

ACT 203

S.B. NO. 146

A Bill for an Act Relating to Biofuel.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the State needs to expand the use of biofuels as a viable source of energy in order to reduce dependence on fossil fuels and imported oil. The use of biofuels is consistent with the State's goals relating to renewable energy and sustainability. The legislature further finds that imposing a statutory requirement to utilize biofuels as energy may be premature at this time in view of the lack of research and development in the industry, the nascent nature of the industry, and the uncertain availability of biomass crops in Hawaii to produce liquid or gaseous fuel.

The purpose of this Act is to direct the energy resources coordinator to conduct a study and issue a preliminary and a final report on the conditions and policies necessary to expand biofuel production in the State to displace a significant amount of petroleum-based liquid fuel.

SECTION 2. The energy resources coordinator shall conduct a study and issue a report on the potential for biofuel production in Hawaii to displace a significant amount of petroleum-based liquid fuel. In compiling its report, the coordinator shall consult with producers, including local biofuel producers and local refineries; researchers; landowners; distributors; and end users, including airlines, fleets, utilities, and the military, on the conditions and policies necessary for biofuel production and use in Hawaii to displace a significant amount of petroleum-based liquid fuel.

The report shall include information on the following types of biofuel:

- (1) Ethanol;
- (2) Cellulosic ethanol;
- (3) Fatty-acid-methyl-ester biodiesel;
- (4) Synthetic or bio-based:
 - (A) Diesel fuel;

- (B) Gasoline; and
- (C) Jet fuel; and
- (5) Any other type of biofuel the coordinator deems relevant to the study.

SECTION 3. (a) For each type of biofuel listed in section 2 of this Act, the energy resources coordinator's report pursuant to section 2 of this Act shall include the following information:

- (1) The State's projected demand in the near-term, mid-term, and long-term for the biofuel's petroleum-based counterparts;
- (2) Types of feedstock that could be used;
- (3) Availability of feedstock within the State in the near-term, mid-term, and long-term;
- (4) Availability of feedstock out-of-state in the near-term, mid-term, and long-term;
- (5) Production within the State in the near-term, mid-term, and long-term;
- (6) Production out-of-state in the near-term, mid-term, and long-term;
- (7) Costs in the near-term, mid-term, and long-term for biofuel product produced within the State;
- (8) Costs in the near-term, mid-term, and long-term for biofuel product produced out-of-state;
- (9) Status of the technology;
- (10) ASTM specifications;
- (11) Realistic timeline of production within the State;
- (12) Benefits to the State's economy;
- (13) Emissions compared to other comparable biofuels and to its petroleum-based counterpart;
- (14) Logistics of handling and usage compared to other comparable biofuels and to its petroleum-based counterpart; and
- (15) Stability of supply and costs compared to other biofuels and to its petroleum-based counterpart.

For the purposes of this Act:

"Long-term" means longer than ten years.

"Mid-term" means from three to ten years.

"Near-term" means within three years.

(b) The energy resources coordinator's report shall include recommendations, taking into account the federal Renewable Fuel Standards II, as amended, on the following:

- (1) Whether any specific biofuel mandate is necessary in order for biofuel production and use in Hawaii to displace a significant amount of petroleum-based liquid fuel; and
- (2) Whether the ethanol fuel requirement in section 486J-10, Hawaii Revised Statutes, should be maintained, modified, or repealed.

The coordinator shall include the rationale for all recommendations made in the report.

(c) The energy resources coordinator shall issue a preliminary report of findings and recommendations to the legislature no later than twenty days prior to the convening of the regular session of 2012 and a final report of findings and recommendations to the legislature no later than twenty days prior to the convening of the regular session of 2013; provided that the preliminary and final reports may be included in the energy resources coordinator's respective annual reports to the governor and legislature, pursuant to section 196-4(11), Hawaii Revised Statutes.

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SECTION 4. This Act shall take effect upon its approval.
(Approved July 8, 2011.)