

S.171

Introduced by Senator White

Referred to Committee on

Date:

Subject: Climate change; air pollution; transportation; fuels

Statement of purpose of bill as introduced: This bill proposes to direct the  
Commissioner of Environmental Conservation to adopt rules to implement the  
Clean Fuels Program.

An act relating to the Clean Fuels Program

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 23 V.S.A. chapter 43 is added to read:

CHAPTER 43. CLEAN FUELS PROGRAM

§ 4301. DEFINITIONS

As used in this chapter:

(1) “Greenhouse gas” has the same meaning as in 10 V.S.A. § 552.

(2) “Low carbon fuel standards” means standards for the reduction of  
greenhouse gas emissions, on average, per unit of fuel energy.

(3) “Motor vehicle” has the same meaning as in section 4 of this title.

1     § 4302. CLEAN FUELS PROGRAM

2         (a) The Commissioner of Environmental Conservation shall adopt, by rule,  
3     low carbon fuel standards for gasoline, diesel, and fuels used as substitutes for  
4     gasoline or diesel, which shall be the basis of the Clean Fuels Program.

5         (b) The Commissioner may adopt the following related to the standards,  
6     including:

7             (1) a schedule to phase in implementation of the standards in a manner  
8     that reduces the average amount of greenhouse gas emissions per unit of fuel  
9     energy of the fuels by 10 percent below 2018 levels by the year 2030 or by a  
10    later date if the Commissioner determines that an extension is appropriate to  
11    implement the standards;

12            (2) standards for greenhouse gas emissions attributable to the fuels  
13    throughout their lifecycles, including emissions from the production, storage,  
14    transportation, and combustion of the fuels and from changes in land use  
15    associated with the fuels;

16            (3) provisions allowing the use of all types of low carbon fuels to meet  
17    the low carbon fuel standards, including biofuels, biogas, natural gas, liquefied  
18    petroleum gas, gasoline, diesel, hydrogen, and electricity;

19            (4) standards for the issuance of deferrals, established with adequate  
20    lead time, as necessary to ensure adequate fuel supplies;

1           (5) exemptions for fuels that are used in volumes below thresholds  
2           established by the Commissioner;

3           (6) standards, specifications, testing requirements, and other measures as  
4           needed to ensure the quality of fuels produced in accordance with the low  
5           carbon fuel standards, including the requirements for motor fuel quality; and

6           (7) adjustments to the amounts of greenhouse gas emissions per unit of  
7           fuel energy assigned to fuels for combustion and drivetrain efficiency.

8           (c) Before adopting standards under this section, the Commissioner shall  
9           consider the low carbon fuel standards of other states, including Washington  
10           and Oregon, for the purpose of determining schedules and goals for the  
11           reduction of the average amount of greenhouse gas emissions per unit of fuel  
12           energy and the default values for these reductions for applicable fuels.

13           (d) The Commissioner shall provide exemptions and deferrals as necessary  
14           to mitigate the costs of complying with the low carbon fuel standards upon a  
15           finding that the 12-month rolling weighted average price of gasoline or diesel  
16           in Vermont is not competitive with the 12-month rolling weighted average  
17           price in New England.

18           (e) The Commissioner shall adopt, by rule, provisions for managing and  
19           containing the costs of compliance with the standards, including provisions to  
20           facilitate compliance with the standards by ensuring that persons may obtain

1 credits for fuels used as substitutes for gasoline or diesel and by creating  
2 opportunities for persons to trade credits.

3 (f) The Commissioner shall exempt from the standards any person who  
4 imports in a calendar year less than 500,000 gallons of gasoline and diesel fuel  
5 in total. Any fuel imported by persons that are related or share common  
6 ownership or control shall be aggregated together to determine whether a  
7 person is exempt under this subsection.

8 (g)(1) The Commissioner, by rule, shall prohibit fuels that contain biodiesel  
9 from being considered an alternative fuel under these standards unless the fuel  
10 meets the following standards:

11 (A) Fuel that consists entirely of biodiesel, designated as B100, shall  
12 comply with ASTM D6751 and shall have an oxidation stability induction  
13 period of not less than eight hours as determined by the test method described  
14 in European standard EN 15751.

15 (B) Fuel that consists of a blend of diesel fuel and between six and  
16 20 volume percent biodiesel, and designated as biodiesel blends B6 to B20,  
17 shall comply with ASTM D7467 and shall have an oxidation stability  
18 induction period of not less than 20 hours as determined by the test method  
19 described in European standard EN 15751.

20 (2) The Commissioner may adopt rules different from those required  
21 under subdivision (1) of this subsection if an ASTM or EN standard applicable

1 to biodiesel is approved or amended after the effective date of this act or if the  
2 Commissioner finds that different rules are necessary due to changes in  
3 technology or fuel testing or production methods.

4 (3) As used in this subsection, “biodiesel” means a motor vehicle fuel  
5 consisting of mono-alkyl esters of long chain fatty acids derived from  
6 vegetable oils, animal fats, or other nonpetroleum resources, not including  
7 palm oil.

8 (h) In adopting rules under this section, the Commissioner shall evaluate:

9 (1) safety, feasibility, net reduction of greenhouse gas emissions, and  
10 cost-effectiveness;

11 (2) potential adverse impacts to public health and the environment,  
12 including air quality, water quality, and the generation and disposal of waste in  
13 this State;

14 (3) flexible implementation approaches to minimize compliance costs;  
15 and

16 (4) technical and economic studies of comparable greenhouse gas  
17 emissions reduction measures implemented in other states and any other  
18 studies as determined by the Commissioner.

19 (i)(1) The provisions of this section shall not apply to fuel that is  
20 demonstrated to have been used in any of the following:

1           (A) motor vehicles used solely as farm vehicles;

2           (B) motor vehicles used primarily to transport logs;

3           (C) motor vehicles that are not designed primarily to transport  
4 persons or property, that are operated on highways only incidentally, and that  
5 are used primarily for construction work;

6           (D) watercraft; and

7           (E) railroad locomotives.

8           (2) The Commissioner shall, by rule, adopt standards for persons to  
9 qualify for the exemptions provided in this subsection.

10       Sec. 2. IMPLEMENTATION

11       (a) Public engagement process. Before commencing rulemaking, the  
12 Commissioner of Environmental Conservation shall use the forms of public  
13 engagement described in this subsection to inform the design and  
14 implementation of the Clean Fuels Standard. Any failure by the Department of  
15 Environmental Conservation to meet the specific procedural requirements of  
16 this section shall not affect the validity of the Commissioner's actions.

17       (1) The Department of Environmental Conservation shall hold at least  
18 six public meetings, and of those meetings, at least three shall allow members  
19 of the public to participate in person and remotely.

20       (2) The meetings shall be held in at least six different geographically  
21 diverse counties of the State.

1           (3) The meetings shall be recorded and posted on the Department's  
2           website.

3           (4) The Commissioner shall consult with the Agency of Transportation  
4           and the Department of Public Service on the design of the Clean Fuels  
5           Program.

6           (b) Interim reports. On or before September 1, 2027, and March 1, 2028,  
7           the Commissioner shall submit to the General Assembly an interim report on  
8           the development of the Clean Fuels Program.

9           (c) Final rules. On or before January 15, 2029, the Commissioner shall file  
10          the final proposed rules on the Clean Fuels Program with the Secretary of  
11          State.

12          Sec. 3. EFFECTIVE DATE

13          This act shall take effect on July 1, 2026.