(Source FUELtrac data and Aus Industry Grants)

- Monthly LVS Grants Paid Includes OEM
- Price Difference ULP v LPG acpl

LPG Australia Commercial-in-Confidence
LPG Grant Vehicle Conversions vs Retail Petrol Price

LVS Grants vs. ULP retail price
(Source FUELtrac data and Aus Industry Grants)

ULP at 140 acpl

Monthly LVS Grants Paid includes OEM

Av National ULP Price

LPG Australia Commercial-in-Confidence
Current Policy Status

- Application of excise from end 2011 proposed – 2.5c/l, growing to 12.5c/l in 2015
- Grants being phased out
- Government fiscal objective – revenue, plus reluctance to see any fuels outside the tax regime
- Australian Greenhouse policy in disarray
- Government fuels policy incomplete
Recognised Strategic Policy Imperatives for Australia – Drivers of Alternative Fuel Policy

**Energy Security**
- Australia’s oil self-sufficiency was 54% in 2007
- Forecasts say will be below 20% by 2030
- The net trade deficit will increase five-fold by 2030
- Increased fuel prices impacting the economy

**Greenhouse**
- Transport accounts for 14.0% of national GHG emissions
- 84% of the GHG emissions from transport are road transport
- Over the last 10 years GHG emissions from road transport grew 16.6%
- They are forecast to grow by 37% between 2005–06 and 2025–26

*Increased national risk*
Challenging Time for Autogas Industry, now 40 years old

- Low vehicle conversions – below sustainability
- Flat autogas sales
- Policy uncertainty and threat

KEY STRENGTH – INDUSTRY HAS MAINTAINED STRONG AND WIDESPREAD POLITICAL AND POLICY RELATIONSHIPS
Future directions 2030

A roadmap for the Australian LPG vehicle industry
Australia’s transport fuel outlook
Industry Strategy

The ROADMAP:

1. Demonstrates energy security & greenhouse benefits
2. Promotes Industry-Government Partnership
3. Advocates that transport fuels policy has objective for LPG to be 10% of light vehicle fuels
4. Advocates reduced or delayed excise
5. Advocates investment in OEM LPG vehicle production, upgrading of LPG vehicle filling technology, public education
Our Task

• Establish 10% by 2030 objective in policy (doubles current volumes)
• “Vehicle” part of industry to deliver our potential for low emissions and efficiency
• Fuel part of industry to maintain plentiful infrastructure, quality fuel, and upgrade filling and dispensing technology
Lessons from 40 years of Autogas in Australia

- Always have a clearly enunciated policy
- Always understand the community v’s motorist benefit equation. Differs country to country.
- Maintain strong political and policy relationships, even if all seems well
- Ensure good quality conversions/OEM engines
- Make sure claimed emission benefits are delivered
- Have both OEM and retrofit sectors
Australian autogas ... up, up and away