

HOUSE RESEARCH

Bill Summary

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Subject: Biofuel use mandate; motor vehicle fuel

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Overview

This bill would broaden the state's "ethanol mandate" to a "biofuel mandate". In general, state law currently requires all gasoline sold in the state to be "E10" (i.e., a blend of 10% ethanol and 90% gasoline). This bill would allow fuel blenders to use ethanol or other biofuels to satisfy the 10% requirement. An eligible biofuel would be any renewable substitute for gasoline approved by the federal government for general use.

In 2005, the legislature required a doubling of the ethanol mandate to "E20" in the future, but only if the federal government approved E20 under authority of the federal Clean Air Act. To date the federal government has not approved E20.

Last session, the legislature pushed the E20 effective date out to 2015 and directed the state's NextGen Energy Board to recommend whether the legislature should modify the ethanol mandate law in light of other emerging biofuels. The NextGen Energy Board's recommendations led to this bill, HF 462.

This bill also would: repeal the inactive E20 mandate language, require blenders to use at least a specified amount of corn-based ethanol for the next 12 years, modify the state's petroleum replacement goal, modify and sunset a cellulosic ethanol goal, create a task force, and modify related laws.

Section

1 Cellulosic biofuel production goal. Expands an existing cellulosic *ethanol* production goal

Section

to a cellulosic *biofuel* production goal. (Unlike traditional ethanol, cellulosic ethanol is not produced from corn. Instead, the feedstock is a cellulosic material such as corn stalks, switchgrass or native prairie perennials.) Removes a reference to the E20-mandate language repealed in the final section of this bill.

2 **Expiration.** Sets an expiration date of January 1, 2015 for the cellulosic goal modified in section 1. (The cellulosic goal date is 2015.)

3 **Definitions.** Modifies a workforce development statute that directs the Department of Employment and Economic Development and the Jobs Skills Partnership to promote job training that facilitates growth of the “green economy” in Minnesota. Eliminates an erroneous reference to the “25%-bioenergy-by-2025” goal in chapter 41A. Directs the entities to promote job training opportunities that facilitate achievement of the petroleum replacement goal modified in section 10.

4 **Advanced biofuel.** Defines “advanced biofuel” for purposes of chapter 239 “Weights and Measures,” as used in the petroleum replacement goal modified in section 10.

The definition – as codified in the federal Renewable Fuel Standard, as amended – would be: *renewable fuel, other than ethanol derived from corn starch, that has lifecycle greenhouse gas emissions, as determined by the (United States Environmental Protection Agency) Administrator, after notice and opportunity for comment, that are at least 50 percent less than baseline lifecycle greenhouse gas emissions. The types of fuels eligible for consideration as ‘advanced biofuel’ may include any of the following:*

- *Ethanol derived from cellulose, hemicellulose, or lignin.*
- *Ethanol derived from sugar or starch (other than corn starch).*
- *Ethanol derived from waste material, including crop residue, other vegetative waste material, animal waste, and food waste and yard waste.*
- *Biogas (including landfill gas and sewage waste treatment gas) produced through the conversion of organic matter from renewable biomass.*
- *Butanol or other alcohols produced through the conversion of organic matter from renewable biomass.*
- *Other fuel derived from cellulosic biomass.*

5 **Biofuel.** Defines “biofuel” for purposes of chapter 239 “Weights and Measures” and specifically the biofuel mandate established in section 7. Biofuel would be defined generally to include corn-derived ethanol and any advanced biofuel approved for sale by the United States Environmental Protection Agency under the federal Renewable Fuel Standard, as amended.

6 **Conventional biofuel.** Defines “conventional biofuel” as ethanol produced from corn starch for purposes of chapter 239 “Weights and Measures” and specifically the biofuel mandate

Section

established in section 7.

The exact definition – as codified in the federal Renewable Fuel Standard, as amended – would be: *renewable fuel that is ethanol derived from corn starch.*

- 7** **Minimum biofuel content requirement.** Modifies the statute commonly referred to as the “ethanol mandate.” Expands the law from one requiring only ethanol, to a law that requires biofuel generally. While fuel blenders currently must sell the greatest ethanol-gasoline blend approved by the federal government, this section would give blenders the option of selling 10 percent biofuel blends or the greatest approved biofuel-gasoline blend. However, conventional (i.e., corn) ethanol must comprise at least a specified percentage of total biofuel sold until 2025. The required corn ethanol percentage decreases by specified amounts during that period.
- 8** **Federal Clean Air Act waivers; conditions.** Eliminates a reference to the inactive “E20 mandate” language repealed in the final section of this bill. Generalizes existing language pertaining to federal approval of ethanol in order to accommodate other biofuels that may have a different method of federal approval - i.e., a registered formulation.
- 9** **Limited liability waiver.** Eliminates a reference to the inactive “E20 mandate” language that is repealed in the final section of this bill.
- 10** **Petroleum replacement promotion.**
- Subdivision 1. Modifies the state’s petroleum replacement goal by decreasing the goal amount for 2015, adding additional intermediate goal levels, and increasing the 2025 goal from 25% to 30% of all gasoline sold in the state comprised of ethanol or other biofuels.
- Subd. 2. Modifies the activities that state agencies must perform in order to achieve the petroleum replacement goal. Requires the commissioners of agriculture, commerce, and pollution control to convene a task force to assist them. This new task force must coordinate efforts with existing, statutory renewable energy groups. Requires the commissioners to pursue federal approval of additional blends of ethanol and other biofuels. Requires the commissioners to facilitate the production and use of advanced biofuels in Minnesota. States that the new task force will expire on December 31, 2015.
- 11** **Biobutanol.** Creates a legal and technical definition of “biobutanol” that inspectors with the Department of Commerce, Weights and Measures Division, may use to test biobutanol sold in the state.
- 12** **Repealer.** Repeals the inactive “E20 mandate” language.