



Renewable Fuels Association

# ISSUE BRIEF

## **Summary RFS and Renewable Tax Provisions The Energy Policy Act of 2005 - Conference Report – HR 6**

### DEFINITIONS

- Establishes definitions for the renewable fuels program, including cellulosic biomass ethanol, waste derived ethanol, renewable fuel, and small refinery.

### RENEWABLE FUEL PROGRAM

- Directs EPA to promulgate regulations ensuring that applicable volumes of renewable fuel are sold or introduced into commerce in the United States annually.
- Regulations apply to refiners, blenders, and importers.
- If regulations are not issued, the applicable percentage for 2006 is set at 2.78%.
- Sets forth a phase-in for renewable fuel volumes over 7 years, beginning with 4 billion gallons by 2006 and ending at 7.5 billion gallons in 2012.

Year	Renewable Fuels (billions of gallons)
2006	4.0
2007	4.7
2008	5.4
2009	6.1
2010	6.8
2011	7.4
2012	7.5

- Provides EPA discretion on the future uses of renewable fuels including a minimum requirement of renewable fuels use in 2013 shall not be less than the percentage of 7.5 billion gallons of renewable fuel to the total number of gallons of gasoline in 2012.
- Requires EIA, for the years 2006 through 2011, to provide an annual estimate of volumes of gasoline sold or introduced into commerce for the coming year.
- Based on these estimates, DOE must publish regulations to ensure renewable fuel obligations for refiners, blenders, and importers are met.
- Creates a 1-year credit-trading program for refiners, blenders or importers of petroleum.

### SEASONAL VARIATIONS

- Requires EIA, for calendar years 2006 through 2012, to conduct an annual study on seasonal variations in renewable fuel use.
- If the DOE determines, based on the study, that seasonal variations exist and will continue the Administrator must promulgate regulations ensuring that at least 25 percent of the annual renewable fuel obligation is met in each of 2 specified periods in the subsequent calendar year.

- Exempts states that have received a 209(b) waiver (California) from the seasonal variation requirements of the bill. Note however, the refiners within California would still be required to use the requisite amount of renewable fuels in any given year.

#### WAIVERS

- Authorizes DOE, in consultation with the Secretary of Agriculture and the Secretary of Energy, to waive the renewable fuels mandate for one or more States if the Administrator determines that implementing the requirements would severely harm the economy or the environment, or that there is inadequate domestic supply to meet the requirement.
- Petitions for waivers must be acted on within 90 days of receipt and terminate after 1 year (but may be renewed).

#### SMALL REFINERIES

- Exempts small refineries from the renewable fuels mandate for 5 years.
- Requires DOE to assess whether the requirement places a disproportionate economic hardship on small refiners, and requires DOE to waive the requirement for an additional 2 years if such a hardship is discovered.
- Small refineries may petition DOE for additional extensions for economic hardship.
- If a small refinery chooses not to accept the waiver, it will receive credits for production in the following years.

#### DATA COLLECTION

- Requires a monthly survey of renewable fuels demand in the motor vehicle fuels market.

#### CELLULOSIC BIOMASS PROGRAM

- Creates a credit-trading program where 1 gallon of cellulosic biomass ethanol or waste derived ethanol is equal to 2.5 gallons of renewable fuel.
- Creates a cellulosic biomass program of 250 million gallons in 2013
- Creates a Loan Guarantee Program of \$250 million per facility
- Creates a \$650 million Grant Program for cellulosic ethanol
- Creates an Advanced Biofuels Technologies Program of \$550 million.

#### SUGAR TO ETHANOL PROGRAM

- Creates a \$36 million program to convert sugar cane to ethanol in Hawaii, Florida, Louisiana and Texas.
- Creates a \$250 million loan guarantee program for sugar to ethanol facilities.
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#### RENEWABLE TAX PROVISIONS:

- Extends Biodiesel VEETC Tax Credit through December 31, 2008
- Creates Alternative Fuels Installation Fuel Refueling Property of up to 30%.
- Modifies the Small Ethanol Producer Credit to 60 million gallons
- Create a new Small Agribiodiesel Producer Credit