

Honolulu, Hawaii

MAR - 1 2013

RE: S.B. No. 15
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 15, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Change the existing gasoline requirement of ten percent ethanol fuel content to at least five percent biofuel content; and
- (2) Alter the reporting requirements for biofuel distributors.

Your Committee received testimony in support of this measure from one individual. Your Committee received testimony in opposition to this measure from General Motors LLC, Truck and Engine Manufacturers Association, and Western States Petroleum Association. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism and Alliance of Automobile Manufacturers.

Your Committee finds that this measure replaces the existing ethanol mandate with a more flexible requirement for motor fuels to contain at least five percent biofuel by volume. However, your Committee has heard the concerns that the biofuel requirement in this measure is required for all fuels for motor vehicles in Hawaii. Your Committee further finds that although five percent



biofuel, with certain limitations, can be used in diesel vehicles, biofuels other than ethanol cannot be used in standard gasoline engines because gasoline with ethanol is not an equal substitute for biodiesel. Although ethanol is a type of biofuel, non-ethanol biofuels are not interchangeable with ethanol for purposes of gasoline blending; ethanol-blended gasoline is used for gasoline engines, and biodiesel is used for diesel engines. Your Committee concludes that amendments to this measure are necessary to provide fuel distributors flexibility and a market for biofuels, while also recognizing the different biofuel requirements for diesel fuel.

Your Committee also finds that amendments to this measure are necessary to clarify that biofuels must meet relevant ASTM International standards, thus ensuring biofuels sold in the State will meet appropriate specifications and quality standards. Your Committee notes that an intent of this measure was to create a more robust industry for biofuel. To support this, an amendment requiring biofuel to be locally produced is also needed.

Accordingly, your Committee has amended this measure by:

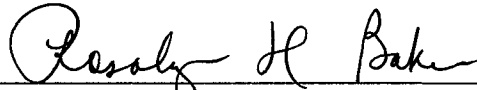
- (1) Deleting the language that required all liquid motor vehicle fuels sold in the State to contain at least five percent biofuel by volume;
- (2) Inserting language to specify that each distributor who sells liquid fuels in the State for use in motor vehicles shall ensure that locally-produced biofuels account for at least five percent of the distributor's annual sales of liquid fuels for motor vehicles by volume; provided that for diesel fuel, no more than five percent of locally-produced biofuel shall be required;
- (3) Clarifying that any biofuel shall meet the relevant ASTM International specifications of latest issue;
- (4) Amending the purpose section for clarity; and
- (5) Inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and



purpose of S.B. No. 15, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 15, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

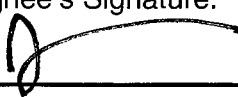


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB15, SD1	ENE, CPN	2/26/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				↗
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes