

SB 15, SD1

Measure Title: RELATING TO ENERGY.

Report Title: Biofuel; Ethanol; Gasoline

Description: Changes existing gasoline requirement of ten per cent ethanol fuel content to at least five per cent biofuel content. Alters the reporting requirements for biofuel distributors. (SD1)

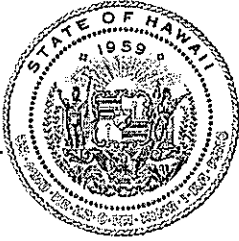
Companion:

Package: None

Current Referral: ENE, CPN

Introducer(s): GABBARD

<u>Sort by Date</u>		Status Text
1/17/2013	S	Introduced.
1/17/2013	S	Passed First Reading.
1/17/2013	S	Referred to ENE, CPN.
1/28/2013	S	The committee(s) on ENE has scheduled a public hearing on 01-31-13 2:45PM in conference room 225.
1/31/2013	S	The committee(s) on ENE deferred the measure until 02-05-13 2:45PM in conference room 225.
2/5/2013	S	The committee(s) on ENE recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in ENE were as follows: 4 Aye(s): Senator(s) Gabbard, Ruderman, Chun Oakland, Ihara; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Slom.
2/15/2013	S	Reported from ENE (Stand. Com. Rep. No. 343) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN.
2/15/2013	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN.
2/20/2013	S	The committee(s) on CPN will hold a public decision making on 02-26-13 10:15AM in conference room 229.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
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Statement of
Richard C. Lim
Director
Department of Business, Economic Development, and Tourism
before the
Senate Committee on Commerce and Consumer Protection

Tuesday, February 26, 2013
10:15 AM
State Capitol, Conference Room 229

in consideration of

SB 15, SD1 RELATING TO ENERGY.

Chair Baker, Vice Chair Galuteria, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on SB 15, SD1, which would replace the existing ethanol mandate with a more flexible requirement for motor fuels to contain 5% biofuel. This type of change could enable other types of biofuels to be used in addition to ethanol.

The five percent level would allow the major fuel distributors to continue to meet the mandate purely with ethanol in gasoline if they chose to do so. However, some of the smaller companies (less than 10 million gallons per year), for whom on-highway diesel fuel sales comprise more than half of their volumes, could face additional costs or logistical issues related to fuel blending or compatibility of delivery trucks or barges with subsequent products.

DBEDT is also concerned that the additional financial and human resources to develop and administer this program are not covered under its present budget.

Thank you for the opportunity to offer these comments.

**SENATE COMMITTEE ON COMMERCE
AND CONSUMER PROTECTION**

February 26, 2013

Senate Bill 15, SD1 Relating to Energy

Chair Baker and members of the Senate Committee on Commerce and Consumer Protection, I am Rick Tsujimura, representing General Motors LLC (GM).

GM has concerns with and opposes Senate Bill 15, SD1 Relating to Energy. This measure as drafted would allow the director to specify biofuel percentages greater than five percent which would be problematic to some of the GM engines, particularly older models.

GM requests striking the words “at least” on page 2, line 4. In addition, GM requests the insertion of the following language following “biofuel” and before “means” on page 4, line 8: “and its blends shall meet the relevant American Society for Testing and Materials (“ASTM”) specification of latest issue”.

Thank you for the opportunity to present this testimony.



**Truck & Engine
Manufacturers
Association™**

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February 22, 2013

Via E-mail

The Honorable Rosalyn Baker, Chair
The Honorable Brickwood Galuteria, Vice-Chair
Committee on Commerce and Consumer Protection
Hawaii State Capitol
Honolulu, Hawaii

Re: Oppose Senate Bill 15 Unless Amended

Dear Senators Baker and Galuteria:

The Truck and Engine Manufacturers Association (EMA) is the international trade association representing the manufacturers of heavy-duty trucks and compression-ignition and spark-ignition engines used in a wide variety of on-highway and nonroad vehicles and equipment, marine vessels, locomotives and stationary sources. EMA serves as the voice of truck and engine manufacturers on legislative and regulatory matters addressing fuels, emissions and safety.

The Committee on Commerce and Consumer Protection will conduct a hearing on Senate Bill 15 on February 26, 2013. The bill proposes to amend Hawaii's law regarding ethanol content by eliminating the 10% ethanol content mandate in gasoline with a 5% biofuels content requirement for all liquid fuels used in motor vehicles in the state. The bill also provides a definition of biofuels.

EMA and its member companies generally support the use of low levels of approved biofuels in motor vehicles fuels; 10% or less ethanol content in gasoline, and 5% or less biodiesel in diesel fuel. However, that support is contingent on the use of biofuels that meet applicable and approved technical standards. Use of even small amounts of poor quality or unapproved biofuels can result in poor performance, increased emissions, and engine damage and failure.

The proposed definition of biofuels in Senate Bill 15 is not acceptable to engine manufacturers since it does not define or require biofuels to meet any specifications or quality standards. For example, the definition of biofuel only requires that the fuel be produced from organic sources such as waste grease and cooking oil or animal residues. That definition would allow the use of unprocessed waste oils and grease as a fuel for diesel engines in Hawaii. No diesel engine manufacturer approves the use of waste oils and grease in their engines, and EPA has not approved use of such fuels in any motor vehicle engine.

As a result, EMA respectfully opposes Senate Bill 15 and asks that you not approve the current version of the bill at the February 26th hearing.

EMA would withdraw its opposition to Senate Bill 15 if Section 2(g) were amended to include an acceptable definition of biofuels. The definition of biofuels must indicate that all biofuels used to meet the minimum content requirements for motor vehicle fuels sold in the State must meet applicable international specifications and standards for ethanol and biodiesel fuels. More specifically, the definition of biofuels should indicate that ethanol must meet ASTM D4806 and that biodiesel fuel must meet ASTM D6751.

EMA appreciates your attention to this important matter as well as your efforts to ensure that only high quality and approved biofuels necessary for today's high performance/low emission engines are used in Hawaii. I would be happy to discuss our comments with you or answer any questions you may have.

Sincerely,

Joseph L. Suchecki

Joseph L. Suchecki
Director, Public Affairs

CC: Senator Mike Gabbard

**Testimony of
Gary M. Slovin / Mihoko E. Ito
on behalf of
The Alliance of Automobile Manufacturers**

DATE: February 25, 2013

TO: Senator Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection
CPNTestimony@Capitol.hawaii.gov

RE: **S.B. 15 SD1 – Relating to Energy**
Hearing Date: Tuesday, February 26, 2013 at 10:15 am
Conference Room 229

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I am presenting comments on behalf of the Alliance of Automobile Manufacturers regarding SB 15 SD1, which would essentially change the present requirement of 10% ethanol in fuels to at least 5% Biofuels.

The bill assumes that ethanol and Biofuels are essentially the same. This is incorrect as Biofuels are significantly different in character than ethanol. If Biofuels are to be required in fuels in Hawaii, assuming that is possible at all, then a new section of the law needs to be drafted that recognizes the unique characteristics of Biofuels.

The bill indicates that Biofuels would be a part of all fuels for motor vehicles in Hawaii. However, while, with certain limitations, up to 5% Biofuels can be used in diesel vehicles, Biofuels cannot be used in standard gasoline engines. Therefore, at a minimum, the bill must be clarified to indicate that the requirement is limited to diesel fuel and that ethanol would continue in standard gasoline for standard motor vehicles. Standard gasoline engines cannot run properly on a Biofuels mixture. Further, removing ethanol from standard gasoline could require the certification of the resulting fuels by the federal government, which could be problematic.

The present SD 1 version states that fuels must consist of at least 5% Biofuels. Our assumption is that that is in error as that could mean fuels would be required to be 100% Biofuels. Standard diesel engines can accept diesel fuels that consist of no more than 5%

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Biofuels. While engines are being developed to operate on fuels that consist of up to 20% Biofuels, there are very few such vehicles in Hawaii at this time; the overwhelming number of vehicles, mostly trucks, that run on diesel cannot take more than 5% of a Biofuels mixture. Therefore, the words “at least” should be replaced with the term “no more than.”

Further, the original bill included an ASTM standard. This would need to be restored to the bill as, even in the case of the 5% Biofuels mixture, Biofuels must meet this national standard to be certain that it can be used in diesel engines.

Therefore, the following phrase should be added after the word Biofuels in (g): “and its blends shall meet the relevant ASTM specification of latest issue.”

While the Alliance is proposing the foregoing changes to the bill, the Alliance also feels that the wiser course to follow if there is a desire to require Biofuels in diesel fuel in Hawaii is to bring together the interested and knowledgeable parties to develop legislation that reflects the complexity of this issue. With all due respect, the present Senate Bill 15 indicates that that kind of input was not available at the time the original bill and the SD1 version were drafted. The Alliance does support the increased use of Biofuels and most of its members are developing engines that will take increasingly higher percentages of Biofuels in diesel fuel. However, the present legislation presents a risk that Hawaii will be establishing an unworkable standard.

The Alliance is prepared to work with interested parties on this issue and to bring a diesel fuels engineer to Hawaii to assist in this effort.

Thank you for the opportunity to submit comments.

SB15

Submitted on: 2/21/2013

Testimony for CPN on Feb 26, 2013 10:15AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No