

107TH CONGRESS  
1ST SESSION

# S. 1006

To provide for the energy security of the United States and promote environmental quality by enhancing the use of motor vehicle fuels from renewable sources, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 8, 2001

Mr. HAGEL (for himself and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To provide for the energy security of the United States and promote environmental quality by enhancing the use of motor vehicle fuels from renewable sources, 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 “Renewable Fuels for  
5       Energy Security Act of 2001”.

6       **SEC. 2. RENEWABLE CONTENT OF MOTOR VEHICLE FUEL.**

7       (a) **DEFINITIONS.**—In this section:

1           (1) BIODIESEL.—The term “biodiesel” means  
 2       mono alkyl esters of long chain fatty acids derived  
 3       from renewable liquid sources such as vegetable oils  
 4       or animal fats, for use in compression-ignition (die-  
 5       sel) engines.

6           (2) BIOGAS.—The term “biogas” means gas  
 7       produced from a biogas source.

8           (3) BIOGAS SOURCE.—The term “biogas  
 9       source” means—

10               (A) a landfill;

11               (B) a sewage waste treatment plant;

12               (C) a feedlot; and

13               (D) any other accumulation of decaying or-  
 14       ganic material.

15           (4) BIOMASS.—

16               (A) IN GENERAL.—The term “biomass”  
 17       means lignocellulosic or hemicellulosic matter  
 18       that is available on a renewable basis.

19               (B) INCLUSIONS.—The term “biomass”  
 20       includes—

21                   (i) dedicated energy crops and trees;

22                   (ii) wood and wood residues;

23                   (iii) plants;

24                   (iv) grasses;

1 (v) agricultural commodities and resi-  
2 dues;

3 (vi) fibers; and

4 (vii) animal waste, municipal solid  
5 waste, and other waste.

6 (5) BIOMASS ETHANOL.—The term “biomass  
7 ethanol” means ethanol derived from biomass.

8 (6) RENEWABLE FUEL.—The term “renewable  
9 fuel” means fuel that—

10 (A) is—

11 (i) biodiesel;

12 (ii) ethanol or any other liquid fuel  
13 produced from biomass; or

14 (iii) biogas; and

15 (B) is used to reduce the quantity of fossil  
16 fuel present in a fuel mixture used to operate  
17 a motor vehicle.

18 (7) SECRETARY.—The term “Secretary” means  
19 the Secretary of Energy.

20 (b) RENEWABLE FUEL PROGRAM.—

21 (1) PROGRAM REQUIREMENTS.—The motor ve-  
22 hicle fuel sold or introduced into commerce in the  
23 United States in calendar year 2002 or any calendar  
24 year thereafter by a refiner, blender, or importer  
25 shall, on a 6-month average basis, be comprised of

a quantity of renewable fuel, measured in gasoline-equivalent gallons (as determined by the Secretary), that is not less than the applicable percentage by volume for the 6-month period.

(2) APPLICABLE PERCENTAGE.—

(A) IN GENERAL.—For the purposes of paragraph (1), the applicable percentage for a 6-month period of a calendar year shall be determined in accordance with the following table, unless modified under subparagraph (B):

<b>Calendar year:</b>	<b>Applicable percentage of renewable fuel:</b>
2002 .....	.8
2003 .....	.9
2004 .....	1.1
2005 .....	1.3
2006 .....	1.5
2007 .....	1.7
2008 .....	2.0
2009 .....	2.3
2010 .....	2.6
2011 .....	3.0
2012 .....	3.42
2013 .....	3.84
2014 .....	4.24
2015 .....	4.63
2016 and thereafter .....	5.00.

(B) ADJUSTMENTS TO APPLICABLE PERCENTAGE.—On petition by a State, the Secretary, in consultation with the Secretary of Agriculture, may lower the applicable percentage specified in subparagraph (A) for a period of 1 calendar year with respect to motor vehicle fuel sold or introduced into commerce in the State,

1 based on a determination by the Secretary,  
2 after public notice and opportunity for com-  
3 ment, that during the calendar year there is  
4 likely to be an inadequate domestic supply or  
5 distribution capacity in the State to meet the  
6 applicable percentage specified in subparagraph  
7 (A) for the calendar year.

8 (C) PETITIONS FOR ADJUSTMENT.—

9 (i) SUBMISSION.—A State shall sub-  
10 mit a petition under subparagraph (B) not  
11 later than September 1 of the year pre-  
12 ceding the calendar year for which the ad-  
13 justment is sought.

14 (ii) ACTION ON PETITIONS.—The Sec-  
15 retary, in consultation with the Secretary  
16 of Agriculture, shall approve or deny a  
17 State petition before the beginning of the  
18 calendar year.

19 (c) CREDIT PROGRAM.—

20 (1) IN GENERAL.—Not later than 270 days  
21 after the date of enactment of this Act, the Sec-  
22 retary shall promulgate regulations providing for the  
23 generation of an appropriate amount of credits by a  
24 person that refines, blends, or imports motor vehicle  
25 fuel that contains, on a 6-month average basis, a

1 quantity of renewable fuel that is greater than the  
2 quantity required for that 6-month period under  
3 subsection (b).

4 (2) USE OF CREDITS.—A person that generates  
5 credits under paragraph (1) may use the credits,  
6 hold the credits for later use, or transfer all or a  
7 portion of the credits to another person, for the pur-  
8 pose of complying with subsection (b).

9 (3) EXPIRATION OF CREDITS.—A credit gen-  
10 erated under this subsection shall expire 2 years  
11 after the date on which the credit was generated.

12 (4) INABILITY TO PURCHASE SUFFICIENT  
13 CREDITS.—The regulations under paragraph (1)  
14 shall include provisions allowing a refiner, blender,  
15 or importer that is unable to purchase sufficient  
16 credits to meet the requirements of subsection (b) to  
17 enter into an enforceable agreement to generate or  
18 purchase sufficient credits to make up for any defi-  
19 ciency within a period of time specified in the agree-  
20 ment.

21 (5) TESTING; REPORTS.—The regulations under  
22 paragraph (1) may include provisions requiring a re-  
23 finer, blender, or importer—

1 (A) to conduct tests to ascertain the com-  
 2 position of fuels for the purpose of compliance  
 3 with subsection (b); and

4 (B) to submit to the Secretary periodic re-  
 5 ports on the composition of the fuels refined,  
 6 blended, or imported.

7 (d) CIVIL PENALTIES AND ENFORCEMENT.—

8 (1) CIVIL PENALTIES.—

9 (A) IN GENERAL.—The Secretary may im-  
 10 pose against a person that fails to comply with  
 11 subsection (b) or with a regulation under sub-  
 12 section (c) a civil penalty in the amount of—

13 (i) not more than \$25,000 for each  
 14 day of the failure to comply; plus

15 (ii) the amount of economic benefit  
 16 realized by the person as a result of the  
 17 failure to comply.

18 (B) AVERAGING PERIOD.—Any failure to  
 19 comply with respect to a regulation under sub-  
 20 section (c) that establishes a regulatory require-  
 21 ment based on an averaging period shall con-  
 22 stitute a separate day of failure of compliance  
 23 for each day of the averaging period.

24 (2) ENFORCEMENT.—The Secretary may bring  
 25 a civil action in United States district court for—

- 1 (A) an order enjoining a failure to comply
- 2 with subsection (b) or with a regulation under
- 3 subsection (c); and
- 4 (B) other appropriate relief.

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