

SB0041



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB0041

Introduced 1/13/2025, by Sen. David Koehler

SYNOPSIS AS INTRODUCED:

New Act

Creates the Clean Transportation Standard Act. Establishes a clean transportation standard to reduce lifecycle carbon intensity of fuels for the ground transportation sector by specified amounts. Provides for related rulemaking and calculations. Provides that the clean transportation standard shall take the form of a credit marketplace monitored by the Environmental Protection Agency. Provides for verification and data privacy requirements for the Agency. Provides for penalties for failing to offset deficits in certain situations, and for penalties for submitting false information. Exempts airline, rail, ocean-going, and military fuel. Provides that the Agency must develop a periodic fuel supply forecast. Establishes findings. Defines terms. Contains other provisions. Effective immediately.

LRB104 06940 BDA 16977 b

A BILL FOR

1 AN ACT concerning transportation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Clean
5 Transportation Standard Act.

6 Section 5. Findings. The General Assembly finds that:

7 (1) The transportation sector in this State is a
8 leading source of criteria air pollutants and greenhouse
9 gas emissions, which collectively endanger public health
10 and welfare by causing and contributing to increased air
11 pollution and climate change.

12 (2) Shifting from petroleum-based transportation fuels
13 to alternative fuels has the potential to significantly
14 reduce transportation emissions of air pollutants and
15 greenhouse gases and is recommended by the
16 Intergovernmental Panel on Climate Change as an important
17 pathway for holding global warming at 1.5 degrees Celsius.
18 A clean transportation standard would promote innovation
19 in, and production and use of, nonpetroleum fuels that
20 reduce vehicle-related and fuel-related air pollution that
21 endangers public health and welfare and disproportionately
22 impacts disadvantaged communities.

23 (3) Credits generated through the use of clean fuel

1 under this Act will promote innovation and investment in
2 clean fuels.

3 Section 10. Definitions. As used in this Act:

4 "Agency" means the Environmental Protection Agency.

5 "Aggregator" or "credit aggregator" means a person who
6 registers to participate in the clean transportation standard
7 program on behalf of one or more credit generators to
8 facilitate credit generation and to trade credits.

9 "Aviation fuel" means a fuel suitably blended to be used
10 in aviation engines.

11 "Backstop aggregator" means a qualified nonprofit entity
12 approved by the Agency to aggregate credits for electricity
13 used as a transportation fuel when those credits would not
14 otherwise be generated.

15 "Board" means the Pollution Control Board.

16 "Carbon intensity" means the amount of lifecycle
17 greenhouse gas emissions per unit of fuel energy expressed in
18 grams of carbon dioxide equivalent per megajoule.

19 "Clean fuel" means a transportation fuel that is
20 domestically produced and has a carbon intensity below the
21 clean transportation standard carbon intensity standard in a
22 given year.

23 "Clean transportation standard" means the standard adopted
24 by the Board under Section 15 for the reduction, on average, of
25 lifecycle carbon intensity of fuels used for on-road

1 transportation. If there is an industry-accepted standard for
2 calculating the carbon intensity of different modes of
3 transportation, such as off-road, light rail, and other forms
4 of mass transportation, the Board shall adopt that standard
5 for those modes of transportation.

6 "Consumer Price Index for All Urban Consumers" or "CPI-U"
7 means the index published by the Bureau of Labor Statistics of
8 the United States Department of Labor that measures the
9 average change in prices of goods and services, United States
10 city average, all items.

11 "Credit" means a unit of measure generated when clean fuel
12 is provided for use in this State, such that one credit is
13 equal to one metric ton of carbon dioxide equivalent.

14 "Credit generator" means a regulated entity that generates
15 a credit in the clean transportation standard.

16 "Deficit" means a unit of measure generated when a fuel
17 provided in this State has a carbon intensity that exceeds the
18 clean transportation standard for the applicable year,
19 expressed in metric tons of carbon dioxide equivalent.

20 "Deficit generator" means a regulated entity that
21 generates a deficit in the clean transportation standard.

22 "Fuel" means any one or more of the following that is used
23 to power vehicles or equipment for the purpose of
24 transportation: electricity or a liquid, gaseous, or blended
25 fuel, including gasoline, diesel, liquefied petroleum gas,
26 natural gas, or hydrogen.

1 "Fuel pathway" means a detailed description of all stages
2 of a transportation fuel's production and use, including
3 feedstock growth, extraction, processing, transportation,
4 distribution, and combustion or use by an end user.

5 "Lifecycle carbon intensity" means the quantity of
6 greenhouse gas emissions per unit of energy, expressed in
7 carbon dioxide equivalent per megajoule, emitted by the fuel,
8 including both direct and indirect sources, as calculated by
9 the Agency under subsection (2) of Section 20 using the
10 methods described under Section 30.

11 "Military tactical vehicle" means a motor vehicle owned by
12 the U.S. Department of Defense or the U.S. military services
13 and used in combat, combat support, combat service support,
14 tactical or relief operations, or training for such
15 operations.

16 "Petroleum-only portion" means the component of gasoline
17 or diesel fuel before blending with ethanol, biodiesel,
18 biofuel, or other clean fuel.

19 "Provider" means:

20 (1) with respect to any liquid fuel, hydrogen fuel,
21 and renewable propane used as a fuel source for
22 transportation, the person who refines, produces, or
23 imports the fuel;

24 (2) with respect to any biomethane, the person who
25 imports or produces, refines, treats, or otherwise
26 processes biogas into biomethane used as a fuel source for

1 transportation;

2 (3) with respect to electricity used as a fuel source
3 for transportation, the person who is the direct provider
4 of electricity, the electric vehicle charging service
5 provider, the electric utility, the electric vehicle fleet
6 operator, the electric vehicle manufacturer, and the
7 owners or operators of charging stations located on
8 commercial property; or

9 (4) with respect to other types of fuel, a person
10 determined to be the provider by the Agency.

11 "Provider" does not include the owner or operator of a
12 residential charging station.

13 "Regulated entity" means any entity, whether a credit
14 generator or deficit generator, that has registered, on a
15 mandatory or permissive basis, to participate in the clean
16 transportation standard.

17 "Sustainable aviation fuel" means an aviation fuel with a
18 carbon intensity sufficient to generate credits under the
19 clean transportation standard upon its production or supply.

20 "Tactical support equipment" means equipment using a
21 portable engine, including turbines, that meets military
22 specifications, is owned by the U.S. Department of Defense or
23 the U.S. military services or its allies, and is used in
24 combat, combat support, combat service support, tactical or
25 relief operations, or training for such operations. "Tactical
26 support equipment" includes, but is not limited to, engines

1 associated with portable generators, aircraft start carts,
2 heaters and lighting carts.

3 Section 15. Rulemaking and baseline calculations for clean
4 transportation standard.

5 (a) To the extent allowed by federal law, within 24 months
6 after the effective date of this Act, the Agency shall propose
7 and the Board shall adopt rules establishing a clean
8 transportation standard in order to reduce, within 10 years of
9 the adoption of the Agency's rules by the Board, the lifecycle
10 carbon intensity of fuels for the ground transportation sector
11 by 25% below the 2019 baseline level as calculated under this
12 Section. After the 25% reduction described in this Section is
13 attained, the Agency shall prepare a report that proposes
14 further reductions in the lifecycle carbon intensity of fuels
15 for the ground transportation sector for the following 10
16 years. The report prepared by the Agency shall include
17 proposed changes to this Act that are required to implement
18 those reductions. The rules proposed and adopted shall be
19 subject to public notice and comment under the Illinois
20 Administrative Procedure Act. The Board may recommend to the
21 General Assembly reductions to the clean transportation
22 standard below those adopted in accordance with this Act,
23 using factors, including, but not limited to, advances in
24 clean fuel technology. The rules adopted by the Board under
25 this Section shall include fees for the registration of

1 regulated entities to offset the costs incurred by the Board
2 and the Agency that are associated with implementing the clean
3 transportation standard. These fees shall be used only in
4 connection with the administration of the program and may be
5 levied differently based on whether a regulated entity is a
6 credit generator or deficit generator. Except where otherwise
7 provided in this Act, the Agency shall consider rules that are
8 harmonized, to the extent practicable, with the regulatory
9 standards, exemptions, reporting obligations, and other clean
10 transportation standard compliance requirements and methods
11 for credit generation of other states that have adopted
12 low-carbon fuel standards or similar greenhouse gas emissions
13 requirements applicable specifically to transportation fuels.

14 (b) The Agency shall calculate the baseline carbon
15 intensities of the petroleum-only portion of all
16 transportation fuels produced or imported in 2019 for use in
17 this State by:

18 (1) reviewing and considering the best available
19 applicable scientific data and calculations; and

20 (2) using a lifecycle emissions, performance-based
21 approach that is technology-and-feedstock neutral.

22 Section 20. Contents of clean transportation standard. The
23 clean transportation standard adopted by the Board, by rule,
24 shall:

25 (1) apply to all providers in the State;

1 (2) be measured based on a lifecycle carbon intensity
2 that shall be calculated by the Agency in accordance with
3 Section 30;

4 (3) recognize voluntary farm emissions reductions that
5 contribute to the reduced carbon intensity of fuels by
6 allowing credit generators to use individualized
7 farm-level carbon intensity scoring for approved
8 sustainable agricultural practices and by requiring the
9 Agency to use the GREET model's Feedstock Carbon Intercity
10 Calculator (FD-CIC) to determine individualized farm-level
11 carbon intensity scoring;

12 (4) take into consideration the low-carbon clean
13 transportation fuel standards that are pending or have
14 been adopted in other states, including their provisions
15 related to the inclusion of additional credit
16 opportunities from activities and projects that support
17 the reduction or removal of greenhouse gas emissions
18 associated with transportation in the State, and that
19 allow regulated entities to generate credits under any
20 overlapping current and future federal transportation fuel
21 statutes and regulations;

22 (5) include a credit price cap (i) that is to be
23 determined by the Agency and confirmed by the Board to
24 contain costs if the fuel supply forecasts determine that
25 not enough credits will be available and (ii) that shall
26 be adjusted annually by the rate of inflation as measured

1 by the most recently available 12 months of the Consumer
2 Price Index for All Urban Consumers;

3 (6) contain a structure for compliance that conforms
4 with the marketplace system described in Section 25,
5 including, but not limited to, details, such as:

6 (A) methods for assigning compliance obligations
7 and methods for tracking tradable credits;

8 (B) mechanisms that allow credits to be traded,
9 transferred, sold, and banked for future compliance
10 periods;

11 (C) mechanisms that provide for the creation of a
12 list of accepted credit transactions and a list of
13 prohibited forms of credit transactions, which may
14 include trades involving, related to, or associated
15 with any of the following:

16 (i) any manipulative or deceptive device;

17 (ii) a corner or an attempt to corner the
18 market for credits;

19 (iii) fraud or an attempt to defraud any other
20 entity;

21 (iv) false, misleading, or inaccurate reports
22 concerning information or conditions that affect
23 or tend to affect the price of a credit; and

24 (v) applications, reports, statements, or
25 documents required to be filed under this Act that
26 are false or misleading with respect to a material

1 fact or that omit a material fact necessary to
2 make the contents therein not misleading;

3 (C) procedures for verifying the validity of
4 credits and deficits generated under the clean
5 transportation standard;

6 (D) mechanisms by which persons associated with
7 the supply chains of transportation fuels that are
8 used for purposes that are exempt from the clean
9 transportation standard described in Section 40 and
10 persons that are associated with the supply chains of
11 transportation fuels and will generate credits may
12 register with the Agency to participate in the clean
13 transportation standard program; and

14 (E) an administrative procedure by which a
15 regulated entity may contest the Board's or Agency's
16 calculation prior to the levying of a penalty for
17 failure to remedy a given deficit;

18 (F) procedures that will allow the Agency to
19 cancel or reverse (i) a credit transfer that is
20 determined to be a prohibited transaction under items
21 (i) through (v) of subparagraph (B) or (ii) any other
22 prohibited transaction as determined by the Board in
23 rulemaking;

24 (7) contain a program review procedure whereby the
25 Board or Agency shall, every 3 years after the
26 implementation of the clean transportation standard,

1 solicit feedback from and consult with representatives
2 from stakeholder groups, including representatives from
3 the fuel production industry, the transportation industry,
4 the agricultural industry, environmental advocacy
5 organizations, labor organizations, representatives from
6 impacted environmental justice communities, as defined in
7 Section 801-10 of the Illinois Finance Authority Act, and
8 representatives from related State agencies; the substance
9 of the consultations shall include, but may not be limited
10 to, a review of the economic impact of the clean
11 transportation standard, whether the clean transportation
12 standard is adhering to the established carbon intensity
13 reduction goals, the health impact of the emissions
14 reductions on disadvantaged environmental justice
15 communities, as defined in Section 801-10 of the Illinois
16 Finance Authority Act, and whether access to
17 transportation has been affected as a result of the
18 implementation of the clean transportation standard;

19 (8) include annual carbon intensity reduction
20 standards that are to be met by regulated entities and
21 that result in the attainment of carbon intensity
22 reduction targets set by the Board;

23 (9) maximize benefits to the environment and natural
24 resources and develop safeguards and incentives to protect
25 natural lands and enhance environmental integrity,
26 including biodiversity;

1 (10) aim to support, through credit generation or
2 other financial means, voluntary farmer-led efforts to
3 adopt agricultural practices that benefit soil health and
4 water quality;

5 (11) support equitable transportation electrification
6 that benefits all communities and is powered primarily
7 with low-carbon and carbon-free electricity;

8 (12) seek to improve air quality and public health,
9 targeting communities that bear a disproportionate health
10 burden from transportation pollution;

11 (13) establish, in consultation with the Department of
12 Agriculture and the Department of Transportation, a
13 procedure for determining fuel pathways that:

14 (A) is consistent for all fuel types;

15 (B) is based on science and engineering; and

16 (C) accounts for any on-site additional energy use
17 by a carbon capture technology employed in the fuel
18 production process, including, but not limited to,
19 generation, distillation, and compression;

20 (14) recognize that farmers who can demonstrate use of
21 production methods that lower the carbon intensity of
22 their commodities shall be compensated a fair market value
23 that is, at minimum, commensurate with costs associated
24 with those low-carbon production methods or shall be
25 provided a fair share of the increased market value of the
26 end-use product that their commodity is used to produce.

1 Compensation may come in a variety of forms, including,
2 but not limited to, practice-based incentive payments,
3 outcome-based incentive payments, price premiums, or other
4 forms of payment. The Agency shall also protect farm data
5 by ensuring farmer ownership of data for a specific amount
6 of time or negotiated on an annual basis;

7 (15) contain mechanisms to excuse noncompliance from
8 enforcement action if compliance is impossible, including
9 rules that shall specify the criteria and procedures for
10 the Agency to determine whether a period of noncompliance
11 is excusable in accordance with Sections 50 and 55;

12 (16) include mechanisms by which providers who would
13 be eligible to generate credits from electricity used as
14 transportation fuel may assign their right to generate
15 credits to an aggregator, and include mechanisms by which
16 a backstop aggregator may register with the program to
17 generate credits if an electric utility opts out of the
18 program; and

19 (17) provide indirect accounting mechanisms, such as
20 book-and-claim or mass-balancing for clean fuels entering
21 fungible supply systems that can access this State.

22 Section 25. Credit market; verification and data privacy;
23 compliance and penalties.

24 (a) The clean transportation standard adopted by the Board
25 shall take the form of a credit marketplace with the following

1 structure. The marketplace shall consist of a system of
2 credits and deficits monitored by the Agency. The Agency shall
3 compile a list of fuel pathways that providers may use to
4 generate credits. Providers seeking to be credit generators
5 must register with the Agency and attest to the transportation
6 fuels they provide in the State in order to qualify to generate
7 credits. Each deficit generator must register and comply with
8 the program. Fuels that are registered with the program must
9 have a dedicated, verifiable fuel pathway with a carbon
10 intensity score measurable by software described in Section 30
11 and assigned a unique identifier by the Agency. Providers
12 reaching or exceeding the required reduction of lifecycle
13 carbon intensity under the clean transportation standard shall
14 receive credits from the Agency upon verification described in
15 subsection (b) at the end of a reoccurring reporting period as
16 determined by the Agency. Fuel providers that are deficit
17 generators during a year shall eliminate the deficit by either
18 providing transportation fuels whose carbon intensity is at or
19 below the level of that year's annual clean transportation
20 standard or by purchasing credits to offset the deficit. The
21 system of credits created under this subsection shall provide
22 credits based on a lifecycle emissions performance-based
23 approach that is technology neutral, feedstock neutral, and
24 has the purpose of achieving transportation fuel
25 decarbonization.

26 (b) The Agency must, in collaboration with the Department

1 of Agriculture and the Department of Transportation, establish
2 acceptable methods to verify that the transportation fuel used
3 by regulated entities has been provided following the pathway
4 bearing the unique identifier as attested by the regulated
5 entity. The Agency is authorized to contract with third party
6 verifiers to accomplish this requirement. Upon registering
7 with the program, regulated entities must agree to provide
8 data related to the registered fuel pathway used to generate
9 credits or deficits with the Agency as required to administer
10 the program. Upon registering with the program, regulated
11 entities must agree to be subject to periodic audits as
12 determined by the Agency.

13 All information gathered by or provided to the Agency or
14 contractors of the Agency, either by regulated entities,
15 agents of regulated entities, or growers of feedstock used in
16 a registered fuel pathway by regulated entities, through
17 either voluntary disclosure or audit, must not be shared by
18 the Agency with any party except in relation to the
19 administration of the clean transportation standard absent
20 written consent by the regulated entity and the entity from
21 which the data was gathered. This data must not be used for any
22 purpose outside of the administration and enforcement of the
23 clean transportation standard except by written consent from
24 the original data holder. Ownership of all data shared or
25 collected by the Agency for the administration and enforcement
26 of the clean transportation standard is retained with the

1 entity from which the data originates. Data protected under
2 this subparagraph does not include a regulated entity's credit
3 or deficit balance, which may be publicly disclosed by the
4 Agency.

5 (c) Deficit generators who fail to offset their deficits
6 at the conclusion of any compliance period administered by the
7 Agency shall be subject to a civil penalty established by the
8 Agency subject to the following limitations:

9 (1) the value of the penalty shall correspond to the
10 amount of deficits attributed to a given regulated entity
11 at the time the transaction has completed; and

12 (2) for every one deficit the regulated entity fails
13 to offset, the penalty for failure to offset that deficit
14 shall not exceed 10 times the value of the credit needed to
15 offset the deficit.

16 (d) Regulated entities that submit false information in
17 support of an application to register for the clean
18 transportation standard, that share false information during
19 an audit or in support of an attestation, or that otherwise
20 share false or inaccurate information to the Agency or a
21 contractor working under the direction of the Agency shall be
22 subject to penalties to be determined by the Agency by rule.
23 Penalties under this paragraph may include monetary penalties,
24 forfeiture of credits, and reversals of prohibited
25 transactions as described in subparagraph (B) of paragraph (6)
26 of Section 20. The Agency may waive penalties under this

1 subparagraph. If the violator under this subsection is a
2 credit generator, following 3 violations, the Agency may
3 remove the violating credit generator from the clean
4 transportation standard. In determining whether penalties
5 should be applied and, if a penalty is to be applied, the
6 amount of penalties to be levied for violations under this
7 subparagraph, the Agency shall consider:

8 (1) evidence of willfulness by the regulated entity to
9 submit false information;

10 (2) the scope of the false information;

11 (3) evidence of past submissions of false information;

12 and

13 (4) efforts undertaken by the regulated entity to
14 remedy the false submission.

15 (e) The penalties provided for in this Section may be
16 recovered in a civil action brought in the name of the people
17 of the State of Illinois by the State's Attorney of the county
18 in which the violation occurred or by the Attorney General.
19 Any penalties collected under this Section in an action in
20 which the Attorney General has prevailed shall be used to
21 offset registration fees in support of the administration of
22 the clean transportation standard program. Any amount of
23 penalties collected in addition to the amount needed to
24 administer the clean transportation standard program shall be
25 deposited into the Environmental Protection Trust Fund, to be
26 used in accordance with the provisions of the Environmental

1 Protection Trust Fund Act.

2 (f) The Attorney General or the State's Attorney of a
3 county in which a violation occurs may institute a civil
4 action for an injunction, prohibitory or mandatory, to
5 restrain violations of this Act or to require such actions as
6 may be necessary to address violations of this Act.

7 (g) The penalties and injunctions provided in this Act are
8 in addition to any penalties, injunctions, or other relief
9 provided under any other law. Nothing in this Act bars an
10 action by the State for any other penalty, injunction, or
11 other relief provided by any other law.

12 Section 30. Lifecycle carbon intensity calculations;
13 software. The lifecycle carbon intensity calculation conducted
14 by the Agency under paragraph (2) of Section 20 shall use the
15 Argonne National Laboratory's GREET model and shall include
16 all stages of fuel and feedstock production and distribution,
17 from feedstock generation or extraction through the
18 distribution, delivery, and use of the finished fuel by the
19 ultimate consumer. The Agency shall, as needed and
20 periodically as established by rule, use as up-to-date a model
21 as possible, taking into account staffing and hiring needs.
22 Carbon intensity values calculated for clean fuel pathways
23 under construction or in operation using the current version
24 of the GREET model shall be allowed if the GREET model is
25 revised during the compliance year. In calculating the

1 lifecycle carbon intensity, the mass values for all greenhouse
2 gases that are not carbon dioxide must be adjusted to account
3 for each of their relative global warming potentials. This
4 adjustment shall be performed using the global warming
5 potential deemed most accurate by the Agency for each
6 greenhouse gas for the period during which reductions in
7 greenhouse gas emissions are to be attained under the clean
8 transportation standard. When measuring the carbon intensity
9 of clean fuels, the Agency shall use the GREET model's
10 Feedstock Carbon Intensity Calculator (FD-CIC) for the
11 purposes of accounting for variations in farming practices
12 across different fuel pathways.

13 Section 35. Investments by backstop aggregators and
14 utilities. In implementing this Act, the Agency and Board
15 shall establish rules directing participating utilities and
16 backstop aggregators under the standard to invest all revenue
17 earned from trading credits toward investments into
18 distribution, grid modernization, infrastructure and other
19 projects that support transportation decarbonization, with at
20 least 50% of such revenues supporting environmental justice
21 communities as defined in Section 801-10 of the Illinois
22 Finance Authority Act. All labor paid for with money from
23 required investments under this Section shall be subject to
24 the prevailing wage. The Agency and Board shall determine
25 projects and goals under this Act in consultation with

1 relevant stakeholders, including, but not limited to, credit
2 generators, affected communities, and environmental justice
3 advocacy organizations.

4 Section 40. Exemptions. The following fuels are exempt
5 from the clean transportation standard established in Section
6 15:

7 (1) aviation fuels;

8 (2) transportation fuel used in locomotives;

9 (3) transportation fuel used in ocean-going vessels;

10 and

11 (4) fuel used in military tactical vehicles and
12 tactical support equipment owned by the U.S. Department of
13 Defense or the U.S. military services.

14 However, providers of these fuels, if deemed to be clean
15 fuels, shall be eligible under the rules adopted pursuant to
16 this Act to receive credits on an opt-in basis that may be
17 applied to future obligations or sold to deficit generators.

18 Section 45. Agency reporting obligation. Within 12 months
19 after the implementation of the clean transportation standard,
20 the Agency shall submit a report to the General Assembly
21 detailing the implementation of the clean transportation
22 standard, the reductions in greenhouse gas emissions that have
23 been achieved through the clean transportation standard, and
24 targets for future reductions in greenhouse gas emissions.

1 These reports shall include feedback solicited from
2 stakeholders under paragraph (7) of Section 20.

3 Section 50. Fuel supply forecasting. In consultation with
4 the Department of Transportation and the Department of
5 Agriculture, the Agency must develop a periodic fuel supply
6 forecast to project the availability of fuels to the State
7 necessary for compliance with clean transportation standard
8 requirements. The fuel supply forecast for each upcoming
9 compliance period must include, but is not limited to, the
10 following:

11 (1) an estimate of the potential volumes of gasoline,
12 gasoline substitutes, and gasoline alternatives, and
13 diesel, diesel substitutes, and diesel alternatives
14 available to the State. In developing this estimate, the
15 Agency must consider, but is not limited to, considering:

16 (A) the existing and future vehicle fleet in this
17 State; and

18 (B) any constraints that might be preventing
19 access to available and cost-effective clean fuels by
20 the State, such as geographic and logistical factors,
21 and alleviating factors to the constraints;

22 (2) an estimate of the total banked credits and
23 carried over deficits held by regulated entities, credit
24 generators, and credit aggregators at the beginning of the
25 compliance period, and an estimate of the total credits

1 attributable to fuels described in paragraph (1);

2 (3) an estimate of the number of credits needed to
3 meet the applicable clean transportation standard
4 requirements during the forecasted compliance period; and

5 (4) a comparison in the estimates of paragraphs (1)
6 and (2) with the estimate in paragraph (3), for the
7 purpose of indicating the availability of fuels and banked
8 credits needed for compliance with the requirements of
9 this chapter.

10 The Agency may appoint a forecast review team of relevant
11 experts to participate in the fuel supply forecast or
12 examination of data required by this Section. The Agency must
13 finalize a fuel supply forecast for an upcoming compliance
14 period by no later than 90 days prior to the start of the
15 compliance period.

16 Section 55. Forecast deferral.

17 (a) No later than 30 calendar days before the commencement
18 of a compliance period, the Agency shall issue an order
19 declaring a forecast deferral if the fuel supply forecast
20 under Section 50 projects that the amount of credits that will
21 be available during the forecast compliance period will be
22 less than 100% of the credits projected to be necessary for
23 regulated parties to comply with the scheduled applicable
24 clean transportation standard adopted by the Agency for the
25 forecast compliance period.

1 (b) An order declaring a forecast deferral under this
2 Section must set forth:

3 (1) the duration of the forecast deferral;

4 (2) the types of fuel to which the forecast deferral
5 applies; and

6 (3) which of the following methods the Agency has
7 selected for deferring compliance with the scheduled
8 applicable clean transportation standard during the
9 forecast deferral:

10 (A) temporarily adjusting the scheduled applicable
11 clean transportation program standard to a standard
12 identified in the order that better reflects the
13 forecast availability of credits during the forecast
14 compliance period and requiring regulated entities to
15 comply with the temporary standard;

16 (B) requiring regulated entities to comply only
17 with the clean transportation standard applicable
18 during the compliance period prior to the forecast
19 compliance period; or

20 (C) suspending deficit accrual for part or all of
21 the forecast deferral period.

22 (c) In implementing a forecast deferral, the Agency may
23 take an action for deferring compliance with the clean
24 transportation standard other than, or in addition to,
25 selecting a method under paragraph (3) of subsection (b) only
26 if the Agency determines that none of the methods under

1 paragraph (3) of subsection (b) will provide a sufficient
2 mechanism for containing the costs of compliance with the
3 clean transportation standard during the forecast deferral.

4 (d) If the Agency makes the determination specified in
5 subsection (c), the Agency shall:

6 (1) include in the order declaring a forecast deferral
7 the determination and the action to be taken; and

8 (2) provide written notification and justification of
9 the determination and the action to:

10 (A) the Governor;

11 (B) the President of the Senate;

12 (C) the Speaker of the House of Representatives;

13 (D) the Majority and Minority Leaders of the
14 Senate; and

15 (E) the Majority and Minority Leaders of the House
16 of Representatives.

17 (e) The duration of a forecast deferral may not be less
18 than one calendar quarter or longer than one compliance
19 period. Only the Agency may terminate, by order, a forecast
20 deferral before the expiration date of the forecast deferral.
21 Termination of a forecast deferral is effective on the first
22 day of the next calendar quarter after the date that the order
23 declaring the termination is adopted.

24 Section 60. Conflicts with other State programs. Nothing
25 in this Act precludes the Agency or Board from adopting or

1 maintaining other programs as permitted or required by
2 existing or future legislation to reduce greenhouse gas
3 emissions from the transportation sector.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.