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**Technology, Energy &  
Communications Committee**

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**HB 2738**

**Brief Description:** Developing minimum renewable fuel content requirements and fuel quality standards in an alternative fuels market.

**Sponsors:** Representatives Holmquist, Dunshee, Dunn, Chase, Grant, Rodne, Haler, Kessler, Kilmer, Green, Sells, Kenney, McCoy, Simpson, Roberts, Ormsby, Moeller, Morrell, Linville, Hudgins, McCune and Hinkle; by request of Governor Gregoire.

**Brief Summary of Bill**

- Establishes minimum fuel content requirements for biodiesel and ethanol and the conditions necessary to increase the requirements.
- Clarifies the standards the Department of Agriculture uses to adopt rules for biodiesel quality.
- Establishes the Biofuels Advisory Committee.

**Hearing Date:** 1/17/06

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

**Background:**

**Renewable Fuel Standard**

A Renewable Fuel Standard (RFS) requires that a certain percentage of motor fuel be obtained from renewable sources, such as ethanol or biodiesel. Currently, five states including California, Ohio, Hawaii, Minnesota and Montana have either a Renewable Fuel Standard or have passed legislation to use biofuels on a state level.

**Biodiesel**

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 at any percentage with petroleum diesel or used as a pure product (neat diesel). Like petroleum diesel, biodiesel operates in compression-ignition engines. According to the United States Department of Energy, biodiesel blends of up to 20 percent biodiesel can be used in nearly all diesel equipment with little or no engine modifications. Higher blends can also be used in many engines built since 1994 with little or no engine modification.

**Ethanol**

Ethanol may be produced from a variety of feedstocks such as corn, wheat, barley, potatoes, sugarcane and the cellulose of straw and trees. In the United States the majority of ethanol is made from corn. The most common blends are:

- E10 - 10% ethanol and 90% unleaded gasoline

E10 is approved for use in any make or model of vehicle sold in the U.S. In 2004, about one-third of America's gasoline was blended with ethanol, most in this 10% variety.

- E85 - 85% ethanol and 15% unleaded gasoline

E85 is an alternative fuel for use in flexible fuel vehicles (FFVs). FFVs are designed to run on a variety of mixtures of unleaded gasoline and an alcohol fuel (usually ethanol). Currently more than four million FFVs are on roads in the United States. When E85 is not available, FFVs can operate on gasoline or any ethanol blend up to 85%.

### **National Institute for Standards and Technology**

The National Institute for Standards and Technology (NIST) is a non-regulatory federal agency within the U.S. Commerce Department's Technology Administration. The NIST mission is to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life. The NIST has a statutory responsibility to promote "cooperation with the States in securing uniformity of weights and measures laws and methods of inspection."

Annually, the NIST publishes the Uniform Laws and Regulations in the Areas of Legal Metrology and Engine Fuel Quality (Handbook 130). The purpose of Uniform Laws and Regulations such as Handbook 130 is to achieve, to the maximum extent possible, standardization in weights and measures laws and regulations among the various States and local jurisdictions in order to facilitate trade between the States, permit fair competition among businesses, and provide uniform and sufficient protection to all consumers in commercial weights and measures practices.

The National Technology Transfer and Advancement Act (NTTAA) became law in 1996. The NTTAA directs Federal agencies with respect to their use of private sector standards and conformity assessment practices. The objective of the NTTAA is for Federal agencies to adopt private sector standards, wherever possible, in lieu of creating proprietary, non-consensus standards. The Act directs the NIST to bring together Federal agencies, as well as State and local governments, to achieve greater reliance on voluntary standards and decreased dependence on in-house standards.

### **American Society of Testing and Materials**

ASTM International is composed of more than 132 technical standards writing committees. Together, they have published more than 9,100 standard specifications, tests, practices, guides, and definitions for materials, products, systems, and services. ASTM International has published standards dealing with metals, flammability, chemical products, lubricants, fossil fuels, textiles, paint, plastics, rubber, pipe, forensic sciences, electronics, energy, medical devices and countless other topics.

### **United States Environmental Protection Agency**

The United States Environmental Protection Agency's Biodiesel Emissions Analysis Program quantifies the air pollution emission effects of biodiesel for diesel engines that have not been specifically modified to operate on biodiesel. The program examined the emission impacts of

biodiesel and biodiesel/diesel blends for both regulated and unregulated pollutants, as well as fuel economy.

### **Summary of Bill:**

#### **Minimum Renewable Fuel Content Requirements for Biodiesel**

Beginning July 1, 2007, all diesel fuel sold or offered for sale in Washington shall contain at least two percent biodiesel fuel by volume.

All diesel fuel sold or offered for sale in Washington must contain at least five percent biodiesel fuel by volume, if the Director of the Department of Agriculture determines that both in-state oil seed crushing capacity can satisfy the two percent requirement and a significant portion of the feedstock was grown in Washington state. Biodiesel blenders and retailers are allowed six months to meet the five percent requirement.

The Director shall adopt rules for enforcing and carrying out the purposes of this section.

Biodiesel fuel means a mono alkyl ester of long chain fatty acids derived from vegetable oils or animal fats for use in compression-ignition engines and that meets the requirements of the American Society of Testing and Materials (ATSM) specification D 6751 in effect as of January 1, 2003.

#### **Minimum Renewable Fuel Content Requirements for Ethanol**

Beginning July 1, 2007, all gasoline sold or offered for sale in Washington shall contain at least 2.5 percent denatured ethanol by volume.

All gasoline sold or offered for sale in Washington shall contain up to a maximum of ten percent of denatured ethanol by volume, if the Director of the Department of Ecology determines that (a) ethanol content greater than 2.5 percent will not violate federal clean air act provisions or increase the risk of ozone pollution in Washington and (b) the Director of the Department of Agriculture determines that sufficient raw materials are available within Washington to support economical production of ethanol at higher levels. The Director of the Department of Agriculture may require by rule this standard.

The Director shall allow blenders and retailers six months to meet the new minimum content requirement.

The Director shall adopt rules for enforcing and carrying out the renewable fuels standard for ethanol

#### **Renewable Fuel Quality Standards**

The Director of the Department of Agriculture shall adopt rules for maintaining standards for biodiesel fuel or fuel blended with biodiesel fuel.

The Director shall adopt all or part the standards set forth in the Annual Book of the American Society for Testing and Materials (ASTM) Standards and supplements, amendments, or revisions of all or part of the standards set forth in the National Institute of Standards and Technology (NIST) Handbook 130, Uniform Laws and Regulations in the areas of metrology and engine fuel quality rules, and any supplements, amendments, or revisions together with applicable federal Environmental Protection Agency standards.

If a conflict exists between federal Environmental Protection Agency standards, ASTM standards, or NIST standards, for purposes of uniformity, federal Environmental Protection Agency standards shall take precedence over ASTM and NIST standards. The Director may establish a fuel testing laboratory or may contract with a laboratory for testing. The Director may also adopt rules on false and misleading advertising, labeling and posting of prices, and the standards for, and identity of, motor fuels.

**Biofuels Advisory Committee**

The Director of the Department of Agriculture shall establish a biofuels advisory committee to advise the Director in implementing the minimum renewable fuel content requirements.

**Suspension of Renewable Fuel Content Requirements**

All or portions of the minimum renewable fuel content requirements standard may be suspended by the Director of the Department of Agriculture if it is determined that requirements are temporarily technically or economically infeasible.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/16/06.

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