

OFS Act (Introduced in Senate)

S 3303 IS

110th CONGRESS

2d Session

S. 3303

To require automobile manufacturers to ensure that not less than 80 percent of the automobiles manufactured or sold in the United States by each such manufacturer to operate on fuel mixtures containing 85 percent ethanol, 85 percent methanol, or biodiesel.

IN THE SENATE OF THE UNITED STATES**July 22, 2008**

Mr. BROWNBACK (for himself, Mr. SALAZAR, Ms. COLLINS, Mr. LIEBERMAN, and Mr. THUNE) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To require automobile manufacturers to ensure that not less than 80 percent of the automobiles manufactured or sold in the United States by each such manufacturer to operate on fuel mixtures containing 85 percent ethanol, 85 percent methanol, or biodiesel.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Open Fuel Standard Act of 2008' or the `OFS Act'.

SEC. 2. FINDINGS AND PURPOSES.

(a) Findings- Congress makes the following findings:

- (1) The status of oil as a strategic commodity, which derives from its domination of the transportation sector, presents a clear and present danger to the United States;
- (2) in a prior era, when salt was a strategic commodity, salt mines conferred national power and wars were fought over the control of such mines;
- (3) technology, in the form of electricity and refrigeration, decisively ended salt's monopoly of meat preservation and greatly reduced its strategic importance;
- (4) fuel competition and consumer choice would similarly serve to end oil's monopoly in the transportation sector and strip oil of its strategic status;
- (5) the current closed fuel market has allowed a cartel of petroleum exporting countries to inflate fuel prices, effectively imposing a harmful tax on the economy of the United States of nearly \$500,000,000,000 per year;
- (6) much of the inflated petroleum revenues the oil cartel earns at the expense of the people of the United States are used for purposes antithetical to the interests of the United States and its allies;
- (7) alcohol fuels, including ethanol and methanol, could potentially provide significant supplies of additional fuels that could be produced in the United States and in many other countries in the Western Hemisphere that are friendly to the United States;
- (8) alcohol fuels can only play a major role in securing the energy independence of the United States if a substantial portion of vehicles in the United States are capable of operating on such fuels;
- (9) it is not in the best interest of United States consumers or the United States Government to be constrained to depend solely upon petroleum resources for vehicle fuels if alcohol fuels are potentially available;
- (10) existing technology, in the form of flexible fuel vehicles, allows internal combustion engine cars and trucks to be produced at little or no additional cost, which are capable of operating on conventional gasoline, alcohol fuels, or any combination of such fuels, as availability or cost advantage dictates, providing a platform on which fuels can compete;
- (11) the necessary distribution system for such alcohol fuels will not be developed in the United States until a substantial fraction of the vehicles in the United States are capable of operating on such fuels;
- (12) the establishment of such a vehicle fleet and distribution system would provide a large market that would mobilize private resources to substantially advance the technology and expand the production of alcohol fuels in the United States and abroad;
- (13) the United States has an urgent national security interest to develop alcohol fuels technology, production, and distribution systems as rapidly as possible;
- (14) new cars sold in the United States that are equipped with an internal combustion engine should allow for fuel competition by being flexible fuel vehicles, and new diesel cars should be capable of operating on biodiesel; and
- (15) such an open fuel standard would help to protect the United States economy from high and volatile oil prices and from the threats caused by global instability, terrorism, and natural disaster.

SEC. 3. OPEN FUEL STANDARD FOR TRANSPORTATION.

Chapter 329 of title 49, United States Code, is amended by adding at the end the following:

SEC. 32920. OPEN FUEL STANDARD FOR TRANSPORTATION.

(a) Definitions- In this section:

(1) E85- The term 'E85' means a fuel mixture containing 85 percent ethanol and 15 percent gasoline by volume.

(2) FLEXIBLE FUEL AUTOMOBILE- The term 'flexible fuel automobile' means an automobile that has been warranted by its manufacturer to operate on gasoline, E85, and M85.

(3) FUEL CHOICE-ENABLING AUTOMOBILE- The term 'fuel choice-enabling automobile' means--

(A) a flexible fuel automobile; or

(B) an automobile that has been warranted by its manufacturer to operate on biodiesel.

(4) LIGHT-DUTY AUTOMOBILE- The term 'light-duty automobile' means--

(A) a passenger automobile; or

(B) a non-passenger automobile.

(5) LIGHT-DUTY AUTOMOBILE MANUFACTURER'S ANNUAL INVENTORY- The term 'light-duty automobile manufacturer's annual inventory' means the number of light-duty automobiles that a manufacturer, during a given calendar year, manufactures in the United States or imports from outside of the United States for sale in the United States.

(6) M85- The term 'M85' means a fuel mixture containing 85 percent methanol and 15 percent gasoline by volume.

(b) Open Fuel Standard for Transportation-

(1) IN GENERAL- Except as provided in paragraph (2), each light-duty automobile manufacturer's annual inventory shall be comprised of--

(A) not less than 50 percent fuel choice-enabling automobiles in 2012, 2013, and 2014; and

(B) not less than 80 percent fuel choice-enabling automobiles in 2015, and in each subsequent year.

(2) TEMPORARY EXEMPTION FROM REQUIREMENTS-

(A) APPLICATION- A manufacturer may request an exemption from the requirement described in paragraph (1) by submitting an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require by regulation. Each such application shall specify the models, lines, and types of automobiles affected.

(B) EVALUATION- After evaluating an application received from a manufacturer, the Secretary may at any time, under such terms and conditions, and to such extent as the Secretary considers appropriate, temporarily exempt, or renew the exemption of, a light-duty automobile from the requirement described in paragraph (1) if the Secretary determines that unavoidable events not under the control of the manufacturer prevent the manufacturer of such automobile from meeting its required production volume of fuel choice-enabling automobiles due to a disruption in--

(i) the supply of any component required for compliance with the regulations; or

(ii) the use and installation by the manufacturer of such component.

(C) CONSOLIDATION- The Secretary may consolidate applications received from multiple manufactures under subparagraph (A) if they are of a similar nature.

(D) CONDITIONS- Any exemption granted under subparagraph (B) shall be conditioned upon the manufacturer's commitment to recall the exempted automobiles for installation of the omitted components within a reasonable time proposed by the manufacturer and approved by the Secretary after such components become available in sufficient quantities to satisfy both anticipated production and recall volume requirements.

(E) NOTICE- The Secretary shall publish in the Federal Register--

(i) notice of each application received from a manufacturer;

(ii) notice of each decision to grant or deny a temporary exemption; and

(iii) the reasons for granting or denying such exemptions.

(F) LABELING- Each manufacturer that receives an exemption under this paragraph shall place a label on each exempted automobile. Such label--

(i) shall comply with the regulations prescribed by the Secretary under paragraph (3); and

(ii) may only be removed after recall and installation of the required components.

(G) NOTICE OF EXEMPTION- Each light-duty automobile delivered to dealers and first purchasers that is not a fuel choice-enabling automobile and for which the manufacturer received an exemption under this paragraph, shall be accompanied with a written notification of such exemption, which complies with the regulations prescribed by the Secretary under paragraph (3).

(3) RULEMAKING- Not later than 1 year after the date of enactment of this Act, the Secretary of Transportation shall promulgate

regulations to carry out this section.'