
**Technology, Energy & Communications
Committee**

HB 2504

Brief Description: Concerning minimum renewable fuel content requirements.

Sponsors: Representatives Eddy, Morris, Van De Wege, McCoy, Haler, Chase, Armstrong, Schmick, Walsh, Hunt, Kessler, Ormsby and Short.

Brief Summary of Bill

- Changes the Renewable Fuel Standard (RFS) for biodiesel from a two percent of diesel sales standard to a minimum of two percent biodiesel fuel by volume standard.
- Eliminates the RFS for ethanol.

Hearing Date: 1/14/10

Staff: Kara Durbin (786-7133).

Background:

Biodiesel is a non-petroleum diesel fuel produced from renewable resources such as vegetable oils, animal fats, and recycled cooking oils. It can be blended with petroleum diesel or used as a pure product (known as B100).

Renewable Fuel Standards.

A Renewable Fuel Standard (RFS) requires that a certain percentage of motor fuel be obtained from renewable sources such as ethanol or biodiesel. Several states have a RFS or have passed legislation requiring state agencies to use biodiesel in their operations.

In 2005, the Environmental Protection Agency (EPA) was directed to design a federal RFS program. This program requires a minimum volume of renewable fuel be used each year in the transportation sector. These volumetric requirements increase annually and range from a 12.95 billion gallon requirement in 2010 to a 36 billion gallon requirement in 2022. Beginning in

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2013, a certain percentage of the total renewable fuels requirement must be met with biomass-based biodiesel, cellulosic biofuels, and advanced biofuels.

In 2006, Washington adopted a state RFS for biodiesel and ethanol use. Certain special fuel licensees must provide evidence to the Department of Licensing that at least two percent of the total annual diesel fuel sold in Washington is biodiesel or renewable diesel fuel. This requirement will increase to five percent 180 days after the Director of the Washington State Department of Agriculture (WSDA) determines that in-state feedstocks and oil-seed crushing capacity can meet a 3 percent requirement.

In addition, at least 2 percent of the total gasoline sold in the state must be denatured ethanol. Motor vehicle fuel licensees must provide evidence to the Department of Licensing that this standard has been met. This ethanol requirement may be increased if: (1) the Director of the Department of Ecology determines that this increase would not jeopardize the state's continued attainment of federal Clean Air Act standards; and (2) the Director of the WSDA determines that the state can economically support the production of higher ethanol blends.

To date, the WSDA has not made a determination that in-state feedstocks and oil-seed crushing capacity can meet a 3 percent requirement.

Biofuel and Electricity Use by State Agencies.

State agencies are required to use a minimum of 20 percent biodiesel as compared to total volume of all diesel purchases made by the agencies. During the 2009-2011 biennium, the Washington State Ferries (WSF) is required to use a minimum of 5 percent biodiesel as compared to total volume of all diesel purchases by the WSF if the per gallon price of B5 (5% biodiesel) does not exceed the per gallon price of diesel by more than 5 percent.

By June 1, 2013, forty percent of state agency and local government fleet fuel use must be met by electricity or biofuels, to the extent determined practicable by the Department of Commerce. Beginning June 1, 2015, 100 percent of state agency and local government fleet fuel use must be met by electricity or biofuels, to the extent practicable. The Department of Commerce may suspend the 100 percent requirement after 2015 if it determines that 100 percent usage is not practicable.

Summary of Bill:

Changes to the Renewable Fuel Standard.

All diesel fuel sold or offered for sale in Western Washington must contain at least two percent biodiesel fuel or renewable diesel fuel by volume beginning August 1, 2010. In Eastern Washington, all diesel fuel sold or offered for sale must contain at least two percent biodiesel fuel or renewable diesel fuel beginning October 1, 2010. The Renewable Fuel Standard (RFS) for ethanol is eliminated.

If the Director of the Washington State Department of Agriculture (WSDA) determines that at least 25 million gallons of biodiesel has been produced over the preceding 12 months using feedstock grown or produced in Washington, Oregon, Idaho, and Montana, then the requirement will increase to five percent biodiesel fuel or renewable diesel fuel by volume.

These requirements do not apply to fuel sold or offered for sale for use by railroad locomotives or marine engines.

Motor Fuel Standards.

The Director of the WSDA must adopt by rule standards for motor fuel. These standards may be part or all of the American Society for Testing and Materials (ASTM) standards, standards from the National Institute of Standards and Technology (NIST) handbook, or federal Environmental Protection Agency standards.

Reporting.

Each biodiesel producer in Washington must document the quantity of biodiesel produced, including the quantity produced from agricultural and nonagricultural feedstocks grown in Washington, Oregon, Idaho and Montana.

The Director of the WSDA will have access to these records and may adopt rules to implement the documentation requirements. Any failure to maintain records or submit production and sales information to the WSDA may result in penalties.

Information in these records that can be identified to a particular business is not subject to public disclosure. Provisions that prohibit the Department of Licensing from releasing fuel information are removed.

Other Changes.

The 2008 biodiesel and ethanol supply determination requirements are removed. The Biofuels Advisory Committee is terminated.

Appropriation: None.

Fiscal Note: Requested on January 10, 2010.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.