

**NC Alternative Fuels Group Call Summary
May 15, 2007 10:00-12:00**

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The call focused on proposed NC legislation regarding alternative transportation fuels and advanced technologies.

S567 Allow Distribution of E-Blend Fuel Sponsor: Dalton Allows E85 to be dispensed from dispensers approved for E10 provided manufacturer has initiated process for approval by independent testing lab (*Passed Senate and House Commerce Comm. Scheduled House for vote on May 29*) See current bill version at <http://www.ncga.state.nc.us/Sessions/2007/Bills/Senate/HTML/S567v4.html>. This is an industry sponsored bill aimed to facilitate more E85 distribution in NC. The expansion of E85 has been hampered in NC because of new regulatory requirements brought about by the lack of national certification of E85 dispensers. Learn more on the issue from a technical bulletin relating to the UL dispenser issue at http://www.eere.energy.gov/afdc/resources/technology_bulletin_0307.html

S634 / H557 NC GREEN Act Sponsors: Albertson /Tolson Appropriation to set up grant program to spur biofuels production, distribution and use as well as other energy related business incentives (*\$1M in funds to Commerce Dept for no- interest loans(instead of grants has been included in House Budget H1437 Senate has not taken action yet)*)

S 1272 Definition of Biodiesel Sponsor: Snow Changes definition of biodiesel from any fuel derived in whole or in part from agricultural products to the technical definition of biodiesel that meets ASTM industry standards (**passed Senate Ref to the Com on Energy and Energy Efficiency and, if favorable, to the Com on Finance**)

S1451 – Biodiesel Incentive Fund – Sponsor: Snow Pay biodiesel producer \$0.30 per gallon up to 2.5M gallon and then \$0.10 for additional gallon. South Carolina is already provides a per gallon producer payment making it more of a challenge for NC producers to be competitive. Bill also sets up the North Carolina Division of Biofuels Production and Development within the Department of Agriculture and Consumer Services with \$1M annual appropriation through 2009. Senators Snows office is working hard on this one and hopes to get it heard in committee in next couple weeks (*Ref to Commerce, Small Business and Entrepreneurship. If fav, re-ref to Appropriations/Base Budget*)

H258/S540 – Revenue Laws and Motor Fuels Tax Technical changes

Sec20 – removes \$2,000 bond requirement and makes producers pay the motor fuel tax. Hopefully this will remove the disincentive for small producer to pay road tax. (*Currently in House & Senate Finance Committees*)

H1912 School Bus Retrofits in Non-attainment Areas Sponsor: Samuelson Establishes a grant program using federal CMAQ dollars (over \$26M through 2009) to retrofit school buses to reduce particulate matter emission. Requires a 20% match with state funds. (*House budget includes \$500,000 to support require state match*)

Call participants expressed concern that if H1912 were to pass that funds would come out of existing CMAQ funded projects such as NC DAQ’s Air Awareness Program and NCSU’s Clean Fuel Advanced Technology Project. The current CMAQ statewide budgeted amount is \$28M, (\$140 M over 7years. Currently, a disproportion amt of CMAQ funds are given back to the federal govt annually by NC DOT through rescissions.

States under-obligate funds to CMAQ and as a result, CMAQ balances are often targeted by state DOTs when complying with federal rescission orders. See following for estimate of NC Rescission FY ‘07 amount

http://data.memberclicks.com/site/asct/pp_ACT_April2007_CMAQ_alert.doc

Estimates of FY '07 Rescission Amounts by State (in millions)					
State	Rescission Amount	State	Rescission Amount	State	Rescission Amount
Alabama	69	Kentucky	60	N. Dakota	22
Alaska	31	Louisiana	55	Ohio	128
Arizona	68	Maine	16	Oklahoma	53
Arkansas	44	Maryland	56	Oregon	40
California	308	Massachusetts	58	Pennsylvania	156
Colorado	46	Michigan	105	Rhode Island	18
Connecticut	46	Minnesota	56	S. Carolina	58
Delaware	14	Mississippi	42	S. Dakota	23
DC	14	Missouri	82	Tennessee	77
Florida	178	Montana	33	Texas	296
Georgia	123	Nebraska	26	Utah	25
Hawaii	15	Nevada	24	Vermont	15

Idaho	26	New Hampshire	16	Virginia	96
Illinois	116	New Jersey	95	Washington	60
Indiana	89	New Mexico	33	West Virginia	38
Iowa	38	New York	157	Wisconsin	67
Kansas	36	North Carolina	100	Wyoming	24
<i>STPP estimates of FY'07 federal highway program rescissions, totaling \$3.471 billion pursuant to PL 110-5.</i>					

Concerned parties can contact NC DOT about the rescission process and utilizing more of these funds to reduce transportation related emissions.

HB1990 – Establishes the NC Biofuels Center – as proposed from the Strategic Plan for Biofuels Leadership. H1990 incorporates the Center which will utilize a campus in Oxford NC that is an old federal facility. Bill provides \$5M annually through 2009 (the Strategic Plan asked for \$25 million). This will need to be reallocated on a year to year basis. Dept of Ag & CS will need to work to keep money every year but anticipates that \$5M will not be too hard.

H2003 – Biofuels Incentives – discount allowance for biodiesel producers. Currently you get a credit at the end of year, so hard to show price reduction at pump. This bill would give credit every month so the consumers can see it. Percentage based on percentage of blend, so if B20, a distributor will receive credit for 20% of motor fuels tax..

E85 has less energy content compared to gas. Because you have to buy more fuel when using E85, the consumer is paying more tax. This bill has ethanol taxed at 71% of gas tax. Triangle Clean Cities is excited about this bill and thinks it will make a difference. The Energy Policy Committee endorsed the concept embraced by the bill, but did not endorse the bill.

H2047 – Adjust the highway use tax to MPG on new passenger vehicles. Tax for 1-19mpg (4% tax), 20-31.9mpg (3% tax), more than 32mpg (2% tax). MPG based on EPA national standards (kind of vague). This promotes higher MPG. Does not apply to Class A or Class B motor vehicles

H839/S939 – State Energy Office funding bills provide \$7.5M for SEO programs. These bills have not been heard in committee, rather the focus has shifted to funding for the SEO via the State Budget.

House Budget bill: SEO has \$10 mill in House budget, most reserved for “low hanging fruit” Section 6.1 Energy Efficiency reserve provides \$8M for energy efficient lighting, windows, etc. Up to \$2 M can be used to continue funding current alt fuel and renewable energy program .

Preliminary Senate budget (released 5/29) has eliminated a line item budget, 6 SEO positions and split the functions of the SEO with some positions going to DENR , some to State Construction Office

Call participants discussed how critical it is for alternative fuels to continue to grow in this state that the SEO is funded at an adequate level. Contact Bill Eaker bill@landofsky.org for more information regarding the status of the SEO.

Refer to attached 2007 Bill Fact Sheet for more information about proposed NC alt fuel/advanced technology bills

Other Discussion /Questions

CNG incentives:

Davidson County: Does CNG incentives go to the dealer or user?

For entities that do not pay federal taxes (local gov'ts) the tax credit goes to dealer and then the local gov't entity can negotiate with the dealer to get most of tax credit through a lower purchase price. Learn more:

<http://www.ncmobilecare.org/clients/50547/File/CNG-LPG%20%20Factsheet%203-07.pdf>

SC Biodiesel Production Incentives

SC biodiesel incentives are on US DOE's Clean Cities website you can click on each state. South Carolina: \$0.20 for producers if using soy feedstock and \$0.30 for other feedstocks, \$0.05 for E85/B20 dispensed.

http://www.eere.energy.gov/afdc/progs/view_ind.cgi?afdc/6089/0

NC Consumer for Biofuels Blog is a volunteer effort to provide information about NC Biofuels legislation and help get NC citizens more legislatively active.

<http://ncconsumersforbiofuels.blogspot.com/2007/05/no-time-for-laurels.html>

Next Alternative Fuels Group Call will be in August. Date TBD.

The NC AFG (generally) meets via conference call the second Tuesday of every other month from 10-12. Please plan to join folks from across the state interested in learning more about and accelerating the use of alternative fuels and advanced transportation technologies.

May 15 NC Alt Fuels Group Call summary completed by Anne Tazewell from notes provided by Ruchi Singhal & Tobin Freid (Thank You Both!) and additional information from Anne. Any misinterpretation of the call's content is unintentional and should be brought to Anne's attention