



June 1, 2021

House Committee on Energy and Environment  
900 Court Street NE  
Salem, Oregon 97301

Re: Informational Hearing on House Bill 3305

Dear Chair Marsh, Vice-chairs Helm and Brock Smith, and Members of the Committee,

My name is Christopher Efird, and I am the Chairman & CEO of NEXT Renewable Fuels, which is a company that turns recycled materials, such as used cooking oil, into advanced renewable biofuels. I was asked to participate in the informational panel to discuss House Bill 3305 and the logistics of renewable diesel production and distribution. For several reasons, I could not attend, so I have provided this background.

In full disclosure, NEXT is actively engaged in the permitting process with the State of Oregon on a renewable diesel production facility at Port Westward in Columbia County. I want to protect the integrity of that process and be clear that the information that follows is intended to be an educational resource for your policy conversation and not an attempt to influence that regulatory process.

Specifically, I want to address a few key points about renewable diesel that I believe are important as your policy discussions occur on the best way to support a cleaner transportation system.

**1. Renewable diesel is not biodiesel.** These terms are often mistakenly used interchangeably, but they are two completely different products. Renewable diesel is chemically identical to petroleum diesel. Biodiesel is not.

Biodiesel is more of an additive than a replacement fuel, as it can only be used as a blending component with petroleum diesel. Its properties lend to a short shelf-life. It also requires a complex and segregated infrastructure and transportation system (separate tanks, pipes, trucks, etc.) because it will contaminate those vessels, limiting their use for other products without extensive treatment.

Renewable Diesel ("RD") is a true drop-in replacement to petroleum fuel. It is chemically identical to petroleum diesel currently being pumped into our trucks, buses, and heavy motorized equipment. While it uses the same feedstock as biodiesel, the product is fully refined just like a traditional petroleum diesel, which means it can be used in any conditions or applications that petroleum diesel can without the need for blending. However, an added benefit is that it can be used as a complete fuel replacement or can be used as a blend at any level from 0 – 100 %.

Why does the difference between renewable diesel and biodiesel matter? It matters because renewable diesel can provide an immediate alternative to current petroleum diesel. It can support a seamless transition to a cleaner fuel without special or additional logistical issues for distributors or consumers, and as such, has the potential to reduce current emissions on our roads by up to 80% if production can meet current demand.

**2. The market demand is here.** Currently, the diesel consumption in the United States is the equivalent of 1.1 billion barrels a year. The projection is to reach more than 1.5 billion over the next 15 years. In 2018 alone, consumption increased by more than 4%, which also correlated with a spike in greenhouse gas emissions.

The West Coast is a prime market driver, starting in California, but that carries through Oregon and Washington. In addition to commerce distribution by truck and other freight driving demand, state policies also influence the market. The West Coast states are leading the way with policies that seek to reduce the carbon intensity (the “CI”) of motor transportation fuels, which is defined as the grams of carbon dioxide released per megajoule of energy produced. These policies are reflected in a series of Low Carbon Fuel Standards (“LCFS”). The LCFS programs set regulatory standards for declining numerical CI targets across the whole pool of motor fuel. Then it is private enterprise that must identify the most efficient and innovative ways to achieve those standards, which is how LCFS programs also drive the market.

Since renewable diesel is a full drop-in replacement fuel that can be used at any blend level, RD is having and promises to continue to have an outsized impact on the reduction of motor fuel carbon intensity. This flexibility, and the ability to use it or move it in the exact same way as petroleum diesel, means its adoption is very straightforward. The ability of RD to drive significant CI reduction has been recognized by regulators up and down the West Coast, who have encouraged its further adoption. This, in turn, and the incentive system set up by the LCFS program, is driving the development of significant new supply, including the large-scale production facility we are developing at Port Westward.

**3. Renewable diesel complements electrification.** There is growing discussion about only moving toward an electrified transportation system in the United States. With that vision, many clean energy supporters do not want to embrace the production of any new petroleum-based or replaceable fuels. On one hand that logic makes sense, in that if a fuel product is not available it forces a transition to a fully electrified transportation system faster. Realistically the transition to that vision is decades-long and one that we support. However, we can replace existing, high emitting diesel with a cleaner, renewable product now. Simply, renewable diesel allows us to reduce CI now while pursuing a fully clean and low-or zero-emission transportation system. Renewable diesel is part of the bridge to that larger goal.

Thank you for the opportunity to provide background on renewable diesel as Oregon contemplates strategies to move to a clean energy future. I am happy to be a resource for any additional questions you may have.

Sincerely,



Christopher Efirm, Chairman and CEO

NEXT Renewable Fuels, Inc.