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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

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A N A C T

RELATING TO MOTOR AND OTHER VEHICLES - CLEAN ENERGY BIOFUELS

Introduced By: Representatives M Rice, Naughton, Handy, Ferri, and Marcello

Date Introduced: January 12, 2010

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1 SECTION 1. Statement of intention and purpose. The intent and purpose of this act is to
2 provide forthwith for the immediate production and use of clean biofuels to reduce oil
3 dependence and greenhouse gas emissions in the state of Rhode Island.

4 SECTION 2. Chapter 31-36 of the General Laws entitled “Motor Fuel Tax” is hereby
5 amended by adding thereto the following sections:

6 **31-36-1.2. Additional definitions. – (a) In addition to definitions set forth in section 31-**
7 **36-1, as used in this chapter, the following words shall, unless the context otherwise requires,**
8 **have the following meanings:**

9 (1) “Average price” means the weighted average selling price per gallon of fuel
10 exclusive of federal and state motor fuel taxes imposed thereon sold by licensees, as determined
11 by the administrator on a consistent basis from information furnished by distributors, unclassified
12 exporters and unclassified importers with their monthly returns and from other statistical data
13 reflecting the average level of such prices at the time such determination is made.

14 (2) “Cellulosic biofuel” means fuel that may be used in place of petroleum-based fuel
15 derived from cellulose, hemicellulose or lignin derived from renewable biomass.

16 (3) “Department” means the department of revenue.

17 (4) “Distributor” means and shall include: (i) any person qualified to do business in the
18 state who produces, refines, manufactures or compounds fuel, or any person who operates a port
19 or pipeline terminal within the state for the receipt of fuel; and (ii) any person who elects to

1 qualify as a distributor by importing into the state or by receiving within the state fuel by pipeline,
2 vessel, tank car or tank truck lots, for resale in pipeline, vessel, tank car or tank truck lots;
3 provided, that no person under subsection (a)(4)(11) herein shall qualify as a distributor unless his
4 or her facility is/are regularly used for the receipt and storage of fuel, and are such that not less
5 than 25,000 gallons may be stored in the aggregate, at one (1) location within the state; and
6 provided, further, that at least seventy –five percent (75%) of the fuel imported or received by
7 him/her is sold to others for resale exclusive of sales to government instrumentalities.

8 (5) “Eligible cellulosic biofuel” means cellulosic biofuel that yields at least a sixty
9 percent (60%) reduction in lifecycle greenhouse gas emissions relative to average lifecycle
10 greenhouse gas emissions for petroleum based fuel sold in 2005, as determined by the department
11 in consultation with the department of environmental management and the office of energy
12 resources.

13 (6) “Feedstock” means raw material used to produce a fuel.

14 (7) “Fuel,” in addition to the meaning provided in section 31-36-1, also means all
15 products commonly or commercially known or sold as gasoline, including casing-head and
16 absorption or natural gasoline, regardless of their classification or uses; and any liquid prepared,
17 for American Society Testing Materials Method D-86, not more than nine percent (9%) at 176°
18 Fahrenheit, and which have a distillation range of 150° Fahrenheit, or less, or liquefied gases
19 which would not exist as advertised, offered for sale, or sold for use as or commonly and
20 commercially used as a fuel in internal combustion engines, which when subjected to distillation
21 in accordance with the standard method of test for distillation of gasoline, naphtha, kerosene and
22 similar petroleum products (American Society for Testing Materials Designation D-86) show not
23 less than ten percent (10%) distilled (recovered) below 347° Fahrenheit (175° Centigrade) and
24 not less than ninety-five percent (95%) distilled (recovered) below 464° Fahrenheit (240°
25 Centigrade); provided, that the term “fuel” shall not include industrial solvents or naphthas which
26 distill, by said American Society liquids at a temperature of sixty degrees (60°) Fahrenheit and a
27 pressure of 14.7 pounds per square inch absolute.

28 (8) “Lifecycle greenhouse gas emissions” means the aggregate quantity of greenhouse
29 gas emissions, including direct emissions and significant indirect emissions such as significant
30 emissions from and use changes, as determined by the department in consultation with the
31 department of environmental management and the office of energy and resources, related to the
32 full fuel lifecycle, including all stages of fuel and feedstock production and distribution, from
33 feedstock generation or extraction through the distribution and delivery and use of the finished
34 fuel to the ultimate consumer, where the mass values for all greenhouse gases are adjusted to

1 account for their relative global warming potential.

2 (9) “Low carbon fuel standard” means a requirement that the average lifecycle
3 greenhouse gas emissions attributable to use of energy in an economic sector are equal to or less
4 than a specified numeric level, or a similar standard or system, such as the requirement contained
5 in California Executive Order S-1-07. The level may be stated as units of greenhouse gas
6 emissions per unit of delivered energy, corrected for differences in the efficiency of the energy in
7 the particular end use; for example the difference between efficiency of a gasoline engine and an
8 electric motor in powering a vehicle. The standard may apply to energy used in motor vehicles
9 or to another energy consuming sector.

10 (10) “Motor vehicle” means any vehicle propelled by any power other than muscular,
11 except boats, tractors used exclusively for agricultural purposes and such vehicles as run only on
12 rails or tracks.

13 (11) “Purchaser”, in addition to the meaning provided in section 31-36-1, shall also
14 include a distributor and unclassified importer in the case of a transfer of fuel by a distributor or
15 an unclassified importer into a motor vehicle, or into a receptacle from which fuel is supplied by
16 him to his own or other motor vehicles.

17 (12) “Renewable biomass” shall mean a non-fossil fuel based material, including:
18 planted crops; crop residues; planted trees and tree residues from sustainable managed forests;
19 waste materials including animal waste, animal by-products, organic portions of municipal solid
20 waste, grease trap waste, construction and demolition debris; and algae, or as otherwise
21 determined by the department, in consultation with the department of environmental management
22 and the office of energy resources.

23 (13) “Sale” shall include, in addition to its usual meaning, the transfer of fuel by a
24 distributor or an unclassified importer into a motor vehicle or into a receptacle from which fuel is
25 supplied by him to his own or other motor vehicles.

26 (14) “Unclassified importer” means any person who imports or causes to be imported
27 fuel, as herein defined, for use, distribution or sale in the state, but who does not qualify as a
28 distributor.

29 (15) “Unclassified exporter” means any person licensed as a distributor in another state
30 who exports or causes to be exported fuel, as herein defined, for use, distribution or sale outside
31 the state, but who does not qualify as a distributor.

32 (16) “Waste feedstock” means previously used or discarded solid, liquid or contained
33 gaseous material with heating value resulting from industrial, commercial or household food
34 service activities that would otherwise be stored, treated, transferred or disposed. Waste

1 feedstock shall include, but not be limited to: waste vegetable oils, waste animal fats, substances
2 derived from wastewater and the treatment of wastewater or grease trap waste. Waste feedstock
3 shall not include petroleum-based waste or waste that otherwise meets the definition of hazardous
4 waste, unless otherwise determined by the department of environmental management.

5 **31-36-1.3. Separate tax rate for certain biofuels. --** (a) Notwithstanding the tax and
6 rate of tax imposed under the provisions of this chapter for fuels, including, but not limited, to
7 any rate set forth in section 31-36-7, for fuel consisting of eligible cellulosic biofuel or of a blend
8 of gasoline and eligible cellulosic biofuel, the tax per gallon shall be reduced in proportion to the
9 percentage of the fuel content consisting of eligible cellulosic biofuel, measured by available
10 energy content, as determined by the administrator in consultation with the department of
11 environmental management and the office of energy resources.

12 (b) Manufacturers and wholesale distributors of cellulosic biofuel who seek to have their
13 fuel classified as eligible cellulosic biofuel shall provide documentation satisfactory to the
14 administrator that such fuel yields at least a sixty percent (60%) reduction in lifecycle greenhouse
15 gas emissions per unit of delivered energy, in comparison to the petroleum-based fuel displaced.

16 (c) In determining the percentage reduction in lifecycle greenhouse gas emissions
17 relative to petroleum-based fuel achieved by particular supplies of cellulosic biofuel, the tax
18 administrator, in consultation with the department of environmental management and the office
19 of energy resources, shall use information and best practices available from other sources,
20 including other states, the federal government, foreign governments, academic research, and
21 private and non-profit organizations.

22 (d) If the administrator determines, through an initial review, that a waste feedstock will
23 yield at least a sixty percent (60%) lifecycle greenhouse gas reduction, is free of hazardous
24 materials and hazardous waste, and meets any other conditions established by the department, the
25 department may exempt fuel produced from such a feedstock from a full lifecycle greenhouse gas
26 emissions analysis.

27 (e) The administrator, in consultation with the department of environmental management
28 and the office of energy resources, shall promulgate rules and regulations necessary to carry out
29 the provisions of this section.

30 SECTION 3. Title 31 of the General Laws entitled "MOTOR AND OTHER
31 VEHICLES" is hereby amended by adding thereto the following chapters:

32 CHAPTER 31-37.1

33 SALES OF PETROLEUM DISTILLATE SUBSTITUTE FUELS

34 **31-37.1-1. Definitions.**—(a) As used in this chapter, the following words shall have the

1 following meanings:

2 (1) “BQ-9000” means the National Biodiesel Accreditation Program for producers and
3 marketers of biodiesel fuel, operated by the National Biodiesel Accreditation Commission.

4 (2) “Director” means the director of the department of environmental management.

5 (3) “Department” means the department of environmental management.

6 (4) “Eligible petroleum distillate substitute fuel” means petroleum distillate substitute
7 fuel that yields at least a fifty percent (50%) reduction in lifecycle greenhouse gas emissions
8 relative to average lifecycle greenhouse gas emissions for petroleum distillate fuel sold in 2005,
9 as determined by the department, in consultation with the office of energy resources.

10 (5) “Feedstock” shall mean the raw material used to produce a fuel.

11 (6) “Lifecycle greenhouse gas emissions” shall mean the aggregate quantity of
12 greenhouse gas emissions, including direct emissions and significant indirect emissions such as
13 significant emissions from land use changes, as determined by the department related to the full
14 fuel lifecycle, including all stages of fuel and feedstock production and distribution, from
15 feedstock generation or extraction through the distribution and delivery and use of the finished
16 fuel to the ultimate consumer, where the mass values for all greenhouse gases are adjusted to
17 account for their relative global warming potential.

18 (7) “Low carbon fuel standard” means a legal requirement that the average lifecycle
19 greenhouse gas emissions attributable to use of energy in an economic sector are equal to or
20 below a specified numeric level, or a similar standard or system, such as the requirement
21 contained in California Executive Order S-1-07. The level may be stated as units of greenhouse
22 gas emissions per unit of delivered energy, corrected for differences in the efficiency of the
23 energy in the particular end use; for example the difference between efficiency of a gasoline
24 engine and an electric motor in powering a vehicle. The standard may apply to energy used in
25 motor vehicles or to another energy consuming sector.

26 (8) “Petroleum distillate substitute fuel” means fuel that is derived predominantly from
27 renewable biomass; and meets American Society for Testing and Materials specifications for use
28 in home heating applications, or such other quality certification standards as are approved by the
29 department. For industrial and commercial applications, the department may substitute
30 operational performance requirements that it determines are acceptable.

31 (9) “Renewable biomass” means non-fossil fuel based material, including: planted
32 crops; crop residues; planted trees and tree residues from sustainable managed forests; waste
33 materials including animal waste, animal by-products, organic portions of municipal solid waste,
34 grease trap waste, construction and demolition debris; and algae, or as otherwise determined by

1 the department in consultation with the office of energy resources.

2 (10) “Waste feedstock” means previously used or discarded solid, liquid or contained
3 gaseous material with heating value resulting from industrial, commercial or household food
4 service activities that would otherwise be stored, treated, transferred or disposed. Waste
5 feedstock shall include, but not be limited to: waste vegetable oils, waste animal fats, substances
6 derived from wastewater and the treatment of wastewater or grease trap waste. Waste feedstock
7 shall not include petroleum-based waste or waste that otherwise meets the definition of hazardous
8 waste, unless otherwise determined by the department of environmental management.

9 **31-37.1-2. Documentation of petroleum distillate substitute fuel. – (a)**

10 Manufacturers and wholesale distributors of petroleum distillate substitute fuel who seek to have
11 their fuel classified as eligible petroleum distillate substitute fuel shall provide documentation
12 satisfactory to the department that such fuel yields at least a fifty percent (50%) reduction in
13 lifecycle greenhouse gas emissions per unit of delivered energy, in comparison to the petroleum
14 distillate fuel displaced.

15 (b) In determining the percentage lifecycle greenhouse gas reductions achieved by
16 particular fuels, the department shall use information and best practices available from other
17 sources, including other states, the federal government, foreign governments, academic research
18 and private and non-profit organizations.

19 (c) If the department determines through an initial review that a particular waste
20 feedstock will clearly yield at least a fifty percent (50%) lifecycle greenhouse gas reduction, is
21 free of hazardous materials and hazardous waste, and meets any other conditions set by
22 regulations promulgated by the department, the department may exempt fuel produced from such
23 a material from a full lifecycle greenhouse gas emissions analysis.

24 (d) For supplies that the department determines meet the criteria above for reductions in
25 greenhouse gas emissions, the department shall certify the supplies as eligible petroleum distillate
26 substitute fuel and shall provide documentation or certificates to suppliers of such fuel showing
27 the number of gallons of neat eligible petroleum distillate substitute fuel supplied. The
28 department shall, by regulation, determine which suppliers the documentation shall apply to, and
29 shall create a mechanism for tracking such supplies.

30 **31-37.1-3. Additional requirements for fuel. --** Except as provided in section 31-37.1-
31 5, the following shall apply to all number 2 petroleum distillate fuel and all other liquid fuel sold
32 as a substitute for number 2 distillate fuel, offered for sale to end-users, retail sellers or to any
33 other entity that will be providing such fuel directly to end-users in the state for use in residential,
34 commercial or industrial heating applications: Such fuel must contain at least two percent (2%)

1 eligible petroleum distillate substitute fuel, measured by available energy content or as otherwise
2 provided by the department, no later than July 1, 2010; three percent (3%) eligible petroleum
3 distillate substitute fuel no later than July 1, 2011; four percent (4%) eligible petroleum distillate
4 substitute fuel no later than July 1, 2012; and five percent (5%) eligible petroleum distillate
5 substitute fuel no later than July 1, 2013.

6 **31-37.1-4. Department to make determinations regarding petroleum distillate fuel.--**

7 The department shall study the feasibility of applying the percentage requirements of this
8 chapter to number 4 and number 6 petroleum distillate fuel, including whether blends of eligible
9 petroleum distillate substitute fuel with number 4 or number 6 petroleum distillate fuel will
10 operate correctly in applicable heating equipment. If the department determines that doing so is
11 feasible, it shall extend the percentage requirements set forth in this chapter to number 4 and
12 number 6 petroleum distillate fuel.

13 **31-37.1-5. Implementation. --** (a) The department may delay these implementation

14 dates for the period of time which it determines, in consultation with the office of energy
15 resources, that providing sufficient supplies of the required eligible petroleum distillate substitute
16 fuel to end-use consumers is not feasible due to lack of supply, lack of blending facilities or
17 unreasonable cost. If the department so delays implementation as provided herein, the director
18 shall file a report within thirty (30) days of such decision with the speaker of the house of
19 representatives and president of the senate. Said report shall explain the reasons for any such
20 decision to delay implementation.

21 (b) If a low carbon fuel standard or a similar standard or system, that will achieve equal
22 or greater reductions in greenhouse gas emissions to the minimum content requirement for
23 eligible petroleum distillate substitute fuel specified by this section, is adopted by the state, or a
24 standard applying to the state is adopted by the federal government; then at least sixty (60) days
25 prior to the effective date of the standard, the department of environmental management shall
26 submit a statement to the general assembly that the standard will become effective on the
27 particular date, and the department of environmental management's determination that the
28 standard will achieve the specified reduction in emissions. If the legislature takes no action, the
29 minimum content requirement specified by this section shall expire on the date that the
30 regulations implementing the standard or system becomes effective, or at such other date
31 specified by the department, but in any case within one (1) year of implementation of the
32 regulations. If the department chooses an expiration date other than the effective date of the
33 regulations, it shall submit a statement to the legislature explaining its reasons for doing so prior
34 to said effective date.

1 **31-37.1-6. Department to conduct feasibility study.** -- (a) The department, in
2 consultation with the office of energy resources, shall study the feasibility, benefits and costs,
3 including benefits and costs to consumers, producers, and the state government, of making the
4 percentage mandates in this chapter apply on a statewide average basis rather than for every
5 gallon of petroleum distillate fuel sold for heating purposes. If the department determines that
6 such a system is feasible and that its benefits substantially exceed its costs, the department shall
7 have the authority to implement such a system. The department shall determine on which entities
8 the percentage requirements shall be applied. If the department implements such a system, the
9 department shall promulgate regulations allowing and tracking sales of certificates or other
10 documentation from the department that show use of eligible petroleum distillate substitute fuel
11 in the state. Entities may meet their percentage requirements for use of eligible petroleum
12 distillate substitute fuel by purchasing certificates or other documentation, and such certificates
13 may be resold.

14 (b) The department shall evaluate the feasibility and desirability of requiring BQ-9000 or
15 other comparable accreditation requirement for producers and wholesale distributors of petroleum
16 distillate substitute fuel and petroleum distillate fuel blended with petroleum distillate substitute
17 fuel operating in the state. If the department concludes that such accreditation is feasible and
18 desirable in order to protect consumers and the environment, the department shall promulgate
19 regulations to implement an accreditation requirement.

20 (c) The department shall promulgate rules and regulations to implement the provisions of
21 this chapter.

22 **31-37.1-7. Manufacturers and wholesale distributors.--** (a) Manufacturers and
23 wholesale distributors of eligible petroleum distillate substitute fuel, and of fuel blended from
24 petroleum distillate and eligible petroleum distillate substitute, doing business in the state shall
25 furnish samples of such products to the department, shall permit the entry and inspection by the
26 department of the premises of such manufacturers or distributors, and the inspection and sampling
27 of fuel stored thereon.

28 (b) Manufacturers of eligible petroleum distillate substitute fuel that is sold in the state
29 shall meet quality assurance criteria or accreditation requirements determined by the department,
30 in consultation with the department of environmental management. Manufacturers shall submit
31 documentation of quality assurance or accreditation to the department by November 1, 2010, or at
32 least three (3) months prior to the date on which the department certifies their fuel as eligible
33 petroleum distillate substitute fuel, and shall submit documentation to the department showing
34 that their accreditation remains current every two (2) years thereafter.

1 distribution, from feedstock generation or extraction through the distribution and delivery and use
2 of the finished fuel to the ultimate consumer, where the mass values for all greenhouse gases are
3 adjusted to account for their relative global warming potential.

4 (8) “Low carbon fuel standard” means a legal requirement that the average lifecycle
5 greenhouse gas emissions attributable to use of energy in an economic sector are equal to or
6 below a specified numeric level, or a similar standard or system, such as the requirement
7 contained in California Executive Order S-1-07. The level may be stated as units of greenhouse
8 gas emissions per unit of delivered energy, corrected for differences in the efficiency of the
9 energy in the particular end use; for example the difference between efficiency of a gasoline
10 engine and an electric motor in powering a vehicle. The standard may apply to energy used in
11 motor vehicles or to another energy consuming sector.

12 (9) “Renewable biomass” means non-fossil fuel based material, including: planted crops;
13 crop residues; planted trees and tree residues from sustainable managed forests; waste materials
14 including animal waste, animal by-products, organic portions of municipal solid waste, grease
15 trap waste, construction and demolition debris; and algae, or as otherwise determined by the
16 department in consultation with the office of energy resources.

17 (10) “Waste feedstock” means previously used or discarded solid, liquid or contained
18 gaseous material with heating value resulting from industrial, commercial or household food
19 service activities that would otherwise be stored, treated, transferred or disposed. Waste
20 feedstock shall include, but not be limited to: waste vegetable oils, waste animal fats, substances
21 derived from wastewater and the treatment of wastewater and grease trap waste. Waste
22 feedstocks shall not include petroleum-based waste or waste that otherwise meets the definition
23 of hazardous waste, unless otherwise determined by the department of environmental
24 management.

25 **31-37.2-2. Documentation of diesel substitute fuel. -- (a) Manufacturers and**
26 **wholesale distributors of diesel substitute fuel doing business in the state who wish to have their**
27 **fuel classified as eligible diesel substitute fuel shall provide documentation satisfactory to the**
28 **department that such fuel yields at least a fifty percent (50%) reduction in lifecycle greenhouse**
29 **gas emissions per unit of delivered energy, in comparison to the petroleum-based diesel fuel**
30 **displaced.**

31 (b) In determining the percentage lifecycle greenhouse gas reductions achieved by
32 particular fuels, the department, in consultation with the department of environmental
33 management and the executive office of energy and environmental affairs, shall use information
34 and best practices available from other sources, including other states, the federal environmental

1 protection agency, foreign governments, academic research and private and non-profit
2 organizations.

3 (c) If the department determines through an initial review that a particular waste
4 feedstock will clearly yield at least a fifty percent (50%) lifecycle greenhouse gas reduction, is
5 free of hazardous materials and hazardous waste, and meets any other conditions set by
6 regulations promulgated by the department, the department may exempt fuel produced from such
7 a material from a full lifecycle greenhouse gas emissions analysis.

8 (d) For supplies that the department determines meet the criteria above for reductions in
9 greenhouse gas emissions, the department shall, by regulation, certify the supplies as eligible
10 diesel substitute fuel and shall provide documentation or certificates to suppliers of such fuel
11 showing the number of gallons of neat eligible diesel substitute fuel supplied. The department
12 shall, by regulation, determine which suppliers the documentation shall apply to, and create a
13 mechanism for tracking such supplies.

14 **31-37.2-3. Additional requirements for fuel.--** (a) Except as provided otherwise in
15 subsections 31-37.2-3(b) or (c), the following shall apply to all diesel motor vehicle fuel and all
16 other liquid fuel used in motor vehicle diesel engines, offered for sale to end-users, retail sellers
17 or to any other entity that will be providing such fuel directly to end-users in the state for use in
18 transportation: such fuel must contain at least two percent (2%) eligible diesel substitute fuel,
19 measured by available energy content or in such other manner as determined by the department
20 no later than July 1, 2010; three percent (3%) eligible diesel substitute fuel no later than July 1,
21 2011; four percent (4%) eligible diesel substitute fuel no later than July 1, 2012; and five percent
22 (5%) eligible diesel substitute fuel no later than July 1, 2013.

23 (b) The department may delay these implementation dates for the period of time which it
24 determines that providing sufficient supplies of the required eligible diesel substitute fuel to end-
25 use consumers is not feasible due to lack of supply, lack of blending facilities or unreasonable
26 cost. If the department delays implementation as provided herein, the director shall file a report
27 within thirty (30) days of such decision with the clerks of the house of representatives and the
28 senate explaining the reasons for any such decision to delay implementation.

29 (c) If a low carbon fuel standard or a similar standard or system, that will achieve equal
30 or greater reductions in greenhouse gas emissions to the minimum content requirement specified
31 by this section is adopted by the state, or a standard applying to the state is adopted by the federal
32 government, then at least sixty (60) days prior to the effective date of the standard, the department
33 shall submit a statement to the general assembly that the standard shall become effective on the
34 particular date, and the department of environmental management's determination that the

1 standard will achieve the specified reduction in emissions. If the general assembly takes no
2 action, the minimum content requirement specified by this section shall expire on the date that the
3 regulations implementing the standard or system becomes effective, or at such other date
4 specified by the department, but in any case within one (1) year of implementation of the
5 regulations. If the department chooses an expiration date other than the effective date of the
6 regulations, it shall submit a statement to the legislature explaining its reasons for doing so prior
7 to said effective date.

8 **31-37.2-4. Department to conduct feasibility study.** -- The department shall study the
9 feasibility, benefits and costs, including benefits and costs to consumers, producers and the state,
10 of making the percentage mandates in this chapter apply on a statewide average basis rather than
11 for every gallon of diesel motor fuel sold. If the department implements such a system, the
12 department shall promulgate regulations allowing and tracking sales of certificates or other
13 documentation from the department that show use of eligible diesel substitute fuel in the
14 state. Entities may meet their percentage requirements for use of eligible diesel substitute fuel by
15 purchasing certificates or other documentation, and such certificates may be re-sold.

16 **31-37.2-5. Manufacturers and wholesale distributors.**-- (a) Manufacturers and
17 wholesale distributors of eligible diesel substitute fuel, and of fuel blended from petroleum diesel
18 and eligible diesel substitute, doing business in the state, shall furnish samples of such products to
19 the department, and shall permit the entry and inspection by the division and department of the
20 premises of such manufacturers or distributors and the inspection and sampling of fuel stored
21 thereon.

22 (b) Manufacturers of eligible diesel substitute fuel that is sold in the state shall meet
23 quality assurance criteria or accreditation requirements determined by the department, in
24 consultation with the department of environmental management. Manufacturers shall submit
25 documentation of quality assurance or accreditation to the department on or before November 1,
26 2010, or at least three (3) months prior to the date on which the department certifies their fuel as
27 eligible diesel substitute fuel, and must submit documentation to the department showing that
28 their accreditation remains current every two (2) years thereafter.

29 (c) The department shall evaluate the feasibility and desirability of requiring BQ-9000 or
30 other comparable accreditation requirement for producers and wholesale distributors of diesel
31 substitute fuel and petroleum-based motor fuel blended with diesel substitute fuel operating in the
32 state. If the department concludes that such accreditation is feasible and desirable in order to
33 protect consumers and the environment, the department shall promulgate regulations to
34 implement an accreditation requirement.

1 (c) Information furnished. All departments and agencies of the state shall furnish any
2 advice and information, documentary and otherwise, to the commission and its agents that is
3 deemed necessary or desirable by the commission to facilitate the purposes of this chapter.

4 (d) The commission shall report to the general assembly on the results of its
5 investigations and study and its recommendations, if any, on or before March 21, 2011, and at
6 least every two (2) years thereafter on its continued findings and the results of its studies, and
7 shall make such recommendations to the general assembly as it deems advisable.

8 **31-37.3-3. Further study purposes of biofuels study commission.** -- (a) The biofuels
9 study commission established pursuant to the provisions of this chapter shall explore the
10 possibility of developing and entering into, to the extent possible, an agreement among those
11 states participating in the Regional Greenhouse Gas Initiative, for the purpose of implementing a
12 low carbon fuel standard (hereinafter referred to as "LCFS"), for transportation fuels. Provided,
13 the commission is not authorized to nor shall the commission enter into any form of agreement,
14 contract, compact, memorandum of understanding, or similar document or arrangement.

15 (b) By way of guidance, in developing proposed agreements, such agreements should
16 seek to provide for the following, when reasonably possible:

17 (1) That LCFS shall be measured on a full fuels cycle basis;

18 (2) That LCFS may be met through market-based methods by which providers exceeding
19 the performance required by an LCFS shall receive credits that may be applied to future
20 obligations or traded to providers not meeting the LCFS;

21 (3) That agreement shall establish a declining standard for greenhouse gas emissions
22 measured in CO2-equivalent grams per unit of fuel energy sold, sufficient to achieve a ten percent
23 (10%) reduction in the carbon content of all passenger vehicle fuels sold in participating states;
24 and

25 (4) That state shall, with the other states participating in the agreement, examine the
26 regulations and implementation of a low carbon fuel standard in California and other states and
27 consider ways to coordinate and issue public findings on both such matters, and if applicable, use
28 in the agreement the life-cycle analysis methods employed by the California Air Resources Board
29 to determine the carbon intensity of fuel.

30 **31-37.3-4. Biofuels as alternatives to carbon-based fuels.**-- (a) In addition to the
31 preceding provisions of this chapter, the biofuels study commission shall investigate and develop
32 a strategy to increase the use of advanced biofuels as alternatives to conventional carbon-based
33 fuels by the state, its agencies and political subdivisions and regional transit authorities.

34 (b) The commission shall develop strategies to increase the use of advanced biofuels by

1 the state, its agencies and political subdivisions and regional transit authorities and methods to
2 advance those strategies. Methods to be considered shall include, but not be limited to: financing
3 mechanisms including grants, loans and other incentive programs for group procurement of
4 advanced biofuels, vehicles using advanced biofuels and distribution infrastructure and technical
5 assistance.

6 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO MOTOR AND OTHER VEHICLES - CLEAN ENERGY BIOFUELS

1 This act would establish new requirements for and otherwise promote the use of cleaner
2 biofuels within the state. The act would establish a study commission to investigate the use and
3 promotion of such fuels within the state.

4 This act would take effect upon passage.

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