

# Effective Policy Practices in the Northwest Money, Mandates, and More!

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**Northwest**  
biofuels association





Northwest biodiesel and ethanol businesses

Idaho, Montana, Oregon, and Washington

Promote the growth of the industry

[www.nwbiofuels.org](http://www.nwbiofuels.org)



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# Effective Policy Practices in the Northwest

- Overview of biodiesel in the Northwest
- What's working in Idaho and Montana
- Leading the way in Washington
- Oregon – The Ultimate Tag Team



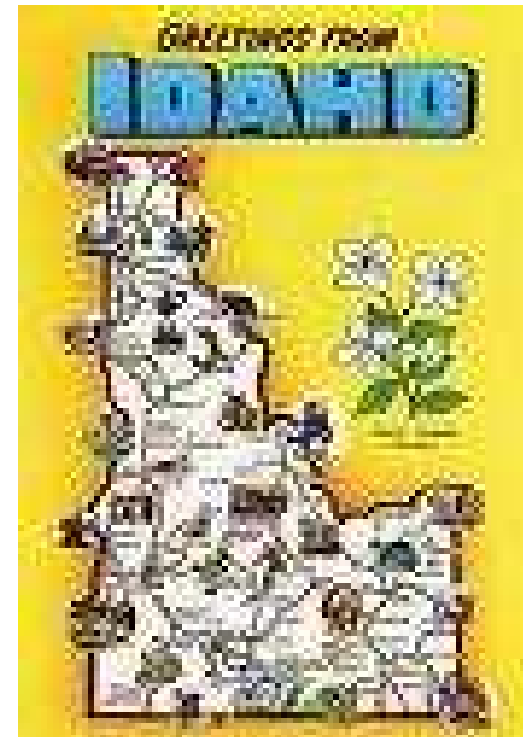
# What makes the Northwest Unique

- Multiple feedstocks
- Regional leadership in renewable energy
- The Cascade Curtain
- B99 market



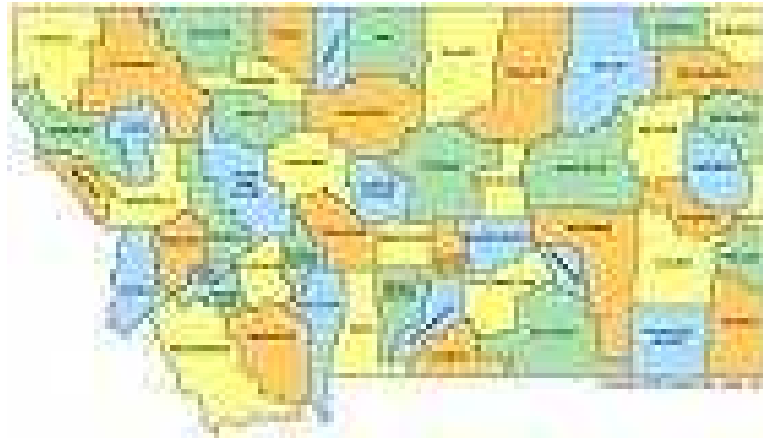
# Idaho

- Production and crushing facilities in place
- University of Idaho
- Biofuels Infrastructure Grants - \$2.5 million
- Lack of permitting



# Montana

- Rural and tribal economic development
- Specific biodiesel incentives



# Montana

- Multiple job training/rural economic programs for biofuels companies
- Tax credits
  - Biodiesel production (10 cents a gallon)
  - Crushing facilities
  - Biodiesel blending & storage - must be entirely Montana-produced feedstock
- Fuel tax refund for biodiesel if entirely produced from Montana ingredients

# Washington – Leading the Way

- **Renewable Fuel Standard**
- **Energy Freedom Loans**
- **State fleet mandate**
- **Tax incentives**
- **Funds for biodiesel research**



# Washington Biodiesel Renewable Fuel Standard

- 2% biodiesel (of total diesel fuel sales) starts 11/30/2008
- 5% of total diesel sales once there is enough in-state crushing capacity and feedstock to satisfy a 3% threshold
- Content requirements repealed when diesel supply reaches at least 10% biodiesel, predominantly from instate feedstocks

# Washington Energy Freedom Loan Program

- 1% rate, 10 year term
- Public-private partnerships
- Convert farm products into biofuels or other co-products
- Develop biofuels refueling network along interstate corridors (Green Highways)
- \$17 million in earmarked and competitive loans

# Washington – Fleet Mandate

- Effective 6/1/09 agencies must collectively use at least 20% biodiesel (on and off-road)
- Effective 6/1/2015, state agencies and local governments must operate publicly owned vessels, vehicles, and construction equipment with electricity or biofuels to the extent practicable



# Washington – Tax Incentives

## Production

- Reduced Business & Occupation rate for manufacture of biodiesel or biodiesel feedstocks
- Property and leasehold tax exemptions for biodiesel or biodiesel feedstock production for six years (land, buildings, equipment)

# Washington – Tax Incentives

## Distribution & Use

- Retail sales and use tax exemptions for sale and use of off-road biodiesel by farm fuel users
- Retail sales and use tax exemptions for delivery vehicles and equipment used in retail sales of blends of B20 or higher
- Retail sales and use tax exemptions for sale and use of off-road biodiesel by farm fuel users

# Washington – Bonuses

- Conservation districts, public development authorities, municipal utilities, and public utility districts may enter into crop purchase contracts in order to produce, sell and distribute biodiesel produced from instate feedstocks.
- Municipal utilities and public utility districts may use the biodiesel produced to generate electrical power.

## *Expedited Permitting*

- Efficient processing of licenses or permits for biofuels infrastructure other than production facilities (e.g. storage tanks and pumps, refining and blending capacity, modifications to loading racks)

# Washington Funds for Biodiesel Research

- Market incentives to encourage instate production of brassica-based biodiesel, (examine direct grants, production tax credits, contracting preferences, and state guaranteed purchase contracts)
- Preferred research programs, grants, or other forms of assistance for accelerating development of instate production of biodiesel crops and co-products

# Oregon – Ultimate Tag Team

- **Oregon**
  - Renewable Fuel Standard
  - Legendary BETC
  - SELP
  - State fleet use
  - Consumer and production tax credits
- **Portland**
  - Renewable Fuel Standard
  - Fuel contract
  - Grants and outreach program
  - City fleet use



# Oregon's Renewable Fuel Standard

- B2 is required in Oregon once production from regional feedstocks (OR, WA, ID, MT) totals 5 million gallons per year (sustained for 3 months)
- B5 is required in Oregon once production from regional feedstocks reaches 15 MGY (sustained for 3 months)

# Oregon's Business Energy Tax Credit

- Tax credit up to 50% of project cost (capital cost)
- Can be taken over 5 years, is a dollar-for-dollar credit against Oregon business excise (income) tax owed.
- The tax credit can be sold or "passed through" to other entities
- Research, design and development of new technology may qualify

# Oregon's Business Energy Tax Credit

- For farmers, capital costs associated growing feedstock/crops for alternative fuel production are eligible, including cost of seed, chemicals, pro-rated tractor/equipment usage, etc.
- Can include biodiesel plants, crushing facilities, equipment for retail, distribution, etc.

# Oregon's Small Scale Energy Loan Program

- 6.5% rate for 15 years
- Can be used for projects that
  - Produce energy from renewable resources
  - Use recycled materials to create products
  - Use alternative fuels

# Oregon State Fleet Use

- Biodiesel added to alternative fuel requirement
- Expands requirement to all state vehicles (on-road, off-road)
- ODOT – 10% biodiesel (B20 in Portland)

# Oregon Production Credits

- Oregon growers will receive income tax credit
  - **\$.05** per pound for oilseed crops
  - **\$.10** per gallon for virgin oil delivered for production in Oregon from Oregon-based feedstock
  - **\$.10** per gallon for used cooking oil or waste grease
- This can be taken as a tax credit or “passed through” to another entity.



# Oregon Consumer Credit

- Must be **B99** for vehicles
- At least B20 for home heating
- \$0.50 per gallon – \$200 max per year per vehicle
- \$.05 per gallon of B20 for home heating (maximum credit is \$200 per year)



# Portland – NW Superstar

- **Renewable Fuel Standard**
- **City fleet use of biodiesel**
- **Grants and outreach program**
- **City contract**



# Portland Renewable Fuel Standard

- First city biofuels mandate in the U.S.
- All diesel dispensed in the City of Portland shall be B5 or higher effective July 1, 2007
- All diesel dispensed in the City of Portland shall be B10 or higher effective July 1, 2010

# Portland Fleet Use of Biodiesel

- Garbage haulers (private contractors) must use at least B20
- Portland Water Bureau uses B50/B99 (144 vehicles)
- City of Portland fleet uses B50
- (375 trucks, 165 pieces of equipment, 62 towed pieces, 30 vehicles)
- Buses use B5

# Portland – Grants and Outreach

- Funded in-line ratio blending racks
- Funded retail stations with conversion
- Contracted for outreach to commercial fleets to switch to B20 or higher
- Helped fund crushing facilities

# Portland Fuel Contract

- Ensured that biodiesel production was local
- Ensured that feedstock was local
- Willing to pay a premium to support local market



# What you need to make it work...

## Key components

- Renewable Fuel Standard
- Tax credits
- Funding for infrastructure
- Incentives for local feedstock production
- Mandatory fleet use

