



Texas Biodiesel Blending & Use Fact Sheet

Effective December 16, 2011: TxLED Limits Removed for Blending

The federal Renewable Fuel Standard program (RFS-2) has mandated significant use of “biomass-based” diesel in the United States. The Texas Commission on Environmental Quality (TCEQ) has concluded that the volumes of biodiesel blended in the Texas Low Emission Diesel (TxLED) market to meet these requirements will have no measurable negative impact on Texas’ air quality. Consequently, TCEQ now allows biodiesel to be added to any TxLED compliant fuel, at any ratio, without additional additization. In addition, biodiesel blenders are no longer considered TxLED producers under the new guidelines as outlined below.

A copy of the regulatory guidance can be found at:

<http://www.tceq.texas.gov/airquality/mobilesource/cleandiesel.html#Draft>

TxLED & Biodiesel

The sale of B100 biodiesel (100% biodiesel) is not limited under the TxLED regulations. However, when biodiesel is blended with petroleum diesel, it must meet the following guidelines when it is intended for use in the 110 counties of Texas that require TxLED fuel.

Biodiesel Blenders

Biodiesel blenders will no longer be considered producers of diesel fuel or subject to TxLED reporting. Rather, biodiesel blenders will only be considered as part of the diesel distribution chain and, as such, must only comply with the record keeping requirement.

Biodiesel Blends

Biodiesel blends will be considered compliant with the TxLED standards provided:

1. The diesel fuel used to make the biodiesel blend is compliant with the TxLED; and
2. The biodiesel blendstock meets the following requirements:
 - a. The biodiesel blendstock must meet the requirements of the current active version of ASTM D6751; and
 - b. The biodiesel blendstock must contain no more than 15 part per million (ppm) sulfur, as determined using the appropriate test methods and procedures specified in the current active version of ASTM D6751.

Record Keeping Requirements

Distributors of TxLED, including blenders, producers, importers, bulk terminals, pipeline operators, common carriers, wholesale bulk purchasers, and retailers that supply diesel fuel or biodiesel blends for use within the 110 Texas counties affected by the TxLED regulations are required to maintain copies or records of the product transfer documents for a minimum of two years. These records must be made available upon request to the TCEQ, EPA, or to the local air pollution agency having jurisdiction in the area.

For additional information, please see:

[http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=30&pt=1&ch=114&rl=316](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=30&pt=1&ch=114&rl=316) &
http://www.tceq.texas.gov/assets/public/implementation/air/sip/texled/txled_rg_12162011.pdf

Texas Fuel Tax Exemption

Taxable diesel fuel includes emulsifiers and additives. However, “biodiesel” and “biodiesel blends” are specified as tax exempt in the Tax Code.

Biodiesel Blend Sales Invoice

The volume of biodiesel must be identified on the sales invoice of each sales transaction and must continue to be identified on sales invoices until the product is sold to the ultimate consumer. For this exemption, a sales invoice must:

1. List the volume in gallons (rounded to the nearest whole gallon) or the percentage (rounded to the nearest whole percentage) of the blended product that is water, fuel grade ethanol, biodiesel, or renewable diesel; and
2. List the basis of calculating the tax (if a taxable sale) as either \$0.20 for each gallon of taxable petroleum based diesel fuel in the blended product or a ratable tax rate based on the percent of taxable petroleum based diesel in the blended product. For example, the invoice for the sale of 100 gallons that is a blend of 20% biodiesel and 80% taxable diesel fuel may list: state diesel fuel tax of \$0.20 per gallon on 80 gallons taxable diesel fuel and no state tax on 20 gallons biodiesel, or state diesel fuel tax of \$0.16 per gallon on 100 gallons of biodiesel blend.

Labeling on Storage Tank and Retail Pump

A notice must be posted on each storage tank and retail pump where biodiesel is stored or sold. The notice must identify the blended product by the common industry name, and the volume or percentage of water, fuel grade ethanol, biodiesel, or renewable diesel that is blended with petroleum diesel fuel. Rounding to the nearest whole gallon or percentage is acceptable.

Customer Sales Invoice

The sales invoice may be rounded to the nearest 5% and must also list the basis for state tax as “Contains up to 5.0% biodiesel diesel – state diesel tax \$0.19 per gallon,” or similar wording.

For additional information, please see:

[http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=3&rl=443](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=3&rl=443)

Links to Supplemental Information

- Biodiesel B100 Specification:
http://www.biodiesel.org/pdf_files/fuelfactsheets/B100_Specification.pdf
- Biodiesel B20 Specification:
http://www.biodiesel.org/pdf_files/fuelfactsheets/B20_Specification.pdf
- NREL Biodiesel Handling & Use Guidelines:
<http://www.nrel.gov/vehiclesandfuels/pdfs/43672.pdf>
- Biodiesel Troubleshooting Hotline:
<http://www.biodiesel.org/hotline/>