



Senate Environmental Resources and Energy Committee

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Summary House Bill 1202, P.N. 4184

Prime Sponsor: Representative Gerber

General Overview

Entitled the “Biofuel Development and In-State Production Incentive Act”. Establishes mandated per gallon content requirements of biodiesel and cellulosic ethanol based on in-state production.

Biodiesel Content in Diesel Fuel Sold for On-Road Use

Requires all diesel fuel sold or offered for sale to ultimate consumers in the Commonwealth for use in on-road compression ignition engines to contain an increasing biodiesel content one year after in-state production reaches establishes levels, as follows:

- 40 million gallons – 2%
- 100 million gallons – 5%
- 200 million gallons – 10%
- 400 million gallons – 20%

Coal-to-Liquids Substitution

Permits the use of nonsulfur diesel fuel derived from coal to be used in place of biodiesel, provided the fuel’s carbon emissions are fully offset, either through carbon sequestration or carbon offset programs.

Renewable Diesel Substitution

Permits the use of renewable diesel fuel to be used in place of biodiesel provided the renewable diesel fuel was produced within the Commonwealth. Caps the amount of renewable diesel which may be used at 25% of the volume of biodiesel necessary to meet the statewide mandated content requirements. Department of Agriculture and DEP may establish reporting requirements to ensure renewable diesel meets requirements of the act.

Cellulosic Ethanol Content in Gasoline

Requires all gasoline sold or offered for sale to ultimate consumers in the Commonwealth to contain 10% cellulosic ethanol one year after in-state production of cellulosic ethanol reaches 350 million gallons.

Renewable Fuel Substitution

Upon approval of the Department of Agriculture, permits the use of other renewable fuel to meet the 10% cellulosic ethanol requirement, provided the fuel meets criteria specified in the act.

Exception

The 10% cellulosic ethanol requirement shall not apply to regions of the Commonwealth where its use would violate, conflict with or otherwise exacerbate compliance with a National Ambient Air Quality State Implementation Plan.

Vehicle Manufacturer Warranty

The biodiesel content volume standards shall be effective only if the Commonwealth makes a determination that manufacturers of diesel-fueled vehicles sold in the Commonwealth have indicated publicly that they will not void or withdraw vehicle engine warranties due to the use of biodiesel blends as required by the act. Notice of this determination shall be published in the *Pennsylvania Bulletin* and transmitted to the leadership of the Senate and House of Representatives.

Infrastructure Report

At least six months prior to the effective date of each mandated content requirement, the Department of Agriculture and the Department of Transportation shall certify as to whether there is sufficient transportation, distribution and other necessary infrastructure in the Commonwealth to meet the act's requirements.

The departments shall conduct at least three public hearings for each report required. All reports shall be submitted to the General Assembly and posted and maintained on each department's website.

Insufficient Infrastructure

If any report determines there is insufficient infrastructure in place to meet the mandated content requirements of the act, the requirement shall be delayed at least six months, or until a new report is issued which certifies that sufficient infrastructure is in place, whichever is later.

Air Quality Impact Study

The Department of Environmental Protection (DEP) shall contract with an independent, third-party certified in conducting ambient air quality studies to determine the impact of the act on the Commonwealth's ability to achieve and maintain the National Ambient Air Quality Standards. The study shall be completed no later than December 31, 2009. The study shall be submitted to the General Assembly and posted and maintained on DEP's website. DEP is authorized to use up to \$200,000 of funds from the Clean Air Fund to pay for the study.

Modification of Mandated Biofuel Content Requirements

The Department of Agriculture, in consultation with DEP, may suspend or modify to reduce the mandated contents required by the act if the Department determines that doing so is warranted by factors, including but not limited to substantially increased costs to consumers or insufficient quantity or distribution of biodiesel or cellulosic ethanol.

Agency Responsibilities

- The Department of Agriculture, in cooperation with DEP, shall annually determine the name and location of each biodiesel production facility in the Commonwealth, the amount of biodiesel produced in the preceding year, and an amount and description of any financial assistance made available to the facility from the Commonwealth.
- The Department of Conservation and Natural Resources shall annually report on the effect, if any, of in-state production of cellulosic ethanol from woody biomass on forest health, condition and productivity.
- The Department of Agriculture is authorized to implement and enforce the act, and to promulgate regulations as necessary.
- The Environmental Quality Board is authorized to promulgate regulations as necessary with regard to the carbon offset requirements.

Exceptions

Requirements of act do not apply to aviation fuel, home heating fuel or where prohibited by law.

Effective Date

This act shall take effect in 90 days.