

110TH CONGRESS
1ST SESSION

S. 1158

To amend the Clean Air Act to increase the use of renewable and alternative fuel, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 19, 2007

Mr. INHOFE introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To amend the Clean Air Act to increase the use of renewable and alternative fuel, 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. SHORT TITLE.**

4 This Act may be cited as the “Alternative Fuel
5 Standard Act of 2007”.

6 **SEC. 2. RENEWABLE AND ALTERNATIVE FUEL PROGRAM.**

7 Section 211(o) of the Clean Air Act (42 U.S.C.
8 7545(o)) is amended—

9 (1) in the subsection heading, by inserting
10 “AND ALTERNATIVE” after “RENEWABLE”;

1 (2) in paragraph (1)—

2 (A) by redesignating subparagraphs (A),
3 (B), (C), and (D) as subparagraphs (B), (I),
4 (G), and (H), respectively;

5 (B) by moving subparagraph (I) (as reded-
6 ignated by subparagraph (A)) to the end of the
7 paragraph;

8 (C) by inserting before subparagraph (B)
9 (as so redesignated) the following:

10 “(A) ALTERNATIVE FUEL.—

11 “(i) IN GENERAL.—The term ‘alter-
12 native fuel’ means the portion of any
13 motor vehicle or nonroad fuel, as measured
14 by volume, that consists of—

15 “(I) methanol, denatured eth-
16 anol, butanol, and other alcohols;

17 “(II) natural gas, including liquid
18 fuels domestically produced from nat-
19 ural gas;

20 “(III) liquefied petroleum gas;

21 “(IV) hydrogen;

22 “(V) coal-derived liquid fuels;

23 “(VI) fuels (not including a fuel
24 that consists of alcohol) derived from

1 biological materials (including bio-
2 diesel);

3 “(VII) electricity; and

4 “(VIII) any other fuel that the
5 Administrator determines, by rule, is
6 not derived from crude oil and would
7 yield energy security benefits or envi-
8 ronmental benefits.

9 “(ii) INCLUSION.—The term ‘alter-
10 native fuel’ includes any portion of a
11 blending component that is derived from
12 an alternative fuel.”;

13 (D) in subparagraph (B) (as so redesign-
14 nated), by striking the second sentence;

15 (E) by inserting after subparagraph (B)
16 (as so redesignated) the following:

17 “(C) NONROAD ENGINE.—The term
18 ‘nonroad engine’ means an internal combustion
19 engine (including the fuel system of the internal
20 combustion engine) that is not—

21 “(i) used—

22 “(I) to power a motor vehicle; or

23 “(II) in a vehicle used solely for
24 competition; and

1 “(ii) subject to standards of perform-
 2 ance for stationary sources of air pollution.

3 “(D) NONROAD FUEL.—The term
 4 ‘nonroad fuel’ means fuel required for—

5 “(i) a nonroad engine; or

6 “(ii) a nonroad vehicle.

7 “(E) NONROAD VEHICLE.—The term
 8 ‘nonroad vehicle’ means a vehicle or a piece of
 9 equipment that is—

10 “(i) powered by a nonroad engine; and

11 “(ii) not a motor vehicle or a vehicle
 12 used solely for competition.

13 “(F) PROGRAM.—The term ‘program’
 14 means the renewable and alternative fuel pro-
 15 gram established under paragraph (2).’;

16 (3) by striking paragraphs (2) and (3) and in-
 17 serting the following:

18 “(2) PROGRAM.—

19 “(A) IN GENERAL.—The Administrator
 20 shall, by regulation, establish an alternative fuel
 21 program to ensure that motor vehicle and
 22 nonroad fuel sold or introduced into commerce
 23 in the United States (except in territories of the
 24 United States), on an annual average basis,
 25 contains the applicable volume of alternative

1 fuel determined in accordance with subpara-
2 graph (C).

3 “(B) PROVISIONS.—Regulations promul-
4 gated under subparagraph (A)—

5 “(i) shall—

6 “(I) contain compliance provi-
7 sions applicable to refineries, blenders,
8 distributors, and importers, as appro-
9 priate, to ensure that the require-
10 ments of this section are met;

11 “(II) establish applicable percent-
12 ages under subparagraph (D);

13 “(III) establish compliance values
14 for alternative fuels under subpara-
15 graph (E);

16 “(IV) provide for the generation,
17 banking, trading, and use of identi-
18 fication numbers under subparagraph
19 (F);

20 “(V) require the taking of any
21 other action that is necessary for the
22 implementation of the alternative fuels
23 program, as determined by the Ad-
24 ministrator; and

1 “(VI) to the maximum extent
2 practicable, incorporate the program
3 structure, compliance, calculation of
4 applicable volume, registration, rec-
5 ordkeeping, and reporting require-
6 ments described in regulations pro-
7 mulgated under subparagraph (A) to
8 implement this section; and
9 “(ii) shall not—
10 “(I) restrict the geographic area
11 in which alternative fuel may be used;
12 or
13 “(II) impose any per-gallon obli-
14 gation for the use of alternative fuel.
15 “(C) APPLICABLE VOLUME.—
16 “(i) CALENDAR YEARS 2010 THROUGH
17 2017.—For the purpose of subparagraph
18 (A), the applicable volume of alternative
19 fuel for each of calendar years 2010
20 through 2017 shall be determined in ac-
21 cordance with the following table:

“Applicable volume of alternative fuel

Calendar year:	(in billions of gallons):
2010	10.0
2011	11.0
2012	12.0
2013	14.0
2014	17.0

“Applicable volume of alternative fuel—Continued

Calendar year:	(in billions of gallons):
2015	22.0
2016	28.0
2017	35.0

1 “(ii) CALENDAR YEAR 2018 AND
2 THEREAFTER.—

3 “(I) IN GENERAL.—Subject to
4 clauses (iii) and (iv), for the purpose
5 of subparagraph (A), the applicable
6 volume for calendar year 2018 and
7 each calendar year thereafter shall be
8 determined by the Administrator
9 based on a review containing the in-
10 formation described in subclause (II).

11 “(II) CONTENTS OF REVIEW.—
12 The review described in subclause (I)
13 shall contain a evaluation of the im-
14 plementation of the program during
15 calendar years 2010 through 2016,
16 including an evaluation of—

17 “(aa) the impact of the use
18 of alternative fuels on—

19 “(AA) public health;

20 “(BB) air quality;

21 “(CC) water quality;

1 “(DD) job creation;

2 “(EE) rural economic
3 development;

4 “(FF) the expected an-
5 nual rate of future produc-
6 tion of alternative fuels;

7 “(GG) the reduction of
8 the use of fuels derived from
9 crude oil in the United
10 States;

11 “(HH) the energy secu-
12 rity of the United States;
13 and

14 “(II) costs to con-
15 sumers.

16 “(iii) MINIMUM QUANTITY DERIVED
17 FROM CELLULOSIC BIOMASS.—

18 “(I) CALENDAR YEARS 2010
19 THROUGH 2012.—For each of calendar
20 years 2010 through 2012—

21 “(aa) the compliance value
22 for cellulosic ethanol contained in
23 subparagraph (E) shall not
24 apply; and

1 “(bb) a compliance value of
 2 2.5 shall apply in the same man-
 3 ner as if included on the table
 4 contained in subparagraph (E).

5 “(II) CALENDAR YEARS 2013 AND
 6 THEREAFTER.—For calendar year
 7 2013, and each calendar year there-
 8 after, the applicable volume described
 9 in clause (ii) shall contain a minimum
 10 of 250,000,000 gallons that are de-
 11 rived from cellulosic biomass.

12 “(iv) WASTE-DERIVED ETHANOL
 13 CREDIT.—For each of calendar years 2010
 14 through 2012, the compliance value for
 15 waste-derived ethanol shall—

16 “(I) be 2.5; and

17 “(II) apply in the same manner
 18 as if included in the table in subpara-
 19 graph (E).

20 “(v) MINIMUM APPLICABLE VOL-
 21 UME.—For the purpose of subparagraph
 22 (A), the applicable volume for calendar
 23 year 2018 and each calendar year there-
 24 after shall, at a minimum, be equal to the
 25 product obtained by multiplying—

1 “(I) the number of gallons of
2 gasoline that the Administrator of the
3 Energy Information Administration
4 estimates will be sold or introduced
5 into commerce in the calendar year;
6 and

7 “(II) the ratio that—

8 “(aa) 35,000,000,000 gal-
9 lons; bears to

10 “(bb) the number of gallons
11 of gasoline projected to be sold or
12 introduced into commerce in cal-
13 endar year 2017.

14 “(D) APPLICABLE PERCENTAGES.—

15 “(i) PROVISION OF ESTIMATE OF VOL-
16 UMES OF GASOLINE SALES.—Not later
17 than October 31, 2009, and annually
18 thereafter, the Administrator of the En-
19 ergy Information Administration shall pro-
20 vide to the Administrator an estimate re-
21 lating to the volume of gasoline projected
22 by Administrator of the Energy Informa-
23 tion Administration to be sold or intro-
24 duced into commerce in the United States
25 during the following calendar year.

1 “(ii) DETERMINATION OF APPLICABLE
2 PERCENTAGES.—

3 “(I) IN GENERAL.—Not later
4 than November 30, 2009, and annu-
5 ally thereafter, based on the estimate
6 provided under clause (i), the Admin-
7 istrator shall determine and notify
8 any obligated party, with respect to
9 the following calendar year, of the al-
10 ternative fuel obligation determined by
11 the Administrator to ensure that the
12 requirements of subparagraph (C) will
13 be met.

14 “(II) REQUIRED ELEMENTS.—
15 The alternative fuel obligation deter-
16 mined for a calendar year under
17 clause (ii) shall—

18 “(aa) be applicable to refin-
19 ers, blenders, and importers of
20 gasoline, as appropriate;

21 “(bb) be used in motor vehi-
22 cle or nonroad applications in the
23 United States;

24 “(cc) be expressed in terms
25 of a volume percentage of gaso-

1 line sold or introduced into com-
 2 merce in the United States; and

3 “(dd) subject to clause (iii),
 4 consist of a single applicable per-
 5 centage that applies to an obli-
 6 gated party who is a refiner,
 7 blender, or importer of gasoline
 8 used in motor vehicle and
 9 nonroad applications in the
 10 United States.

11 “(iii) ADJUSTMENTS.—In determining
 12 the applicable percentage for a calendar
 13 year, the Administrator shall make adjust-
 14 ments to prevent the imposition of redun-
 15 dant obligations on any individual or entity
 16 described in clause (ii).

17 “(E) COMPLIANCE VALUE.—

18 “(i) TABLE.—Subject to clauses (ii)
 19 and (iii), the Administrator shall assign a
 20 compliance value for each alternative fuel
 21 to satisfy the alternative fuel volume under
 22 subparagraph (C), in accordance with the
 23 following table:

Fuel Type	Compliance Value
Ethanol (non-Cellulosic)	1.0
Ethanol (Cellulosic)	1.0

Fuel Type	Compliance Value
Biodiesel	1.4
Gas-to-Liquid Diesel Fuel	1.5
Coal-to-Liquid Diesel Fuel	1.5
Compressed Natural Gas (78 standard cubic feet)	1.0
Liquefied Natural Gas	1.0
Liquefied Petroleum Gas	1.1
Electricity (6.4 kilowatt-hours)	1.0
Gaseous Hydrogen (132 standard cubic feet)	1.0
Liquid Hydrogen	1.0
Methanol	0.8
Butanol	1.3
Bio-Butanol	1.3

1 All values in terms of gallons unless other-
2 wise specified.

3 “(ii) AUTHORITY OF THE ADMINIS-
4 TRATOR.—

5 “(I) IN GENERAL.—In accord-
6 ance with the requirements described
7 in subclause (II), the Administrator
8 may—

9 “(aa) add fuel types to the
10 table contained in clause (i);

11 “(bb) revise any fuel type
12 and assign a different compliance
13 value to any fuel type described
14 in the table contained in clause
15 (i); and

16 “(cc) assign each new or re-
17 vised category or subcategory of

1 an alternative fuel type an appro-
2 priate compliance value.

3 “(II) USE OF INFORMATION.—

4 “(aa) IN GENERAL.—In car-
5 rying out a modification or revi-
6 sion of any fuel type or compli-
7 ance value under subclause (I),
8 the Administrator shall use ap-
9 propriate scientific and technical
10 information relating to the en-
11 ergy content of alternative fuels.

12 “(bb) REQUIREMENT RE-
13 LATING TO COMPLIANCE VAL-
14 UES.—In carrying out a modi-
15 fication or revision of any compli-
16 ance value under subclause (I),
17 the Administrator may revise the
18 compliance value to the extent
19 that the revision is predominantly
20 supported by scientific and tech-
21 nical information.

22 “(iii) USE OF COMPLIANCE VALUE.—

23 The compliance value described in the
24 table contained in clause (i) shall be used
25 as a multiplier to determine the extent to

1 which each gallon of the alternative fuel
2 would satisfy the alternative fuel volume
3 obligation under subparagraph (C).

4 “(F) GENERATION, BANKING, TRADING,
5 AND USE OF IDENTIFICATION NUMBERS.—

6 “(i) IN GENERAL.—Regulations pro-
7 mulgated under subparagraph (A) shall
8 provide that—

9 “(I) unique identification num-
10 bers shall be generated and assigned
11 to each batch or other quantifiable
12 unit of production, as determined by
13 the Administrator, of alternative fuel
14 by—

15 “(aa) the producer of any
16 facility located in the United
17 States; and

18 “(bb) the importer of alter-
19 native fuel imported into the
20 United States;

21 “(II) identification numbers shall
22 be based on the volume of the alter-
23 native fuel and the compliance values
24 established under subparagraph (E);

1 “(III) identification numbers may
2 be used to demonstrate compliance
3 with the alternative fuel volume obli-
4 gation under subparagraph (A);

5 “(IV) identification numbers may
6 be held by any individual or entity;

7 “(V) identification numbers may
8 be transferred by any individual or
9 entity to any other individual or enti-
10 ty;

11 “(VI) identification numbers
12 shall be valid for use in achieving
13 compliance for the calendar year in
14 which the numbers are generated, and
15 each calendar year thereafter, regard-
16 less of the calendar year in which the
17 alternative fuel that the numbers rep-
18 resent is used; and

19 “(VII) any obligated party that is
20 unable to acquire sufficient identifica-
21 tion numbers to meet the require-
22 ments for any calendar year under
23 this section shall be allowed to carry
24 forward a deficit on the condition that
25 the obligated party, in the calendar

year following the calendar year in which the deficit was created, achieves compliance with the obligation for—

“(aa) the calendar year following the calendar year in which the deficit was created; and

“(bb) the calendar year in which the deficit was created.

“(G) EVALUATION AND ADJUSTMENT OF REQUIRED VOLUMES.—

“(i) IN GENERAL.—The Administrator shall annually evaluate the domestic production and import capabilities relating to the required volumes of the alternative fuel standard for each year for which there have been specified volumes pursuant to clauses (i) and (ii) of subparagraph (C).

“(ii) ADJUSTMENT OF VOLUME OF ALTERNATIVE FUELS.—

“(I) IN GENERAL.—If any condition affects the production or importation of alternative fuel (including drought, environmental degradation, technological difficulties, economic infeasibility, national security interests,

1 or any other factor may substantially
 2 affect the availability of an alternative
 3 fuel in a quantity necessary to meet
 4 the requirements of this section) the
 5 Administrator may, to account for the
 6 impact of the condition, not later than
 7 October 31 of each calendar year, ad-
 8 just the applicable volume of any al-
 9 ternative fuel for the following cal-
 10 endar year, or any calendar year
 11 thereafter, described in the table con-
 12 tained in subparagraph (C)(i).

13 “(II) CORRESPONDING ADJUST-
 14 MENT OF APPLICABLE PERCENT-
 15 AGES.—In making an adjustment to
 16 the applicable volume of an alternative
 17 fuel under subclause (I), the Adminis-
 18 trator shall make a corresponding ad-
 19 justment to the determination of the
 20 alternative fuel obligation of an obli-
 21 gated party under subparagraph (D).

22 “(III) TERMINATION OF ADJUST-
 23 MENT.—

24 “(aa) IN GENERAL.—Sub-
 25 ject to item (bb), an adjustment

1 made by the Administrator to the
2 applicable volume of an alter-
3 native fuel under subclause (I)
4 shall terminate 1 year after the
5 date on which the adjustment is
6 made.

7 “(bb) AUTHORITY TO
8 RENEW ADJUSTMENT.—The Ad-
9 ministrator may renew the ad-
10 justment made in accordance
11 with subclause (I) not later than
12 October 31 of the calendar year
13 preceding the calendar year in
14 which the adjustment made by
15 the Administrator to the applica-
16 ble volume of an alternative fuel
17 under subclause (I) would apply.

18 “(H) SALE OF IDENTIFICATION NUM-
19 BERS.—

20 “(i) IN GENERAL.—The Administrator
21 shall make available for sale to any obli-
22 gated party additional identification num-
23 bers at a price of \$1.00 per gallon of gaso-
24 line equivalent.

1 “(ii) USE OF IDENTIFICATION NUM-
 2 BERS.—An additional identification num-
 3 ber sold by the Administrator under clause
 4 (i) may be used by an obligated party to
 5 comply with any alternative fuel obligation
 6 requirement under subsection (C) relating
 7 to the year in which the identification
 8 number was purchased.

9 “(iii) DISPOSITION OF FUNDS.—For
 10 each of fiscal years 2010 through 2017,
 11 any funds generated by the sale of addi-
 12 tional identification numbers by the Ad-
 13 ministrator to obligated parties shall be
 14 transferred by the Administrator to the
 15 Secretary of the Treasury and deposited in
 16 the Treasury of the United States.”;

17 (4) by striking paragraph (8);

18 (5) by redesignating paragraphs (4) through
 19 (7) as paragraphs (3) through (6), respectively;

20 (6) by redesignating paragraphs (9) and (10)
 21 as paragraphs (7) and (8), respectively;

22 (7) in paragraph (4)(A)(iii) (as redesignated by
 23 paragraph (5)), by striking “paragraph (9)(C)” and
 24 inserting “paragraph (7)(C)”;

(8) by striking paragraph (6) (as redesignated by paragraph (5)) and inserting the following:

“(6) WAIVER.—

“(A) IN GENERAL.—The Administrator may issue a temporary waiver for any requirement of paragraph (2) if the Administrator determines that—

“(i) an extreme or unusual fuel supply circumstance has affected the United States, or a region of the United States, that—

“(I) prevents the distribution of an adequate supply of 1 or more alternative fuels or the feedstock used to produce 1 or more alternative fuels; and

“(II) is of sufficient magnitude to prevent compliance by 1 or more obligated parties with the applicable volume of any alternative fuel described in the table contained in paragraph (2)(C), as determined by the Administrator;

“(ii) the extreme or unusual fuel supply circumstance will cause a severe in-

crease in the price of 1 or more alternative
fuels or of the feedstock used to produce 1
or more alternative fuels; and

“(iii) the extreme or unusual fuel supply
circumstance was caused by—

“(I) a natural disaster;

“(II) an act of God;

“(III) a pipeline or refinery
equipment failure;

“(IV) the national security interests
of the United States; or

“(V) a circumstance that could
not have been reasonably foreseen or
prevented, or prepared for by prudent
planning of a supplier of alternative
fuel to the United States.

“(B) EFFECT OF WAIVER.—A temporary
waiver issued by the Administrator under sub-
paragraph (A) shall—

“(i) apply to—

“(I) any obligated party affected
by the extreme or unusual fuel supply
circumstance; and

1 “(II) the smallest appropriate ge-
2 ographic area, as determined by the
3 Administrator;

4 “(ii) be effective for—

5 “(I) a period that begins on the
6 date on which the Administrator
7 issues the temporary waiver under
8 subparagraph (A) and ends 20 cal-
9 endar days after the date on which
10 the Administrator issued the tem-
11 porary waiver; or

12 “(II) the shortest appropriate pe-
13 riod of time, as determined by the Ad-
14 ministrator;

15 “(iii) preempt, for the duration of the
16 waiver, any State or local laws (including
17 regulations) relating to the renewable or
18 alternative content of motor fuel and
19 nonroad fuel that are inconsistent with any
20 adjustment of the volume of an alternative
21 fuel under paragraph (2)(G)(ii)(I); and

22 “(iv) be renewed for 1 or more addi-
23 tional 20 calendar day periods if the Ad-
24 ministrator determines that any extreme or
25 unusual fuel supply circumstance on which

1 the initial determination was made under
2 subparagraph (A) continues to warrant a
3 waiver under that subparagraph.”; and
4 (9) in paragraph (7) (as redesignated by para-
5 graph (6))—
6 (A) in subparagraph (A)(ii)(I), by striking
7 “2008” and inserting “2009”; and
8 (B) in subparagraph (C), by striking
9 “paragraph (5)” and inserting “paragraph
10 (4)”.

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