
A BILL FOR AN ACT

RELATING TO GREENHOUSE GAS EMISSIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that transportation is
2 the State's largest lifecycle greenhouse gas emissions source.
3 Tourism is the State's largest economic driver as well as the
4 largest transportation consumer. Accordingly, better management
5 of waste and resources as an island state is critical to
6 environmental stewardship, and a clean fuel standard is central
7 to reducing the State's lifecycle greenhouse gas emissions while
8 protecting the State's economic competitiveness in a way that is
9 also protective of public health and the environment. The
10 legislature further finds that without policy specific to the
11 transportation sector, emissions reductions will not be achieved
12 in a timeframe consistent with the State's goals. Therefore, a
13 clean fuel standard that is technology-neutral and market-based
14 is an effective policy for reducing emissions in the
15 transportation sector while also achieving other co-benefits.

16 The legislature also finds that by creating a clean fuel
17 standard that rewards environmental performance, the State will



1 incentivize the creation of jobs in various sectors, including
2 construction, agriculture, waste management, landscape
3 restoration, forestry, and transportation. A clean fuel
4 standard can create new markets for what is usually considered
5 waste, including but not limited to municipal solid waste;
6 construction and demolition debris; used cooking oil from food
7 processing; agricultural and forestry residuals; industrial
8 emissions; invasive species biomass from landscape restoration
9 projects; and renewable electricity. Furthermore, the demand
10 created for alternative fuels and cleaner forms of mobility
11 under a clean fuel standard will not only help reduce greenhouse
12 gas emissions but may also have a co-benefit of reducing air
13 pollution, improving the health of citizens of the State. To
14 prompt the use of clean fuels and zero-emission vehicles, other
15 states like California, Oregon, and Washington have successfully
16 implemented programs that reduce the carbon intensity of their
17 transportation fuels.

18 It is the intent of the legislature to support the
19 deployment of clean transportation fuel technologies through a
20 carefully designed program that reduces the carbon intensity of
21 fuel used in the State in order to:



- 1 (1) Reduce lifecycle greenhouse gas emissions;
- 2 (2) Stimulate the local, state, and regional economies,
- 3 thereby providing economic development;
- 4 (3) Promote public health and the environment by
- 5 increasing sustainability and encouraging a circular
- 6 economy and landscape restoration activities; and
- 7 (4) Support existing jobs in the clean fuel industry and
- 8 create new jobs in new innovative clean fuel
- 9 technologies.

10 Therefore, the purpose of this Act is to require the Hawaii
 11 state energy office to adopt rules governing a clean fuel
 12 standard for diesel and gasoline in the State.

13 SECTION 2. (a) The Hawaii state energy office shall adopt
 14 rules pursuant to chapter 91, Hawaii Revised Statutes, governing
 15 a clean fuel standard for diesel and gasoline in the State. The
 16 rules shall include:

- 17 (1) A schedule to phase-in the implementation of the clean
- 18 fuel standard for diesel and gasoline in a manner that
- 19 reduces the average carbon intensity by per cent
- 20 below levels by the year , including



- 1 the establishment of annual carbon intensity standards
2 for diesel and gasoline;
- 3 (2) An implementation date for the clean fuel standard for
4 diesel and gasoline on or before January 1, 2025;
- 5 (3) Standards for measuring net greenhouse gas emissions
6 using Argonne National Lab's GREET model attributable
7 to the production and use of diesel, gasoline, and
8 other alternative fuels throughout their lifecycles,
9 including feedstock production or extraction, fuel
10 production, transportation of raw materials and
11 finished fuels, and greenhouse gas sequestrations;
- 12 (4) A mechanism by which diesel and gasoline that has a
13 carbon intensity below the annual carbon intensity
14 standard is used within the State to generate credits;
- 15 (5) A mechanism by which alternative fuel that has a
16 carbon intensity below the annual carbon intensity
17 standard is used within the State to generate credits;
- 18 (6) A mechanism to adjust the carbon intensity of
19 alternative fuel when the alternative fuel is used in
20 a powertrain that is more or less efficient than the
21 reference fuel and drivetrain combination;



- 1 (7) A mechanism by which diesel or gasoline that has a
- 2 carbon intensity above the annual carbon intensity
- 3 standard would generate a deficit;
- 4 (8) A mechanism by which an alternative fuel that has a
- 5 carbon intensity above the annual carbon intensity
- 6 standard would generate a deficit;
- 7 (9) Mechanisms that allow credits to be traded and to be
- 8 banked for future compliance periods;
- 9 (10) A mechanism that requires diesel, gasoline, or other
- 10 alternative fuel that is exported from the State to
- 11 retire any associated credit or debit;
- 12 (11) Exemptions for diesel, gasoline, and alternative fuel
- 13 that are used in volumes below thresholds established
- 14 by the Hawaii state energy office;
- 15 (12) Exemptions for diesel, gasoline, or other fuels used
- 16 by aircraft, railroad locomotives, military vehicles,
- 17 and interstate waterborne vessels;
- 18 (13) Procedures for verifying the validity of credits and
- 19 deficits generated under the clean fuel standard; and
- 20 (14) A schedule by which the Hawaii state energy office
- 21 will review and update the lifecycle greenhouse gas



1 modeling every three years based on a review of the
2 best available scientific literature.

3 (b) The Hawaii state energy office may adopt rules that
4 include:

5 (1) A cost containment mechanism designed to allow for
6 sufficient compliance flexibility and maximum
7 greenhouse gas reductions;

8 (2) A mechanism by which emission reductions associated
9 with the production of alternative fuels can be
10 indirectly accounted for when used as transportation
11 fuel or when used in the production of diesel,
12 gasoline, or an alternative fuel that is used within
13 the State;

14 (3) Mechanisms whereby exempt end-uses, such as aviation,
15 marine, and rail, can opt in to the program to
16 generate credits when using alternative fuel;

17 (4) Mechanisms whereby alternative fuel can opt in to the
18 clean fuel program to generate credits when it
19 displaces the combustion of gasoline or diesel in
20 off-road, heating, cooling, and temporary power
21 generation;



- 1 (5) A schedule to phase in the implementation of the
2 standards for alternative fuels that have achieved a
3 predominant market share and have an average carbon
4 intensity that exceeds the annual diesel or gasoline
5 carbon intensity standard;
- 6 (6) A program to support the deployment of infrastructure
7 for the distribution of electricity as a vehicle fuel
8 based on a mechanism by which not more than per
9 cent of the annual deficits can be allocated;
- 10 (7) A program to support the deployment of new
11 technologies and infrastructure for the distribution
12 or production of liquid or gaseous alternative fuels
13 based on a mechanism by which not more than per
14 cent of the annual deficits can be allocated;
- 15 (8) Any standards, specifications, testing requirements,
16 and other measures as needed to ensure the quality of
17 gasoline, diesel, and alternative fuels used in
18 accordance with the clean fuel standard;
- 19 (9) Linking the clean fuel standard to similar policies in
20 other jurisdictions, including but not limited to
21 California, Washington, and Oregon; and



1 (10) A method to utilize the carbon intensity pathways
2 already approved in other states like California,
3 Oregon, and Washington to reduce the burden of
4 administering and certifying the carbon intensity of
5 transportation fuels in the clean fuel program.

6 (c) As used in this section:

7 "Alternative fuel" means any fuel that is used in
8 transportation and derived from municipal solid waste,
9 agriculture or forestry practices, construction waste, animal or
10 food waste, or other biogenic biomass sources.

11 "Biogenic" means produced from any carbon or hydrogen
12 absorbed by plants or trees from the atmosphere through
13 photosynthesis within the past one hundred years.

14 "Carbon intensity" means that quantity of lifecycle
15 greenhouse gas emissions per unit of fuel energy, expressed in
16 grams of carbon dioxide equivalent per megajoule.

17 "Clean fuel standard" means standards for the reduction of
18 greenhouse gas emissions, on average, per unit of fuel energy.

19 "Greenhouse gas" means carbon dioxide, methane, nitrous
20 oxide, hydrofluorocarbons, perfluorocarbons, sulfur



1 hexafluoride, and any other gas or gases designated by the
2 Hawaii state energy office by rule.

3 SECTION 3. This Act shall take effect on January 1, 2060.



Report Title:

HSEO; Clean Fuel Standard; Greenhouse Gases; Rules

Description:

Requires the Hawaii State Energy Office to adopt rules governing a clean fuel standard for gasoline and diesel in the State.

Takes effect 1/1/2060. (SD1)

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