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**Technology, Energy & Communications  
Committee**

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**HB 2740**

**Brief Description:** Concerning minimum renewable fuel content requirements.

**Sponsors:** Representatives Liias, Van De Wege, Eddy, Fitzgibbon and Hudgins.

**Brief Summary of Bill**

- Changes the existing renewable fuel standard for biodiesel.
- Requires all diesel fuel sold in the state for use in motor vehicles upon the highways of the state to contain at least 5 percent biodiesel fuel or renewable diesel fuel by volume.
- Eliminates the renewable fuel standard for ethanol.

**Hearing Date:** 1/31/12

**Staff:** Scott Richards (786-7156).

**Background:**

The state Motor Fuel Quality Act, enacted in 1990, adopted motor fuel standards, authorized the Washington State Department of Agriculture (WSDA) to set state fuel standards, and established a sampling, testing, and enforcement program administrated by the WSDA. Washington's Renewable Fuel Standard was enacted in 2006.

It requires that at least 2 percent of diesel fuel annually sold in Washington must be biodiesel or renewable diesel fuel. This requirement will increase to at least 5 percent if the WSDA determines that both in-state feedstock and oilseed crushing capacity can satisfy a 3 percent requirement. This in-state threshold has not been met.

In addition, at least 2 percent of the total gasoline sold in the state must be denatured ethanol. This ethanol requirement may be increased if the WSDA determines: (1) an increase would not

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jeopardize the state's continued attainment of federal Clean Air Act standards; and (2) the state can economically support the production of higher ethanol blends.

State agencies generally must use at least 20 percent biodiesel compared to the total volume of agency diesel purchases. The use requirement for Washington State Ferries (WSF) generally has been 5 percent or less. In September 2011 the Department of General Administration reported that biodiesel purchases by state agencies other than the WSF from January through June 2011 constituted 12 percent of total diesel purchased. Biodiesel purchases by WSF constituted 2.6 percent of total diesel purchased.

#### State Energy Strategy

The 2012 State Energy Strategy chose transportation as a major area of emphasis and called for requiring a universal 5 percent biodiesel or renewable diesel content in diesel as way to increase transportation efficiency while reducing carbon emissions.

#### **Summary of Bill:**

##### Changes to the Renewable Fuel Standard.

Beginning October 1, 2012, all diesel fuel sold or offered for sale in Washington for use in motor vehicles upon highways of the state must contain at least 5 percent biodiesel fuel or renewable diesel fuel by volume. The existing requirement that at least 2 percent of diesel fuel annually sold in Washington must be biodiesel or renewable fuel is deleted.

After July 1, 2020, the WSDA will review these requirements and recommend to the Legislature whether the requirements should be extended to other diesel fuel.

The Department of Licensing's authority to adopt renewable fuel standard enforcement and implementation rules is deleted. The WSDA retains its authority to adopt renewable fuel standard enforcement and implementation rules.

##### Recordkeeping.

Washington biodiesel producers must document the quantity of biodiesel produced, including the quantity produced from feedstock grown or produced in Washington. This documentation must be submitted to the WSDA. Failure to maintain records or submit information to the WSDA is a violation of the Motor Fuel Quality Act and may result in criminal misdemeanor or civil penalties.

The WSDA will have access to these records and may adopt rules to implement the documentation requirements.

##### Public Records Exemption.

Biodiesel production and sales information that can be identified to a particular business is exempt from public disclosure.

##### Penalties.

The WSDA may not assess a civil penalty for a violation of the Renewable Fuel Standard (RFS) requirements until the Department of Enterprise Services (DES) certifies that state agencies are meeting the state RFS requirements. If state agency usage falls below the minimum state RFS

requirements, a violator is not subject to civil penalties until the DES certifies that state agencies are meeting the state renewable fuel standard requirements.

Ethanol Requirement.

A provision in state law requiring that at least 2 percent of gasoline sold in Washington must be denatured ethanol is removed.

Motor Fuel Standards.

The WSDA may adopt American Society for Testing and Materials (ASTM) standards, National Institute of Science and Technology (NIST) standards, and federal Environmental Protection Agency standards for motor fuel by rule.

Labeling.

Labeling requirements for biodiesel are removed. The WSDA may require labeling of fuel pumps offering an ethanol blend or a biodiesel blend, but is not obligated to require that fuel pumps contain a label stating the percentage of ethanol or biodiesel being offered.

Other provisions.

The Biofuels Advisory Committee is eliminated. Obsolete provisions regarding 2008 biodiesel and ethanol supply determination requirements are removed.

**Appropriation:** None.

**Fiscal Note:** Requested on January, 30, 2012.

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