

# Earning Biodiesel Fuel Use Credits Under Standard Compliance

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Biodiesel fuels are clean-burning diesel replacement fuels made from natural, renewable sources such as vegetable oils. Covered fleets complying under the Standard Compliance option of the U.S. Department of Energy's (DOE's) Alternative Fuel Transportation Program (10 C.F.R. Part 490) may satisfy a portion of their Energy Policy Act (EPAct) of 1992 requirements through the purchase for use of biodiesel fuel.

One biodiesel fuel use credit, which is counted as one alternative fuel vehicle (AFV) acquisition, is allocated for the purchase for use of every 450 gallons net of neat biodiesel fuel.<sup>2</sup> Neat biodiesel fuel is 100% biodiesel (B100) by volume.

A fleet also may obtain a biodiesel fuel use credit if it purchases for use of biodiesel blends in blends of B20 (20% biodiesel and 80% petroleum diesel) or greater. When purchasing biodiesel blends, however, a fleet may only count the biodiesel portion of the blend toward the allocation of a biodiesel fuel use credit.

Earning biodiesel fuel use credits may be an important means for a fleet to achieve compliance under Standard Compliance. For a fleet unable to satisfy its AFV-acquisition requirements through the normally available compliance alternatives, DOE expects that the fleet will use biodiesel to the maximum extent allowed as a compliance alternative.

### Allocating Fuel Use Credits

To receive a biodiesel fuel use credit, all of the following conditions must be met.

- The fuel purchased for use must be in blends of at least 20% biodiesel. If higher-percentage blends (or B100) are purchased for blending on site, the resulting blend must be at least 20% biodiesel when used in vehicles.
- The fuel must have been purchased for use in vehicles with a gross vehicle weight rating of more than 8,500 lbs. Biodiesel purchased for non-qualifying uses (such as for use in generator sets) may not be counted.
- The fuel must not have been used in vehicles for which an EPAct AFV-acquisition credit has already been claimed.
- The fuel must have been purchased for use after November 13, 1998.
- Federal or state law must not have required biodiesel fuel use when the fuel was purchased. If a law required biodiesel fuel use when the fuel was purchased, the fleet may count only the amount that is in excess of the legal requirement. For example, if a state law sets forth a B2 use requirement, the fleet may only receive credit for 18% of the biodiesel blend purchased for use as B20 (20% minus 2%), rather than the full 20%.

### Example

A fleet purchases 2,250 gallons of blended B20 (20% biodiesel) fuel to be used toward a biodiesel fuel use credit. To determine the gallons that can be credited under the program, the number of gallons of B20 is multiplied by 0.20.

The result: The fleet may receive credit for 450 gallons of neat biodiesel, which is equal to one AFV-acquisition credit.

**2,250 gallons of B20**  
**× .20**

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**450 gallons of neat biodiesel**

- Biodiesel fuel use credits may only be used in the model year in which they are generated; they may not be banked for use in future years. Also, these credits are not eligible for trade or sale to other fleets.
- The total amount of biodiesel purchases claimed must be the net amount of biodiesel the reporting fleet purchased for use. Any amount of biodiesel sold or otherwise provided to any other user must not be included in the amount of biodiesel purchases reported. Fleets must maintain and retain purchase records verifying relevant information for 3 years from the December 31 that follows the close of the model year for which this request is submitted.

## Calculating Fuel Use Credits

The following rules must be followed to calculate credits for using biodiesel fuel under Standard Compliance.

- Except for biodiesel providers, biodiesel fuel use credits may account for no more than 50% of a fleet's annual AFV-acquisition requirements. Biodiesel fuel providers<sup>3</sup> may satisfy up to 100% of their acquisition requirements through the biodiesel fuel use credits
- When DOE determines if a fleet is in compliance with the AFV-acquisition requirements, biodiesel fuel use credits are counted first, up to their allowable limit, and then AFV-acquisition credits are counted. If this results in excess credits, the excess AFV-acquisition credits may be banked for use in future years. Thus, even though biodiesel credits themselves may not be banked or sold, when used in conjunction with AFV acquisitions, a fleet may end up with bankable or saleable AFV-acquisition credits.
- Rounding up of biodiesel fuel use credits is not allowed; each allocation of a biodiesel fuel use credit requires that the full 450 gallons of biodiesel be purchased for use.

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<sup>1</sup> Covered fleets complying with EPA requirements under the Alternative Compliance option of the Alternative Fuel Transportation Program also may use biodiesel blends to meet their applicable requirements. Under Alternative Compliance, there are slightly different rules governing biodiesel use. For example, under Alternative Compliance, biodiesel can be used in blends less than 20%. For more information, consult the Alternative Compliance guidance document at [http://www1.eere.energy.gov/vehiclesandfuels/epact/alt\\_comp\\_resources.html](http://www1.eere.energy.gov/vehiclesandfuels/epact/alt_comp_resources.html).

<sup>2</sup> Biodiesel is defined as a diesel fuel substitute produced from nonpetroleum renewable resources that meet registration requirements for fuels and fuel additives that the Environmental Protection Agency established under section 211 of the Clean Air Act.

<sup>3</sup> A "biodiesel fuel provider" is a covered person whose principal business (the sales-related activity that produces the greatest gross revenue) is producing, storing, refining, processing, transporting, distributing, importing, or selling at wholesale or retail biodiesel fuel. This does not include a person whose principal business is: (1) transforming the biodiesel fuel into a product that is not a fuel or (2) consuming biodiesel fuel as a feedstock or fuel in the manufacture of a product that is not biodiesel fuel.