

**Overview of H.R. 6, the Energy Independence and Security Act of 2007 (EISA)
As signed by the President on December 19, 2007
As it relates to the Renewable Fuels Program and specifically Biodiesel
December 19, 2007**

Updated Renewable Fuels Program: The Energy Independence and Security Act of 2007 (*referred to as H.R. 6 or EISA*) updates the volume of renewable fuels required in 2008 and creates a new 36 billion gallon program beginning in 2009 through 2022, lasting into perpetuity, until acted on by Congress. The program creates side-by-side minimum use requirements for the following technologically neutral classes of renewable fuels:

- Conventional Biofuels
- Advanced Biofuels
- Cellulosic Biofuels
- Biomass-Based Diesel (including biodiesel) ; and
- Undifferentiated Advanced Biofuels (including biodiesel)

The Schedule is as follows:

<u>Year</u>	<u>Volume in billions of gallons</u>	<u>Conventional Biofuels</u> <small>(may include biodiesel)</small>	<u>Advanced Biofuels</u>	<u>Cellulosic Biofuels</u>	<u>Biomass-Based Diesel</u> <small>(biodiesel is eligible)</small>	<u>Undifferentiated</u>	<u>Total Biodiesel Potential</u> <small>(biodiesel is eligible)</small>
						<u>Advanced Biofuels</u> <small>(biodiesel is eligible)</small>	
2006	4.000	4.000					
2007	4.700	4.700					
2008	9.000	9.000					
2009	11.100	10.500	0.600		0.500	0.100	0.600
2010	12.950	12.000	0.950	0.100	0.650	0.200	0.850
2011	13.950	12.600	1.350	0.250	0.800	0.300	1.100
2012	15.200	13.200	2.000	0.500	1.000	0.500	1.500
2013	16.550	13.800	2.750	1.000	≥1.000*	0.750	1.750
2014	18.150	14.400	3.750	1.750	≥1.000*	1.000	2.000
2015	20.500	15.000	5.500	3.000	≥1.000*	1.500	2.500
2016	22.250	15.000	7.250	4.250	≥1.000*	2.000	3.000
2017	24.000	15.000	9.000	5.500	≥1.000*	2.500	3.500
2018	26.000	15.000	11.000	7.000	≥1.000*	3.000	4.000
2019	28.000	15.000	13.000	8.500	≥1.000*	3.500	4.500
2020	30.000	15.000	15.000	10.500	≥1.000*	3.500	4.500
2021	33.000	15.000	18.000	13.500	≥1.000*	3.500	4.500
2022	36.000	15.000	21.000	16.000	≥1.000*	4.000	5.000

* Administrator determines minimum use allocation for "biomass-based diesel"

The schedule, for calendar years after the calendar years specified in the tables will be established by the Administrator of EPA in coordination with the Secretary of Energy and the Secretary of Agriculture (Advanced Biofuels = 2022, Cellulosic Biofuels = 2022; Biomass-Based Diesel = 2012; and Undifferentiated Advanced Biofuels = 2022).

Biodiesel:

The program creates a minimum use requirement for “biomass-based diesel” which is a technology neutral classification, and includes biodiesel (conventional biofuels, cellulosic biofuels, and co-processed renewable diesel do not qualify as “biomass-based diesel”).

The program also creates a larger minimum use requirement for an “advanced biofuels” category, referred to in the table as “Undifferentiated Advanced Biofuels”, which creates a larger pool, and is again technology neutral (conventional biofuels do not qualify for this category).

In order to qualify for either program, the fuel must meet the 40-50 percent lifecycle greenhouse gas emission requirement, as compared to the baseline greenhouse gas emissions of the fuel being replaced.

Additional Definitions:

Conventional Biofuels

- renewable fuel that is ethanol derived from corn starch
- the renewable fuel produced from facilities that commence construction after the date of enactment achieves a 20% reduction in greenhouse gas emissions compared to baseline lifecycle greenhouse gas (ghg)emissions
- the 20% ghg emissions number may be adjusted to a lower percentage if the Administrator determines it is not feasible for fuels using a variety of feedstocks, technologies, and processes to meet the applicable reduction; however the reduction may not be reduced below 10%

Advanced Biofuels:

- renewable fuel other than ethanol derived from corn starch, that is derived from renewable biomass and has lifecycle greenhouse gas emissions, as determined by the Administrator that are at least 50% less than baseline greenhouse gas emissions. This term includes “cellulosic biofuels” and “biomass-based diesel”
- the 50% ghg emissions number may be adjusted to a lower percentage if the Administrator determines it is not feasible for fuels using a variety of feedstocks, technologies, and processes to meet the applicable reduction; however the reduction may not be reduced below 40%
- The schedule for Advanced Biofuels, includes the schedule for Cellulosic Biofuels, Biomass-Based Diesel, and Undifferentiated Advanced Biofuels

Cellulosic Biofuels:

- renewable fuel derived from any cellulose, hemicellulose, or lignin that is derived from renewable biomass and that has lifecycle greenhouse gas emissions, as determined by the Administrator, that are at least 60% less than the baseline lifecycle greenhouse gas emissions
- the 60% ghg emissions number may be adjusted to a lower percentage if the Administrator determines it is not feasible for fuels using a variety of feedstocks, technologies, and processes to meet the applicable reduction; however the reduction may not be reduced below 50%

Biomass-Based Diesel:

- renewable fuel that is biodiesel as defined in section 312(f) of the Energy Policy Act of 1992 (42 USC 13220(f), which according to the Environmental Protection Agency (EPA) is, a diesel fuel substitute produced from nonpetroleum renewable resources that meets the registration requirements for fuels and fuel additives established by the EPA under section 7545 of the Clean Air Act"
- is derived from renewable biomass and has lifecycle greenhouse gas emissions, as determined by the Administrator that are at least 50% less than baseline greenhouse gas emissions.
- the 50% ghg emissions number may be adjusted to a lower percentage if the Administrator determines it is not feasible for fuels using a variety of feedstocks, technologies, and processes to meet the applicable reduction; however the reduction may not be reduced below 40%
- does not include the co-processing of biomass with a petroleum feedstock, which is classified as an "advanced biofuel."

Undifferentiated Advanced Biofuels:

- renewable fuel other than ethanol derived from corn starch, that is derived from renewable biomass and has lifecycle greenhouse gas emissions, as determined by the Administrator that are at least 50% less than baseline greenhouse gas emissions. This term includes "cellulosic biofuels", "biomass-based diesel" and "co-processed renewable diesel".
- the 50% ghg emissions number may be adjusted to a lower percentage if the Administrator determines it is not feasible for fuels using a variety of feedstocks, technologies, and processes to meet the applicable reduction; however the reduction may not be reduced below 40%

Waiver Provisions:

- generally, the program can be waived by the Administrator on his own motion, or after "one or more States" petition for a waiver and it is approved by notice and comment.
- Cellulosic Biofuels - additional waiver provisions if the minimum volume requirements are not met

- Biomass-Based Diesel – specific waiver provisions if EPA, in consultation with DOE and USDA, determine there is a significant renewable feedstock disruption or other market circumstances that would make the prices of Biomass-Based Diesel fuel increase significantly

Study of Impact of Renewable Fuels Standard:

- the National Academy of Sciences shall conduct a study to assess the impact of this program on each industry relating to the production of feed grains, livestock, food, forest products and energy

Environmental and Resource Conservation Impacts:

- EPA, DOE and USDA shall assess and report to Congress on the impacts and likely future impacts of this program on environmental issues, resource conservation issues, the growth and use of cultivated invasive or noxious plants and their impact on the environment and agriculture.

Anti-Backsliding:

- EPA shall complete a study to determine whether renewable fuel volumes required by this section will adversely impact air quality as a result of changes in vehicle and engine emissions

Labeling Provisions for Biomass Based Diesel and Biodiesel (as determined by the Federal Trade Commission):

- Biomass-Based Diesel or Biodiesel blends that contain less than or equal to 5% biomass-based diesel or biodiesel by volume and that meet ASTM D975 diesel specifications shall not require any additional label
- Biomass-Based Diesel or Biodiesel blends that contain more than 5% biomass-based diesel or biodiesel by volume but not more than 20% by volume shall be labeled “contains biomass-based diesel or biodiesel in quantities between 5-20%”; and
- Biomass-Based Diesel or Biodiesel blends that contain more than 20% biomass-based diesel or biodiesel by volume shall be labeled “contains more than 20% biomass-based diesel or biodiesel”

Biodiesel Tax Provisions:

- the extension of the biodiesel tax credit was *not* included in the Energy Independence and Security Act of 2007

Date of Enactment:

- The Act will take effect on January 1, 2009; except the 9.0 billion gallon volume requirement for the current Renewable Fuels Program will take effect in 2008.