

**Assembly Bill No. 523**

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Passed the Assembly August 9, 2012

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*Chief Clerk of the Assembly*

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Passed the Senate July 6, 2012

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2012, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 44272.3 and 44272.4 of the Health and Safety Code, relating to ethanol.

## LEGISLATIVE COUNSEL'S DIGEST

AB 523, Valadao. Ethanol: Alternative and Renewable Fuel and Vehicle Technology Program.

Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission (Energy Commission), to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law specifies certain alternative and renewable fuel projects to develop and improve alternative and renewable low-carbon fuels, including ethanol, are eligible for funding. Existing law, until July 1, 2013, establishes requirements for biorefiners to receive loans from the California Ethanol Producer Incentive Program.

This bill would provide that on and after July 1, 2013, the eligibility for funding of projects for the production of ethanol is limited to projects for the production of ethanol that are not derived from corn, except as provided.

*The people of the State of California do enact as follows:*

SECTION 1. Section 44272.3 of the Health and Safety Code is amended to read:

44272.3. (a) It is the intent of the Legislature that, to the maximum extent feasible, loan moneys provided by the state to refiners of biofuels, also known as biorefiners, be awarded so as to increase the efficiency and environmental sustainability of biofuel production.

(b) In order to reduce the carbon intensity equivalent value of the fuel that biorefiners produce, biorefiners receiving loans from

the commission's California Ethanol Producer Incentive Program, established under the authority of this chapter, shall meet all of the following requirements:

(1) Within six months of acceptance to the program, biorefiners shall submit a draft plan to the commission that details one or more projects that can be undertaken at the biorefinery that are designed to achieve compliance with either of two biorefinery operational enhancement goals established by the commission.

(2) Within 12 months of acceptance to the program, biorefiners shall submit a detailed cost estimate for their target projects that can be undertaken at the biorefinery and that are designed to achieve compliance with the commission's enhancement goals.

(3) Within 24 months of acceptance to the program, biorefiners shall complete and obtain all of the necessary permits or negative declarations sufficient to allow the project to move forward with financing, major equipment purchases, and hiring if project approval is executed by the company's officers.

(4) Within 36 months of acceptance to the program, biorefiners shall obtain all of the necessary financing and initiate construction for their project associated with their elected enhancement goal pathway.

(5) Within 48 months of acceptance to the program, biorefiners shall complete all modifications to the facility and begin modified operations that achieve compliance with either of the enhancement goal pathways selected by the project applicant.

(c) This section does not limit the commission's ability to set more stringent guidelines for the California Ethanol Producer Incentive Program that further maximize the efficiency and environmental sustainability of biofuel production.

(d) This section shall become inoperative on July 1, 2013.

SEC. 2. Section 44272.4 of the Health and Safety Code is amended to read:

44272.4. (a) Notwithstanding subdivision (d) of Section 44272.3, on and after June 30, 2013, a biorefiner receiving loan moneys from the state pursuant to an appropriation made in the 2010–11 or 2011–12 fiscal year shall comply with all conditions established pursuant to Section 44272.3 and shall demonstrate that compliance to the commission.

(b) On and after July 1, 2013, the eligibility for funding, pursuant to paragraph (1) of subdivision (d) of Section 44272, of projects

for the production of ethanol is limited to ethanol that is not derived from corn. This limitation does not apply to ethanol derived from corn stover, leaves, cobs, or other nonedible plant portions of the corn.







Approved \_\_\_\_\_, 2012

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*Governor*