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110TH CONGRESS
1ST SESSION

H. R. 3238

[Report No. 110-306, Part I]

To promote the development of renewable fuels infrastructure, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2007

Mr. BOUCHER (for himself and Mr. DINGELL) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Science and Technology, Transportation and Infrastructure, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

AUGUST 3, 2007

Reported from the Committee on Energy and Commerce

AUGUST 3, 2007

Committees on Science and Technology, Transportation and Infrastructure, and Oversight and Government Reform discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To promote the development of renewable fuels infrastructure, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TABLE OF CONTENTS.**

4 The table of contents for this Act is as follows:

Sec. 1. Table of contents.

TITLE I—RENEWABLE FUEL INFRASTRUCTURE

Sec. 101. Renewable fuel infrastructure development.

Sec. 102. Prohibition on franchise agreement restrictions related to renewable fuel infrastructure.

Sec. 103. Renewable fuel dispenser requirements.

Sec. 104. Pipeline feasibility study.

Sec. 105. Study of ethanol-blended gasoline with greater levels of ethanol.

Sec. 106. Study of the adequacy of railroad transportation of domestically-produced renewable fuel.

Sec. 107. Standard specifications for biodiesel.

Sec. 108. Grants for cellulosic ethanol production.

Sec. 109. Consumer education campaign relating to flexible-fuel vehicles.

Sec. 110. Review of new renewable fuels or new renewable fuel additives.

Sec. 111. Domestic manufacturing conversion grant program.

Sec. 112. Cellulosic ethanol and biofuels research.

Sec. 113. Federal fleet fueling centers.

Sec. 114. Study of impact of increased renewable fuel use.

Sec. 115. Grants for renewable fuel production research and development in certain States.

Sec. 116. Study of effect of oil prices.

Sec. 117. Biodiesel as alternative fuel for CAFE purposes.

TITLE II—UNITED STATES-ISRAEL ENERGY COOPERATION

Sec. 201. Short title.

Sec. 202. Findings.

Sec. 203. Grant program.

Sec. 204. International Energy Advisory Board.

Sec. 205. Definitions.

Sec. 206. Termination.

Sec. 207. Authorization of appropriations.

Sec. 208. Constitutional authority.

5 **TITLE I—RENEWABLE FUEL**
 6 **INFRASTRUCTURE**

7 **SEC. 101. RENEWABLE FUEL INFRASTRUCTURE DEVELOP-**
 8 **MENT.**

9 (a) DEFINITION.—For purposes of this Act—

1 (1) the term “renewable fuel” means E85
2 biofuel, or B20;

3 (2) the term “biofuel” means fuel produced en-
4 tirely from biological material and determined by the
5 Department of Energy and the Environmental Pro-
6 tection Agency to be commercially viable;

7 (3) the term “B20” means a mixture of bio-
8 diesel and diesel fuel meeting the standard estab-
9 lished by the American Society for Testing and Ma-
10 terials or under section 211(u) of the Clean Air Act
11 for fuel containing 20 percent biodiesel;

12 (4) the term “E85” means a fuel blend con-
13 taining 85 percent denatured ethanol and 15 percent
14 gasoline by volume;

15 (5) the term “flexible-fuel vehicle” means any
16 motor vehicle warranted by the manufacturer of the
17 vehicle as capable of operating on gasoline or diesel
18 fuel and on—

19 (A) E85; or

20 (B) B20; and

21 (6) the term “motor vehicle” means, as defined
22 in regulations promulgated by the Administrator of
23 the Environmental Protection Agency that are in ef-
24 fect on the date of enactment of this Act—

25 (A) a light-duty truck;

1 (B) a light-duty vehicle; or

2 (C) medium-duty passenger vehicle,

3 that is designed to be propelled by gasoline or diesel

4 fuel.

5 (b) INFRASTRUCTURE DEVELOPMENT GRANTS.—

6 The Secretary of Energy shall establish a program for

7 making grants for providing assistance to retail and

8 wholesale motor fuel dealers or other entities for the in-

9 stallation, replacement, or conversion of motor fuel storage

10 and dispensing infrastructure to be used exclusively to

11 store and dispense renewable fuel. Such infrastructure

12 may include equipment used in the blending, distribution,

13 and transport of such fuels.

14 (c) RETAIL TECHNICAL AND MARKETING ASSIST-

15 ANCE.—The Secretary of Energy shall enter into contracts

16 with entities with demonstrated experience in assisting re-

17 tail fueling stations in installing refueling systems and

18 marketing renewable fuels nationally, for the provision of

19 technical and marketing assistance to recipients of grants

20 under this section. Such assistance shall include—

21 (1) technical advice for compliance with applica-

22 ble Federal and State environmental requirements;

23 (2) help in identifying supply sources and se-

24 curing long-term contracts; and

1 (3) provision of public outreach, education, and
2 labeling materials.

3 (d) ALLOCATION.—The Secretary of Energy may re-
4 serve funds appropriated for carrying out this section to
5 support renewable fuels infrastructure development
6 projects with a cost of greater than \$1,000,000, that are
7 of national significance. The Secretary shall reserve funds
8 appropriated for the renewable fuels infrastructure devel-
9 opment grant program for technical and marketing assist-
10 ance described in subsection (c).

11 (e) SELECTION CRITERIA.—Not later than 12
12 months after the date of enactment of this Act, the Sec-
13 retary shall establish criteria for evaluating applications
14 for grants under this section that will maximize the avail-
15 ability and use of renewable fuel, and that will ensure that
16 renewable fuel is available across the country. Such cri-
17 teria shall provide for—

18 (1) consideration of the public demand for each
19 renewable fuel in a particular geographic area based
20 on State registration records showing the number of
21 flexible-fuel vehicles;

22 (2) consideration of the opportunity to create or
23 expand corridors of renewable fuel stations along
24 interstate or State highways;

1 (3) consideration of the experience of each ap-
2 plicant with previous, similar projects;

3 (4) consideration of population, number of flexi-
4 ble-fuel vehicles, number of retail fuel outlets, and
5 saturation of flexible-fuel vehicles; and

6 (5) priority consideration to applications that—

7 (A) are most likely to maximize displace-
8 ment of petroleum consumption, measured as a
9 total quantity and a percentage;

10 (B) are best able to incorporate existing
11 infrastructure while maximizing, to the extent
12 practicable, the use of renewable fuels; and

13 (C) demonstrate the greatest commitment
14 on the part of the applicant to ensure funding
15 for the proposed project and the greatest likeli-
16 hood that the project will be maintained or ex-
17 panded after Federal assistance under this sec-
18 tion is completed.

19 (f) COMBINED APPLICATIONS.—States and local gov-
20 ernment entities and nonprofit entities may apply for as-
21 sistance under this section on behalf of a group of retailers
22 within a certain geographic area, or to carry out regional
23 or multistate deployment projects. Any such application
24 shall certify the availability and details of a program to

1 match the Federal grant as required under subsection (g)
2 and list the retail locations that would receive the funds.

3 (g) LIMITATIONS.—Assistance provided under this
4 section shall not exceed—

5 (1) 33 percent of the estimated cost of the in-
6 stallation, replacement, or conversion of motor fuel
7 storage and dispensing infrastructure; or

8 (2) \$180,000 for a combination of equipment at
9 any one retail outlet location.

10 (h) OPERATION OF RENEWABLE FUEL STATIONS.—

11 The Secretary shall establish rules that set forth require-
12 ments for grant recipients under this section that include
13 providing to the public the renewable fuel, establishing a
14 marketing plan that informs consumers of the price and
15 availability of the renewable fuel, clearly labeling the dis-
16 pensers and related equipment, and providing periodic re-
17 ports on the status of the renewable fuel sales, the type
18 and amount of the renewable fuel dispensed at each loca-
19 tion, and the average price of such fuel.

20 (i) NOTIFICATION REQUIREMENTS.—Not later than
21 the date on which each renewable fuel station begins to
22 offer renewable fuel to the public, the grant recipient that
23 used grant funds to construct or upgrade such station
24 shall notify the Secretary of Energy of such opening. The
25 Secretary of Energy shall add each new renewable fuel

1 station to the renewable fuel station locator on its Website
2 when it receives notification under this subsection.

3 (j) INELIGIBILITY.—No person may receive assist-
4 ance under this section and receive a credit under section
5 30C of the Internal Revenue Code of 1986.

6 (k) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated to the Secretary of En-
8 ergy for carrying out this section \$200,000,000 for each
9 of the fiscal years 2008 through 2014.

10 (l) RESTRICTION.—No grant shall be provided under
11 this section to a large, vertically integrated oil company.

12 **SEC. 102. PROHIBITION ON FRANCHISE AGREEMENT RE-**
13 **STRICTIONS RELATED TO RENEWABLE FUEL**
14 **INFRASTRUCTURE.**

15 (a) IN GENERAL.—Title I of the Petroleum Mar-
16 keting Practices Act (15 U.S.C. 2801 et seq.) is amended
17 by adding at the end the following:

18 **“SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLA-**
19 **TION OF RENEWABLE FUEL PUMPS.**

20 “(a) DEFINITION.—In this section:

21 “(1) RENEWABLE FUEL.—The term ‘renewable
22 fuel’ means any fuel—

23 “(A) at least 85 percent of the volume of
24 which consists of ethanol; or

1 “(B) any mixture of biodiesel and diesel or
2 renewable diesel (as defined in regulations
3 adopted pursuant to section 211(o) of the Clean
4 Air Act (40 C.F.R., Part 80)), determined with-
5 out regard to any use of kerosene and con-
6 taining at least 20 percent biodiesel or renew-
7 able diesel.

8 “(2) FRANCHISE-RELATED DOCUMENT.—The
9 term ‘franchise-related document’ means—

10 “(A) a franchise under this Act; and

11 “(B) any other contract or directive of a
12 franchisor relating to terms or conditions of the
13 sale of fuel by a franchisee.

14 “(b) PROHIBITIONS.—

15 “(1) IN GENERAL.—No franchise-related docu-
16 ment entered into or renewed on or after the date
17 of enactment of this section shall contain any provi-
18 sion allowing a franchisor to restrict the franchisee
19 or any affiliate of the franchisee from—

20 “(A) installing on the marketing premises
21 of the franchisee a renewable fuel pump or
22 tank, except that the franchisee’s franchisor
23 may restrict the installation of a tank on leased
24 marketing premises of such franchisor;

1 “(B) converting an existing tank or pump
2 on the marketing premises of the franchisee for
3 renewable fuel use, so long as such tank or
4 pump and the piping connecting them are ei-
5 ther warranted by the manufacturer or certified
6 by a recognized standards setting organization
7 to be suitable for use with such renewable fuel;

8 “(C) advertising (including through the
9 use of signage) the sale of any renewable fuel;

10 “(D) selling renewable fuel in any specified
11 area on the marketing premises of the
12 franchisee (including any area in which a name
13 or logo of a franchisor or any other entity ap-
14 pears);

15 “(E) purchasing renewable fuel from
16 sources other than the franchisor if the
17 franchisor does not offer its own renewable fuel
18 for sale by the franchisee;

19 “(F) listing renewable fuel availability or
20 prices, including on service station signs, fuel
21 dispensers, or light poles; or

22 “(G) allowing for payment of renewable
23 fuel with a credit card,

24 so long as such activities described in subparagraphs
25 (A) through (G) do not constitute mislabeling, mis-

1 branding, willful adulteration, or other trademark
2 violations by the franchisee.

3 “(2) EFFECT OF PROVISION.—Nothing in this
4 section shall be construed to preclude a franchisor
5 from requiring the franchisee to obtain reasonable
6 indemnification and insurance policies.

7 “(c) EXCEPTION TO 3-GRADE REQUIREMENT.—No
8 franchise-related document that requires that 3 grades of
9 gasoline be sold by the applicable franchisee shall prevent
10 the franchisee from selling an renewable fuel in lieu of
11 1, and only 1, grade of gasoline.”.

12 (b) ENFORCEMENT.—Section 105 of the Petroleum
13 Marketing Practices Act (15 U.S.C. 2805) is amended by
14 striking “102 or 103” each place it appears and inserting
15 “102, 103, or 107”.

16 (c) CONFORMING AMENDMENTS.—

17 (1) IN GENERAL.—Section 101(13) of the Pe-
18 troleum Marketing Practices Act (15 U.S.C.
19 2801(13)) is amended by aligning the margin of
20 subparagraph (C) with subparagraph (B).

21 (2) TABLE OF CONTENTS.—The table of con-
22 tents of the Petroleum Marketing Practices Act (15
23 U.S.C. 2801 note) is amended—

24 (A) by inserting after the item relating to
25 section 106 the following:

“Sec. 107. Prohibition on restriction of installation of renewable fuel pumps.”;

1 and

2 (B) by striking the item relating to section
3 202 and inserting the following:

“Sec. 202. Automotive fuel rating testing and disclosure requirements.”.

4 **SEC. 103. RENEWABLE FUEL DISPENSER REQUIREMENTS.**

5 (a) MARKET PENETRATION REPORTS.—The Sec-
6 retary of Energy, in consultation with the Secretary of
7 Transportation, shall determine and report to Congress
8 annually on the market penetration for flexible-fuel vehi-
9 cles in use within geographic regions to be established by
10 the Secretary of Energy.

11 (b) DISPENSER FEASIBILITY STUDY.—Not later
12 than 24 months after the date of enactment of this Act,
13 the Secretary of Energy, in consultation with the Depart-
14 ment of Transportation, shall report to the Congress on
15 the feasibility of requiring motor fuel retailers to install
16 E-85 compatible dispensers and related systems at retail
17 fuel facilities in regions where flexible-fuel vehicle market
18 penetration has reached 15 percent of motor vehicles. In
19 conducting such study, the Secretary shall consider and
20 report on the following factors:

21 (1) The commercial availability of E-85 fuel
22 and the number of competing E-85 wholesale sup-
23 pliers in a given region.

24 (2) The level of financial assistance provided on
25 an annual basis by the Federal Government, State

1 governments, and nonprofit entities for the installa-
2 tion of E-85 compatible infrastructure.

3 (3) The number of retailers whose retail loca-
4 tions are unable to support more than 2 under-
5 ground storage tank dispensers.

6 (4) The expense incurred by retailers in the in-
7 stallation and sale of E-85 compatible dispensers
8 and related systems and any potential effects on the
9 price of motor vehicle fuel.

10 **SEC. 104. PIPELINE FEASIBILITY STUDY.**

11 (a) IN GENERAL.—The Secretary of Energy, in con-
12 sultation with the Secretary of Transportation, shall con-
13 duct a study of the feasibility of the construction of dedi-
14 cated ethanol pipelines.

15 (b) FACTORS.—In conducting the study, the Sec-
16 retary shall consider—

17 (1) the quantity of ethanol production that
18 would make dedicated pipelines economically viable;

19 (2) existing or potential barriers to dedicated
20 ethanol pipelines, including technical, siting, financ-
21 ing, and regulatory barriers;

22 (3) market risk (including throughput risk) and
23 means of mitigating the risk;

24 (4) regulatory, financing, and siting options
25 that would mitigate risk in those areas and help en-

1 sure the construction of 1 or more dedicated ethanol
2 pipelines;

3 (5) financial incentives that may be necessary
4 for the construction of dedicated ethanol pipelines,
5 including the return on equity that sponsors of the
6 initial dedicated ethanol pipelines will require to in-
7 vest in the pipelines;

8 (6) technical factors that may compromise the
9 safe transportation of ethanol in pipelines, identi-
10 fying remedial and preventative measures to ensure
11 pipeline integrity; and

12 (7) such other factors as the Secretary con-
13 siders appropriate.

14 (c) REPORT.—Not later than 15 months after the
15 date of enactment of this Act, the Secretary shall submit
16 to Congress a report describing the results of the study
17 conducted under this section.

18 **SEC. 105. STUDY OF ETHANOL-BLENDED GASOLINE WITH**
19 **GREATER LEVELS OF ETHANOL.**

20 (a) IN GENERAL.—The Administrator of the Envi-
21 ronmental Protection Agency, in cooperation with the Sec-
22 retary of Energy and the Secretary of Transportation, and
23 after providing notice and an opportunity for public com-
24 ment, shall conduct a study of the feasibility of widespread

1 utilization in the United States of ethanol blended gasoline
2 with levels of ethanol greater than 10 percent.

3 (b) STUDY.—The study under subsection (a) shall in-
4 clude—

5 (1) a review of production and infrastructure
6 constraints on increasing the consumption of eth-
7 anol;

8 (2) an evaluation of the economic, market, and
9 energy impacts of State and regional differences in
10 ethanol blends;

11 (3) an evaluation of the economic, market, and
12 energy impacts on gasoline retailers and consumers
13 of separate and distinctly labeled fuel storage facili-
14 ties and dispensers;

15 (4) an evaluation of the environmental impacts
16 of mid-level ethanol blends on evaporative and ex-
17 haust emissions from on-road, off-road and marine
18 engines, recreational boats, vehicles, and equipment;

19 (5) an evaluation of the impacts of mid-level
20 ethanol blends on the operation, durability, and per-
21 formance of on-road, off-road, and marine engines,
22 recreational boats, vehicles, and equipment; and

23 (6) an evaluation of the safety impacts of mid-
24 level ethanol blends on consumers that own and op-

1 erate off-road and marine engines, recreational
2 boats, vehicles, or equipment.

3 (c) REPORT.—Not later than 24 months after the
4 date of enactment of this Act, the Administrator shall sub-
5 mit to the Committee on Energy and Commerce of the
6 House of Representatives and the Committee on Environ-
7 ment and Public Works of the Senate a report describing
8 the results of the study conducted under this section.

9 (d) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated to the Administrator
11 such sums as may be necessary for the completion of the
12 study required under this section.

13 **SEC. 106. STUDY OF THE ADEQUACY OF RAILROAD TRANS-**
14 **PORTATION OF DOMESTICALLY-PRODUCED**
15 **RENEWABLE FUEL.**

16 (a) STUDY.—

17 (1) IN GENERAL.—The Secretary of Energy, in
18 consultation with the Secretary of Transportation,
19 shall conduct a study of the adequacy of railroad
20 transportation of domestically-produced renewable
21 fuel.

22 (2) COMPONENTS.—In conducting the study
23 under paragraph (1), the Secretary shall consider—

24 (A) the adequacy of, and appropriate loca-
25 tion for, tracks that have sufficient capacity,

1 and are in the appropriate condition, to move
2 the necessary quantities of domestically-pro-
3 duced renewable fuel;

4 (B) the adequacy of the supply of railroad
5 tank cars, locomotives, and rail crews to move
6 the necessary quantities of domestically-pro-
7 duced renewable fuel in a timely fashion;

8 (C)(i) the projected costs of moving the do-
9 mesticallly-produced renewable fuel using rail-
10 road transportation; and

11 (ii) the impact of the projected costs on
12 the marketability of the domestically-produced
13 renewable fuel;

14 (D) whether there is adequate railroad
15 competition to ensure—

16 (i) a fair price for the railroad trans-
17 portation of domestically-produced renew-
18 able fuel; and

19 (ii) acceptable levels of service for rail-
20 road transportation of domestically-pro-
21 duced renewable fuel;

22 (E) any rail infrastructure capital costs
23 that the railroads indicate should be paid by the
24 producers or distributors of domestically-pro-
25 duced renewable fuel;

1 (F) whether Federal agencies have ade-
2 quate legal authority to ensure a fair and rea-
3 sonable transportation price and acceptable lev-
4 els of service in cases in which the domestically-
5 produced renewable fuel source does not have
6 access to competitive rail service;

7 (G) whether Federal agencies have ade-
8 quate legal authority to address railroad service
9 problems that may be resulting in inadequate
10 supplies of domestically-produced renewable fuel
11 in any area of the United States; and

12 (H) any recommendations for any addi-
13 tional legal authorities for Federal agencies to
14 ensure the reliable railroad transportation of
15 adequate supplies of domestically-produced re-
16 newable fuel at reasonable prices.

17 (b) REPORT.—Not later than 180 days after the date
18 of enactment of this Act, the Secretary shall submit to
19 the Committee on Energy and Natural Resources of the
20 Senate and the Committee on Energy and Commerce of
21 the House of Representatives a report that describes the
22 results of the study conducted under subsection (a).

23 **SEC. 107. STANDARD SPECIFICATIONS FOR BIODIESEL.**

24 Section 211 of the Clean Air Act (42 U.S.C. 7545)
25 is amended by redesignating subsection (s) as subsection

1 (t), redesignating subsection (r) (relating to conversion as-
2 sistance for cellulosic biomass, waste-derived ethanol, ap-
3 proved renewable fuels) as subsection (s) and by adding
4 the following new subsection at the end thereof:

5 “(u) STANDARD SPECIFICATIONS FOR BIODIESEL.—
6 Unless the American Society for Testing and Materials
7 has adopted a standard for diesel fuel containing 20 per-
8 cent biodiesel, not later than 1 year after the date of en-
9 actment of this subsection, the Administrator shall initiate
10 a rulemaking establishing a series of uniform per gallon
11 fuel standards for categories of fuels that contain bio-
12 diesel, including one standard for fuel containing 20 per-
13 cent biodiesel, and designate an identification number for
14 fuel meeting each standard in each such category so that
15 vehicle manufacturers are able to design engines to use
16 fuel meeting one or more of such standards. The Adminis-
17 trator shall finalize the standards under this subsection
18 18 months after the date of the enactment of this sub-
19 section.”.

20 **SEC. 108. GRANTS FOR CELLULOSIC ETHANOL PRODUC-**
21 **TION.**

22 Subsection (s) of section 211 of the Clean Air Act
23 (as added by section 1512 of the Energy Policy Act of
24 2005) (and as redesignated by section 107 of this Act),
25 relating to conversion assistance for cellulosic biomass,

1 waste-derived ethanol, and approved renewable fuels, is
2 amended as follows:

3 (1) By adding the following new subparagraphs
4 at the end of paragraph (3):

5 “(D) \$500,000,000 for fiscal year 2009.

6 “(E) \$500,000,000 for fiscal year 2010.”.

7 (2) By adding the following new paragraph at
8 the end thereof:

9 “(5) CRITERIA.—In awarding grants under this
10 section, the Secretary shall give priority to applica-
11 tions that promote feedstock diversity and the geo-
12 graphic dispersion of production facilities.”.

13 **SEC. 109. CONSUMER EDUCATION CAMPAIGN RELATING TO**
14 **FLEXIBLE-FUEL VEHICLES.**

15 The Secretary of Transportation, in consultation with
16 the Secretary of Energy, shall carry out an education pro-
17 gram to inform consumers about which motor vehicles are
18 flexible-fuel vehicles and how to exercise their opportunity
19 to choose E85 or B20. As part of such program, the Sec-
20 retary of Transportation may coordinate with motor vehi-
21 cle manufacturers to notify owners of flexible-fuel vehicles
22 of locations where E85 and B20 are sold in their area.

1 **SEC. 110. REVIEW OF NEW RENEWABLE FUELS OR NEW RE-**
2 **NEWABLE FUEL ADDITIVES.**

3 Notwithstanding any other provision of law, a waiver
4 under section 211(f)(4) of the Clean Air Act for any re-
5 newable fuel or renewable fuel additive shall not be consid-
6 ered granted unless the Administrator of the Environment
7 Protection Agency, following a public notice and comment
8 period, takes final action granting the application for a
9 waiver based on an application of the section 211(f)(4)
10 standards and criteria with respect to emissions control
11 devices or systems and vehicle emissions standards to on-
12 road and non-road engines and vehicles. The Adminis-
13 trator shall take final action on an application for a waiver
14 no later than 270 days after the Administrator receives
15 the application.

16 **SEC. 111. DOMESTIC MANUFACTURING CONVERSION**
17 **GRANT PROGRAM.**

18 Section 712 of the Energy Policy Act of 2005 (42
19 U.S.C. 16062) is amended—

20 (1) in subsection (a)—

21 (A) by inserting “, flexible-fuel,” after
22 “production of efficient hybrid”; and

23 (B) by adding at the end the following:
24 “Priority shall be given to the refurbishment or
25 retooling of manufacturing facilities that have

1 recently ceased operation or will cease operation
2 in the near future.”; and

3 (2) by striking subsection (b) and inserting the
4 following:

5 “(b) COORDINATION WITH STATE AND LOCAL PRO-
6 GRAMS.—The Secretary may coordinate implementation of
7 this section with State and local programs designed to ac-
8 complish similar goals, including the retention and retrain-
9 ing of skilled workers from the such manufacturing facili-
10 ties, including by establishing matching grant arrange-
11 ments.

12 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated to the Secretary such
14 sums as may be necessary to carry out this section.”.

15 **SEC. 112. CELLULOSIC ETHANOL AND BIOFUELS RE-**
16 **SEARCH.**

17 There are authorized to be appropriated to the Sec-
18 retary of Energy \$50,000,000 for fiscal year 2008, to re-
19 main available until expended, for cellulosic ethanol and
20 biofuels research and development grants to 10 entities
21 from among 1890 land grant colleges, Historically Black
22 Colleges or Universities, Tribal serving institutions, or
23 Hispanic serving institutions, selected by the Secretary of
24 Energy to receive a grant under this section through a
25 peer-reviewed competitive process. The selected entities

1 shall then collaborate with one of the Department of Ener-
2 gy's Office of Science Bioenergy Research Centers.

3 **SEC. 113. FEDERAL FLEET FUELING CENTERS.**

4 (a) IN GENERAL.—Not later than January 1, 2010,
5 the head of each Federal agency shall install at least 1
6 renewable fuel pump at each Federal fleet fueling center
7 in the United States under the jurisdiction of the head
8 of the Federal agency.

9 (b) REPORT.—Not later than October 31 of the first
10 calendar year beginning after the date of the enactment
11 of this Act, and each October 31 thereafter, the President
12 shall submit to Congress a report that describes the
13 progress toward complying with subsection (a), including
14 identifying—

15 (1) the number of Federal fleet fueling centers
16 that contain at least 1 renewable fuel pump; and

17 (2) the number of Federal fleet fueling centers
18 that do not contain any renewable fuel pumps.

19 (c) AUTHORIZATION OF APPROPRIATIONS.—There
20 are authorized to be appropriated such sums as are nec-
21 essary to carry out this section.

22 **SEC. 114. STUDY OF IMPACT OF INCREASED RENEWABLE**
23 **FUEL USE.**

24 (a) IN GENERAL.—The Secretary of Energy shall,
25 after consultation with the Administrator of the Environ-

1 mental Protection Agency, the Administrator of the En-
2 ergy Information Administration, and the Secretary of Ag-
3 riculture, conduct a study to assess the impact of in-
4 creased use of renewable fuels on the United States econ-
5 omy. The Secretary shall enter into an arrangement with
6 the National Academy of Sciences to provide peer review
7 of the study.

8 (b) STUDY ELEMENTS.—The study shall analyze, in
9 terms of renewable fuels, the following:

10 (1) The impact of the use of renewable fuels on
11 the energy security of the United States.

12 (2) The impact of the use of renewable fuels on
13 public health and the environment, including air and
14 water quality.

15 (3) The impact of renewable fuels on the infra-
16 structure of the United States, including the deliver-
17 ability of materials, goods, and products other than
18 alternative fuels.

19 (4) The impact of the use of renewable fuels on
20 job creation, the price and supply of agricultural
21 commodities, and rural economic development.

22 (c) PARTICIPATION.—In conducting the study under
23 this section, the Secretary and other agencies shall seek
24 the participation, and consider the input, of the following:

25 (1) Producers of feed grains.

1 (2) Producers of livestock, poultry, and pork
2 products.

3 (3) Producers of energy.

4 (4) Individuals and entities interested in issues
5 relating to conservation, the environment, and nutri-
6 tion, and users of renewable fuels.

7 (d) REPORT.—The Secretary shall submit a report
8 to the Congress containing the initial results of the study
9 under this section not later than 2 years after enactment
10 of this Act and subsequently supplement and update such
11 report every 3 years thereafter.

12 **SEC. 115. GRANTS FOR RENEWABLE FUEL PRODUCTION RE-**
13 **SEARCH AND DEVELOPMENT IN CERTAIN**
14 **STATES.**

15 (a) IN GENERAL.—The Secretary shall provide
16 grants to eligible entities to conduct research into, and de-
17 velop and implement, renewable fuel production tech-
18 nologies in States with low rates of ethanol production,
19 including low rates of production of cellulosic biomass eth-
20 anol, as determined by the Secretary.

21 (b) ELIGIBILITY.—To be eligible to receive a grant
22 under the section, an entity shall—

23 (1)(A) be an institution of higher education (as
24 defined in section 2 of the Energy Policy Act of

1 2005 (42 U.S.C. 15801)) located in a State de-
2 scribed in subsection (a);

3 (B) be an institution—

4 (i) referred to in section 532 of the Equity
5 in Educational Land-Grant Status Act of 1994
6 (Public Law 103–382; 7 U.S.C. 301 note);

7 (ii) that is eligible for a grant under the
8 Tribally Controlled College or University Assist-
9 ance Act of 1978 (25 U.S.C. 1801 et seq.), in-
10 cluding Dine College; or

11 (iii) that is eligible for a grant under the
12 Navajo Community College Act (25 U.S.C.
13 640a et seq.); or

14 (C) be a consortium of such institutions of
15 higher education, industry, State agencies, Indian
16 tribal agencies, or local government agencies located
17 in the State; and

18 (2) have proven experience and capabilities with
19 relevant technologies.

20 (c) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated to carry out this section
22 \$25,000,000 for each of fiscal years 2008 through 2010.

23 **SEC. 116. STUDY OF EFFECT OF OIL PRICES.**

24 The Secretary of Energy shall conduct a study to re-
25 view the anticipated effects on renewable fuels production

1 if oil were priced no lower than \$40 per barrel. The Sec-
2 retary shall report the findings of such study to Congress
3 by December 31, 2008.

4 **SEC. 117. BIODIESEL AS ALTERNATIVE FUEL FOR CAFE**
5 **PURPOSES.**

6 Section 32901(a) of title 49, United States Code, is
7 amended—

8 (1) in paragraph (1), by redesignating subpara-
9 graphs (J) and (K) as subparagraphs (K) and (L),
10 respectively, and inserting after subparagraph (I)
11 the following:

12 “(J) B20 biodiesel blend;” and

13 (2) by redesignating paragraphs (7) through
14 (16) as paragraphs (9) through (18), respectively,
15 and insert after paragraph (6) the following:

16 “(7) ‘biodiesel’ means the monoalkyl esters of
17 long chain fatty acids derived from plant or animal
18 matter which meet—

19 “(A) the registration requirements for
20 fuels and fuel additives established by the Envi-
21 ronmental Protection Agency under section 211
22 of the Clean Air Act (42 U.S.C. 7545); and

23 “(B) the requirements of the American So-
24 ciety of Testing and Materials D6751.

1 “(8) ‘B20 biodiesel blend’ means a mixture of
2 biodiesel and diesel fuel approximately 20 percent of
3 the content of which is biodiesel, and commonly
4 known as ‘B20’.”.

5 **TITLE II—UNITED STATES-**
6 **ISRAEL ENERGY COOPERATION**

7 **SEC. 201. SHORT TITLE.**

8 This title may be cited as the “United States-Israel
9 Energy Cooperation Act”.

10 **SEC. 202. FINDINGS.**

11 Congress finds that—

12 (1) it is in the highest national security inter-
13 ests of the United States to ensure secure access to
14 reliable energy sources;

15 (2) the United States relies heavily on the for-
16 eign supply of crude oil to meet the energy needs of
17 the United States, currently importing 58 percent of
18 the total oil requirements of the United States, of
19 which 45 percent comes from member states of the
20 Organization of Petroleum Exporting Countries
21 (OPEC);

22 (3) revenues from the sale of oil by some of
23 these countries directly or indirectly provide funding
24 for terrorism and propaganda hostile to the values
25 of the United States and the West;

1 (4) in the past, these countries have manipu-
2 lated the dependence of the United States on the oil
3 supplies of these countries to exert undue influence
4 on United States policy, as during the embargo of
5 OPEC during 1973 on the sale of oil to the United
6 States, which became a major factor in the ensuing
7 recession;

8 (5) research by the Energy Information Admin-
9 istration of the Department of Energy has shown
10 that the dependence of the United States on foreign
11 oil will increase by 33 percent over the next 20
12 years;

13 (6) a rise in the price of imported oil sufficient
14 to increase gasoline prices by 10 cents per gallon at
15 the pump would result in an additional outflow of
16 \$18,000,000,000 from the United States to oil-ex-
17 porting nations;

18 (7) for economic and national security reasons,
19 the United States should reduce, as soon as prac-
20 ticable, the dependence of the United States on na-
21 tions that do not share the interests and values of
22 the United States;

23 (8) the State of Israel has been a steadfast ally
24 and a close friend of the United States since the cre-
25 ation of Israel in 1948;

1 (9) like the United States, Israel is a democracy
2 that holds civil rights and liberties in the highest re-
3 gard and is a proponent of the democratic values of
4 peace, freedom, and justice;

5 (10) cooperation between the United States and
6 Israel on such projects as the development of the
7 Arrow Missile has resulted in mutual benefits to
8 United States and Israeli security;

9 (11) the special relationship between Israel and
10 the United States has been and continues to be
11 manifested in a variety of jointly-funded cooperative
12 programs in the field of scientific research and de-
13 velopment, such as—

14 (A) the United States-Israel Binational
15 Science Foundation (BSF);

16 (B) the Israel-United States Binational
17 Agricultural Research and Development Fund
18 (BARD); and

19 (C) the Israel-United States Binational In-
20 dustrial Research and Development (BIRD)
21 Foundation;

22 (12) these programs, supported by the match-
23 ing contributions from the Government of Israel and
24 the Government of the United States and directed
25 by key scientists and academics from both countries,

1 have made possible many scientific breakthroughs in
2 the fields of life sciences, medicine, bioengineering,
3 agriculture, biotechnology, communications, and oth-
4 ers;

5 (13) on February 1, 1996, United States Sec-
6 retary of Energy Hazel R. O’Leary and Israeli Min-
7 ister of Energy and Infrastructure Gonen Segev
8 signed the Agreement Between the Department of
9 Energy of the United States of America and the
10 Ministry of Energy and Infrastructure of Israel Con-
11 cerning Energy Cooperation, to establish a frame-
12 work for collaboration between the United States
13 and Israel in energy research and development ac-
14 tivities;

15 (14) the United States and Israeli governments
16 should promote cooperation in a broad range of
17 projects designed to enhance supplies of nonpetro-
18 leum energy for both countries, and to provide for
19 cutting edge research in each country;

20 (15) Israeli scientists and researchers have long
21 been at the forefront of research and development in
22 the field of alternative renewable energy sources;

23 (16) many of the top corporations of the world
24 have recognized the technological and scientific ex-

1 pertise of Israel by locating important research and
2 development facilities in Israel;

3 (17) among the technological breakthroughs
4 made by Israeli scientists and researchers in the
5 field of alternative, renewable energy sources are—

6 (A) the development of a cathode that uses
7 hexavalent iron salts that accept 3 electrons per
8 ion and enable rechargeable batteries to provide
9 3 times as much electricity as existing recharge-
10 able batteries;

11 (B) the development of a technique that
12 vastly increases the efficiency of using solar en-
13 ergy to generate hydrogen for use in energy
14 cells; and

15 (C) the development of a novel membrane
16 used in new and powerful direct-oxidant fuel
17 cells that is capable of competing favorably with
18 hydrogen fuel cells and traditional internal com-
19 bustion engines; and

20 (18) cooperation between the United States and
21 Israel in the field of research and development of al-
22 ternative renewable energy sources would be in the
23 interests of both countries, and both countries stand
24 to gain much from such cooperation.

1 **SEC. 203. GRANT PROGRAM.**

2 (a) **AUTHORITY.**—Pursuant to the responsibilities de-
3 scribed in section 102(10), (14), and (17) of the Depart-
4 ment of Energy Organization Act (42 U.S.C. 7112(10),
5 (14), and (17)) and section 103(9) of the Energy Reorga-
6 nization Act of 1974 (42 U.S.C. 5813(9)), the Secretary,
7 in consultation with the BIRD or BSF, shall award grants
8 to eligible entities.

9 (b) **APPLICATION.**—

10 (1) **SUBMISSION OF APPLICATIONS.**—To receive
11 a grant under this section, an eligible entity shall
12 submit an application to the Secretary containing
13 such information and assurances as the Secretary, in
14 consultation with the BIRD or BSF, may require.

15 (2) **SELECTION OF ELIGIBLE ENTITIES.**—The
16 Secretary, in consultation with the Directors of the
17 BIRD and BSF, may review any application sub-
18 mitted by any eligible entity and select any eligible
19 entity meeting criteria established by the Secretary,
20 in consultation with the Advisory Board, for a grant
21 under this section.

22 (c) **AMOUNT OF GRANT.**—The amount of each grant
23 awarded for a fiscal year under this section shall be deter-
24 mined by the Secretary, in consultation with the BIRD
25 or BSF.

26 (d) **RECOUPMENT.**—

1 (1) IN GENERAL.—Not later than 180 days
2 after the date of enactment of this Act, the Sec-
3 retary shall establish procedures and criteria for
4 recoupment in connection with any eligible project
5 carried out by an eligible entity that receives a grant
6 under this section, which has led to the development
7 of a product or process which is marketed or used.

8 (2) AMOUNT REQUIRED.—

9 (A) Except as provided in subparagraph
10 (B), such recoupment shall be required as a
11 condition for award and be proportional to the
12 Federal share of the costs of such project, and
13 shall be derived from the proceeds of royalties
14 or licensing fees received in connection with
15 such product or process.

16 (B) In the case where a product or process
17 is used by the recipient of a grant under this
18 section for the production and sale of its own
19 products or processes, the recoupment shall
20 consist of a payment equivalent to the payment
21 which would be made under subparagraph (A).

22 (3) WAIVER.—The Secretary may at any time
23 waive or defer all or some of the recoupment re-
24 quirements of this subsection as necessary, depend-
25 ing on—

1 (A) the commercial competitiveness of the
2 entity or entities developing or using the prod-
3 uct or process;

4 (B) the profitability of the project; and

5 (C) the commercial viability of the product
6 or process utilized.

7 (e) PRIVATE FUNDS.—The Secretary may accept
8 contributions of funds from private sources to carry out
9 this title.

10 (f) OFFICE OF ENERGY EFFICIENCY AND RENEW-
11 ABLE ENERGY.—The Secretary shall carry out this sec-
12 tion through the existing programs at the Office of Energy
13 Efficiency and Renewable Energy.

14 (g) REPORT.—Not later than 180 days after receiv-
15 ing a grant under this section, each recipient shall submit
16 a report to the Secretary—

17 (1) documenting how the recipient used the
18 grant funds; and

19 (2) evaluating the level of success of each
20 project funded by the grant.

21 **SEC. 204. INTERNATIONAL ENERGY ADVISORY BOARD.**

22 (a) ESTABLISHMENT.—There is established in the
23 Department of Energy an International Energy Advisory
24 Board.

1 (b) DUTIES.—The Advisory Board shall advise the
2 Secretary on—

3 (1) criteria for the recipients of grants awarded
4 under section 203(a);

5 (2) the total amount of grant money to be
6 awarded to all grantees selected by the Secretary, in
7 consultation with the BIRD; and

8 (3) the total amount of grant money to be
9 awarded to all grantees selected by the Secretary, in
10 consultation with the BSF, for each fiscal year.

11 (c) MEMBERSHIP.—

12 (1) COMPOSITION.—The Advisory Board shall
13 be composed of—

14 (A) 1 member appointed by the Secretary
15 of Commerce;

16 (B) 1 member appointed by the Secretary
17 of Energy; and

18 (C) 2 members who shall be Israeli citi-
19 zens, appointed by the Secretary of Energy
20 after consultation with appropriate officials in
21 the Israeli Government.

22 (2) DEADLINE FOR APPOINTMENTS.—The ini-
23 tial appointments under paragraph (1) shall be
24 made not later than 60 days after the date of enact-
25 ment of this Act.

1 (3) TERM.—Each member of the Advisory
2 Board shall be appointed for a term of 4 years.

3 (4) VACANCIES.—A vacancy on the Advisory
4 Board shall be filled in the manner in which the
5 original appointment was made.

6 (5) BASIC PAY.—

7 (A) COMPENSATION.—A member of the
8 Advisory Board shall serve without pay.

9 (B) TRAVEL EXPENSES.—Each member of
10 the Advisory Board shall receive travel ex-
11 penses, including per diem in lieu of subsist-
12 ence, in accordance with applicable provisions of
13 subchapter I of chapter 57 of title 5, United
14 States Code.

15 (6) QUORUM.—Three members of the Advisory
16 Board shall constitute a quorum.

17 (7) CHAIRPERSON.—The Chairperson of the
18 Advisory Board shall be designated by the Secretary
19 of Energy at the time of the appointment.

20 (8) MEETINGS.—The Advisory Board shall
21 meet at least once annually at the call of the Chair-
22 person.

23 (d) TERMINATION.—Section 14(a)(2)(B) of the Fed-
24 eral Advisory Committee Act (5 U.S.C. App.) shall not
25 apply to the Advisory Board.

1 **SEC. 205. DEFINITIONS.**

2 In this title:

3 (1) **ADVISORY BOARD.**—The term “Advisory
4 Board” means the International Energy Advisory
5 Board established by section 204(a).

6 (2) **BIRD.**—The term “BIRD” means the
7 Israel-United States Binational Industrial Research
8 and Development Foundation.

9 (3) **BSF.**—The term “BSF” means the United
10 States-Israel Binational Science Foundation.

11 (4) **ELIGIBLE ENTITY.**—The term “eligible enti-
12 ty” means a joint venture comprised of both Israeli
13 and United States private business entities or a joint
14 venture comprised of both Israeli academic persons
15 (who reside and work in Israel) and United States
16 academic persons, that—

17 (A) carries out an eligible project; and

18 (B) is selected by the Secretary, in con-
19 sultation with the BIRD or BSF, using the cri-
20 teria established by the Secretary, in consulta-
21 tion with the Advisory Board.

22 (5) **ELIGIBLE PROJECT.**—The term “eligible
23 project” means a project to encourage cooperation
24 between the United States and Israel on research,
25 development, or commercialization of alternative en-

1 energy, improved energy efficiency, or renewable en-
2 ergy sources.

3 (6) SECRETARY.—The term “Secretary” means
4 the Secretary of Energy, acting through the Assist-
5 ant Secretary of Energy for Energy Efficiency and
6 Renewable Energy.

7 **SEC. 206. TERMINATION.**

8 The grant program authorized under section 203 and
9 the Advisory Board shall terminate upon the expiration
10 of the 7-year period which begins on the date of the enact-
11 ment of this Act.

12 **SEC. 207. AUTHORIZATION OF APPROPRIATIONS.**

13 The Secretary is authorized to expend not more than
14 \$20,000,000 to carry out this title for each of fiscal years
15 2008 through 2014 from funds previously authorized to
16 the Office of Energy Efficiency and Renewable Energy.

17 **SEC. 208. CONSTITUTIONAL AUTHORITY.**

18 The Constitutional authority on which this title rests
19 is the power of Congress to regulate commerce with for-
20 eign nations as enumerated in article I, section 8 of the
21 United States Constitution.

Union Calendar No. 193

110TH CONGRESS
1ST Session

H. R. 3238

[Report No. 110-306, Part I]

A BILL

To promote the development of renewable fuels
infrastructure, and for other purposes.

AUGUST 3, 2007

Committees on Science and Technology, Transportation
and Infrastructure, and Oversight and Government Re-
form discharged; committed to the Committee of the
Whole House on the State of the Union and ordered
to be printed