

# Massachusetts 2008 Biofuels Act

An Act Relative To Clean Energy Biofuels  
Chapter 206 of the Acts of 2008



**Environment  
Northeast**

On July 28, 2008, Governor Deval Patrick signed into law An Act Relative to Clean Energy Biofuels aimed at advancing the biofuels industry in Massachusetts. The Act provides tax exemptions for cellulosic ethanol that is blended with gasoline, requires blending of diesel fuel and home heating oil with increasing percentages of biodiesel over 4 years, and requires the Governor to explore a regional low-carbon fuels standard (LCFS).

The Act contains important protections to ensure that the policies that advance biofuels production do not result in increased greenhouse gas emissions. Specifically biofuels will qualify under the Act only if their manufacturers or distributors can demonstrate that the fuels yield significant reductions in *lifecycle greenhouse gas emissions* in comparison to their petroleum-based equivalents.

Below is a summary and analysis of the major provisions.

## Summary of Major Provisions

- ***Tax Incentives for Cellulosic Ethanol:*** To boost the production and use of cellulosic ethanol in the Commonwealth, the Act reduces the 21 cent per gallon state gasoline tax<sup>1</sup> for fuels containing cellulosic ethanol in proportion to the percentage of the cellulosic ethanol fuel content. To be eligible for this tax benefit, manufacturers and distributors must demonstrate that their fuel yields “at least a 60% reduction in lifecycle greenhouse gas emissions per unit of delivered energy” compared to the petroleum-based fuel it displaces.
- ***Biodiesel and Home Heating Oil Blending Requirements:*** To accelerate the development of low-carbon biodiesel fuels, the Act establishes volumetric blending requirements for all #2 distillate fuel (primarily heating oil) and diesel motor fuel sold in the Commonwealth. Beginning in July of 2010, all #2 distillate and diesel fuel must contain at least 2% “eligible biofuel” (*i.e.*, biodiesel); the blending requirement increases by 1% each year to 5% by July of 2013. To meet the eligibility requirement, distributors and manufacturers must demonstrate that their blended biofuels yield at least a 50% reduction in lifecycle greenhouse gas emissions compared to traditional fossil fuels. It is important to note that these blending requirements may (and should) be delayed if the Department of Energy Resources (DOER) determines that there are not sufficient supplies of biofuels that meet this lifecycle greenhouse gas reduction requirement. If Massachusetts (or the federal government) adopts a low carbon fuel standard, these blending requirements will expire absent legislative action to sustain them.
- ***Lifecycle Greenhouse Gas Emissions Accounting:*** In calculating lifecycle greenhouse gas emissions, DOER, in consultation with the Department of Environmental Protection and the Executive Office of Energy and Environmental Affairs, must consider “direct and significant indirect emissions” including “significant emissions from land use changes.” Considering the evolving scientific understanding of the full lifecycle emissions of biodiesel and cellulosic ethanol development, this is an important provision for ensuring that any biofuels that receive this benefit carry actual climate benefits. Currently, the USEPA and California Air Resources Board are developing metrics to measure lifecycle emissions and DOER, in developing its own measuring stick, should build off of this work.

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<sup>1</sup> See M.G.L. ch. 64A §§ 1, 4.

- **Low Carbon Fuel Standard (LCFS):** The Act requires the Governor and Secretary of Environmental Affairs to develop and enter into, “to the extent possible,” an agreement with the Regional Greenhouse Gas Initiative (RGGI) states to establish a regional LCFS. The legislative goal of developing a LCFS is to reduce the carbon content in passenger fuels by 10%. A regional LCFS, which looks broadly at all technologies, will bring the focus to reducing the carbon intensity of our transportation and heating fuels, and will most efficiently promote investment in biofuels with the best carbon performance. While a regional LCFS will take time to implement, it is the proper long-term vehicle for incenting investment in biofuels and other low-carbon fuels because the east coast fuel infrastructure networks reach beyond individual state borders. Moreover, unlike biofuels blending mandates, a regional LCFS does not single out any specific fuel technology; rather, it will focus on those energy sources—electricity, biofuels, natural gas, hydrogen, or other alternatives—that deliver the most significant and economically efficient greenhouse gas reductions. This provision represents an opportunity for Massachusetts to lead the region in developing a transportation sector that is less carbon-intensive.
- **Study Commissions:** The Act creates a pair of special commissions. The first is designed to study the feasibility and effectiveness of various incentives to promote the development of advanced biofuels; the second is mandated to investigate and develop a strategy to increase the use of advanced biofuels in Massachusetts.

Link to complete text of the Act: <http://www.mass.gov/legis/laws/seslaw08/sl080206.htm>



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