
A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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 source of lifecycle greenhouse gas emissions
3 and the tourism industry is the State's largest economic driver
4 and biggest transportation sector consumer.

5 The legislature further finds that better management of
6 waste and resources is critical to environmental stewardship and
7 a clean fuel standard is central to reducing the State's
8 lifecycle greenhouse gas emissions while also protecting the
9 State's economic competitiveness, public health, and the
10 environment. To prompt the use of clean fuels and zero-emission
11 vehicles, other states like California, Oregon, and Washington
12 have successfully implemented programs that reduce the carbon
13 intensity of their transportation fuels.

14 The legislature also finds that without policies specific
15 to the transportation sector, emissions reductions will not be
16 achieved in a timeframe consistent with the State's goals.

17 Therefore, a clean fuel standard that is technology-neutral and



1 market-based is an effective policy for reducing emissions in
2 the transportation sector while also achieving other
3 co-benefits.

4 The legislature additionally finds that by creating a clean
5 fuel standard that rewards environmental performance, the State
6 will incentivize the creation of jobs in various sectors,
7 including construction, agriculture, waste management, landscape
8 restoration, forestry, and transportation. A clean fuel
9 standard can create new markets for what is usually considered
10 waste, including but not limited to municipal solid waste,
11 construction and demolition debris, used cooking oil from food
12 processing, agricultural and forestry residuals, industrial
13 emissions, invasive species biomass from landscape restoration
14 projects, and renewable electricity. Furthermore, the demand
15 created for alternative fuels and cleaner forms of mobility
16 under a clean fuel standard will not only help reduce greenhouse
17 gas emissions but may also have a co-benefit of reducing air
18 pollution, thereby improving the health of citizens of the
19 State.

20 It is the intent of the legislature to support the
21 deployment of clean transportation fuel technologies through a



1 carefully designed program that reduces the carbon intensity of
2 fuel used in the State to:

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

12 Therefore, the purpose of this Act is to require the
13 department of transportation to:

- 14 (1) Conduct a feasibility study on implementing clean fuel
15 standards for alternative fuels; and
- 16 (2) No later than January 1, 2028, adopt rules governing a
17 clean fuel standard for alternative fuels in the
18 State.

19 SECTION 2. (a) The department of transportation shall
20 conduct a feasibility study on implementing clean fuel standards



1 for alternative fuels as described under section 3, including
2 its potential fiscal impact on the State.

3 (b) The department of transportation shall submit a report
4 of its findings and recommendations, including any proposed
5 legislation, to the legislature no later than sixty days prior
6 to the convening of the regular session of 2027.

7 SECTION 3. (a) No later than January 1, 2028, the
8 department of transportation shall adopt rules pursuant to
9 chapter 91, Hawaii Revised Statutes, governing a clean fuel
10 standard for alternative fuels in the State. The rules shall
11 include:

12 (1) A schedule to phase-in the implementation of the clean
13 fuel standard for alternative fuels in a manner that
14 reduces the average carbon intensity by at least ten
15 per cent below 2019 levels by 2035 and at least fifty
16 per cent below 2019 levels by 2045, including the
17 establishment of annual carbon intensity standards for
18 alternative fuels;

19 (2) An implementation date for the clean fuel standard for
20 diesel and gasoline no later than January 1, 2029;



- 1 (3) Standards for measuring lifecycle greenhouse gas
2 emissions using Argonne National Lab's GREET model
3 attributable to the production and use of diesel,
4 gasoline, and other alternative fuels throughout their
5 lifecycles, including feedstock production or
6 extraction, fuel production, and the transportation of
7 raw materials and finished fuels;
- 8 (4) A mechanism by which diesel and gasoline that have a
9 carbon intensity below the annual carbon intensity
10 standard are used within the State to generate
11 credits;
- 12 (5) A mechanism by which alternative fuel that has a
13 carbon intensity below the annual carbon intensity
14 standard is used within the State to generate credits;
- 15 (6) A mechanism to adjust the carbon intensity of
16 alternative fuel when the alternative fuel is used in
17 a powertrain that is not equal in efficiency to that
18 of the reference fuel and drivetrain combination;
- 19 (7) A mechanism by which diesel or gasoline that has a
20 carbon intensity above the annual carbon intensity
21 standard would generate a deficit;



(8) A mechanism by which an alternative fuel that has a carbon intensity above the annual carbon intensity standard would generate a deficit;

(9) A mechanism that requires diesel, gasoline, or other alternative fuel that is exported from the State to retire any associated credit or debit;

(10) Exemptions for diesel, gasoline, or other fuels used by aircraft, railroad locomotives, military vehicles, and interstate waterborne vessels;

(11) Procedures for verifying credits and deficits generated under the clean fuel standard; and

(12) A schedule by which the department of transportation shall review and update the lifecycle greenhouse gas modeling every three years based on a review of the best available scientific literature.

(b) The department of transportation may adopt rules pursuant to chapter 91, Hawaii Revised Statutes, that include:

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



- 1 (2) Mechanisms whereby an electric utility or an energy
2 producer can generate credits for electricity for
3 gaseous fuels used in transportation; provided that
4 the department of transportation shall develop these
5 mechanisms based on best practices in use in other
6 states and in consultation with industry stakeholders;
- 7 (3) Mechanisms whereby exempt end-uses, such as aviation,
8 marine, rail, and military, can opt in to the program
9 to generate credits when using alternative fuel;
- 10 (4) Mechanisms whereby alternative fuel users can opt in
11 to the clean fuel program to generate credits when it
12 displaces the combustion of gasoline or diesel in
13 off-road, heating, cooling, and temporary power
14 generation;
- 15 (5) A schedule to phase in the implementation of the
16 standards for alternative fuels that have achieved a
17 predominant market share and have an average carbon
18 intensity that exceeds the annual diesel or gasoline
19 carbon intensity standard;
- 20 (6) A program to support the deployment of infrastructure
21 for the distribution of electricity as a vehicle fuel



- 1 based on a mechanism by which no more than per
2 cent of the annual deficits can be allocated;
- 3 (7) A program to support the deployment of new
4 technologies and infrastructure for the distribution
5 or production of liquid or gaseous alternative fuels
6 based on a mechanism by which no more than per
7 cent of the annual deficits can be allocated;
- 8 (8) Any standards, specifications, testing requirements,
9 and other measures as needed to ensure the quality of
10 gasoline, diesel, and alternative fuels used in
11 accordance with the clean fuel standard;
- 12 (9) Linking the clean fuel standard to similar policies in
13 other jurisdictions, including but not limited to
14 California, Oregon, and Washington;
- 15 (10) A method to utilize the carbon intensity pathways
16 already approved in other states like California,
17 Oregon, and Washington to reduce the burden of
18 administering and certifying the carbon intensity of
19 transportation fuels in the clean fuel program;
- 20 (11) Mechanisms that allow credits to be traded and to be
21 banked for future compliance periods; and



(12) Exemptions for diesel, gasoline, and alternative fuels that are used in volumes below thresholds established by the department of transportation.

(c) For the purposes of this section:

"Alternative fuel" means any fuel that is not gasoline or diesel and is used for transportation purposes, including but not limited to ethanol, biomass-based diesel, renewable diesel, sustainable aviation fuel, electricity, biomethane, biogasoline, renewable natural gas, fuels from carbon capture and utilization, electrofuels, and hydrogen.

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

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

"Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and any other gas or gases designated by the department of transportation or the Hawaii state energy office by rule.



1 SECTION 4. This Act shall take effect on July 1, 3000;

2 provided that:

3 (1) Section 2 shall take effect on July 1, 2025; and

4 (2) Section 3 shall take effect on July 1, 2027.



Report Title:

DOT; Clean Fuel Standard; Greenhouse Gases; Alternative Fuels;
Feasibility Study; Rules

Description:

Requires the Department of Transportation to conduct a feasibility study on implementing a clean fuel standard for alternative fuels in the State. Requires, no later than 1/1/2028, the Department of Transportation to adopt rules governing a clean fuel standard for alternative fuels in the State. Effective 7/1/3000. (HD1)

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