



Washington State Department of
Enterprise Services

Biodiesel Use by Washington State Agencies

January through June 2015

Published October 2015

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REPORT HIGHLIGHTS

- During the first six months of 2015, biodiesel purchased by state agencies under state fuel contracts totaled just over 516,000 gallons. On a calendar-year basis, state agencies are on track to top 1 million gallons in biodiesel purchases for the third year in a row.
- Washington State Ferries (WSF) is the largest state agency consumer of diesel fuel. WSF purchased 326,191 gallons of biodiesel during the first six months of 2015, which is about 16,000 gallons less than the 342,350 purchased in the previous six-month period. Overall, WSF averaged 3.8 percent biodiesel for the period, with fuel containing five percent biodiesel (B5) the standard fuel throughout the fleet.
- Biodiesel purchased by state agencies other than WSF totaled 189,966 gallons during the first six months of 2015. Biodiesel made up 14 percent of the diesel fuel purchased, up 2 percent from the previous six-month period.
- The Washington State Department of Transportation (WSDOT) is the state's second largest purchaser of diesel fuel. Biodiesel made up 18 percent of total diesel fuel purchased in Western Washington and 13 percent in Eastern Washington. Statewide, WSDOT averaged 15 percent biodiesel, up 2 percent from the previous period.
- Testing continued to show no significant fuel quality issues related to biodiesel use by state agencies.

BACKGROUND

As a part of the state's efforts to reduce its dependence on foreign oil, reduce emissions, and stimulate local production and use of biodiesel, state law has mandated state agencies to use biodiesel fuels to operate diesel-powered vessels, vehicles, and construction equipment since 2009. Under current law, WSF is to use a minimum of 5 percent biodiesel in all vessels as long as the price of B5 does not exceed the price of diesel by 5 percent or more. All other state agencies are to use a minimum of 20 percent biodiesel by total volume to operate diesel vessels, vehicles, and construction equipment.

State law ([RCW 43.19.646](#)) requires the Department of Enterprise Services (DES) to compile and analyze the use of biodiesel fuel by state agencies and report its findings and recommendations to the Governor and Legislature in an electronic format every six months. DES collaborates with key state agency stakeholders to prepare the report.

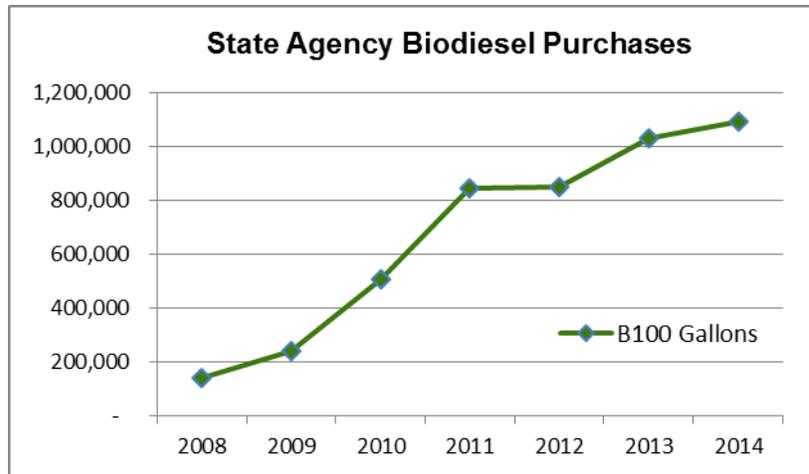
Biodiesel Use by Washington State Agencies January to June 2015

This report covers January 1 through June 30, 2015, and focuses on bulk fuel purchased through state fuel delivery contracts. The term “biodiesel” means pure biodiesel (B100) unless clearly indicated otherwise. Biodiesel blends are specified by the capital letter “B” followed by a value representing the volume percentage of biodiesel, such as B5 and B20. Therefore, B5 contains 5 percent biodiesel and 95 percent diesel. In tables and charts, biodiesel is expressed in B100 gallons.

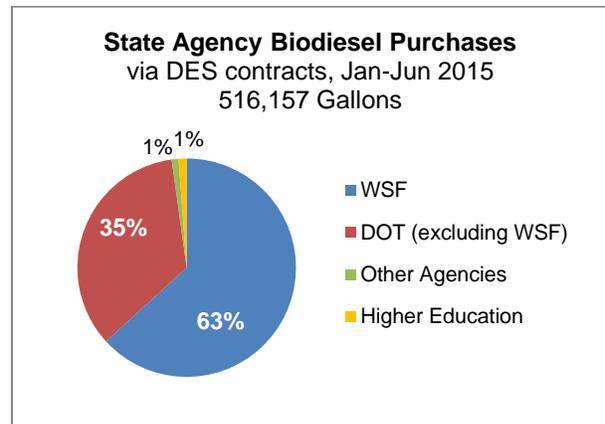
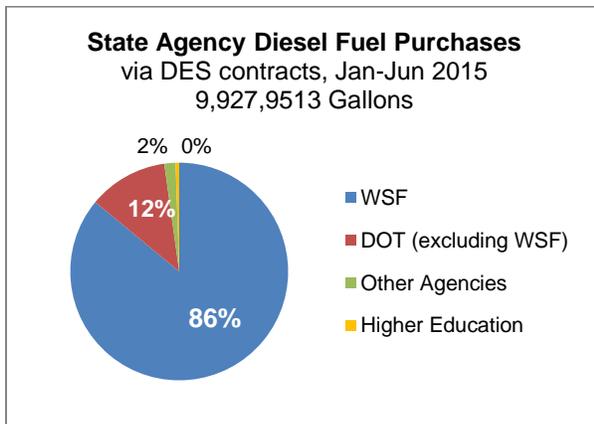
STATE BIODIESEL PURCHASES

State agencies are required to purchase bulk fuel through the state fuel contracts which cover gasoline, heating oil, and diesel fuel (including biodiesel). The contracts are also used by many higher education institutions, cities, counties, school districts, and transit systems.

From January 1 through June 30, 2015, state agencies and higher education institutions purchased 9.9 million gallons of diesel fuel through state fuel contracts, including about 516,000 gallons of biodiesel. Since the biodiesel use mandate was enacted, state agency purchases have increased significantly and topped 1 million gallons for the second year in a row in 2014.



As the largest consumer of diesel fuel among state agencies, WSF purchased 86 percent of the diesel fuel and 63 percent of the biodiesel purchased during this six-month period. Purchases made by state agencies other than WSF for diesel-powered vehicles and equipment made up 14 percent of total diesel fuel purchased and 35 percent of the biodiesel purchased on state contracts.



Biodiesel Use by Washington State Agencies
January to June 2015

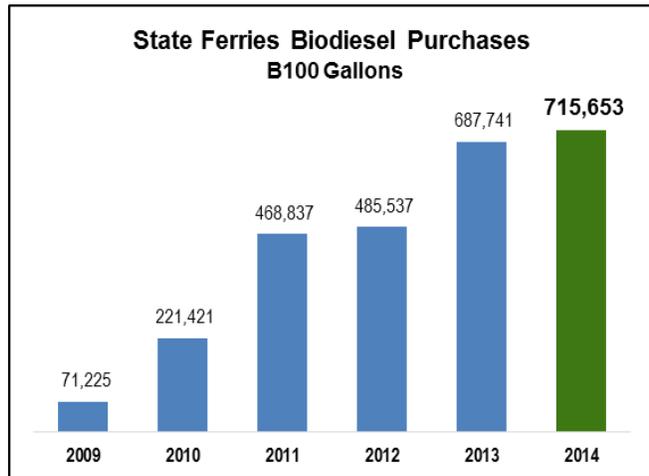
WASHINGTON STATE FERRIES (WSF) BIODIESEL USE

- WSF purchased 326,191 gallons of biodiesel during this six-month period. This is a 5 percent decrease from the 342,350 gallons purchased during the last six months of 2015. Total fuel purchased during the period decreased two percent. Overall, WSF purchases averaged 3.8 percent biodiesel for the period, down from 3.9 percent for the previous period.

Washington State Ferries Biodiesel Use: January 2009 to June 2015

Time Period	Diesel Gallons	Biodiesel Gallons	Total Gallons	Biodiesel %
Jan. – June 2015	8,212,352	326,191	8,538,543	3.8%
July - Dec. 2014	8,365,368	342,350	8,707,718	3.9%
Jan. - June 2014	8,114,966	373,303	8,488,269	4.4%
July - Dec. 2013	8,545,061	367,534	8,912,595	4.1%
Jan. - June 2013	8,156,700	320,207	8,476,907	3.8%
July - Dec. 2012	8,466,258	262,217	8,728,475	3.0%
Jan. - June 2012	8,283,480	223,320	8,506,800	2.6%
July - Dec. 2011	8,672,324	241,722	8,914,046	2.7%
Jan. - June 2011	8,435,352	227,115	8,662,467	2.6%
July - Dec. 2010	8,455,444	119,242	8,574,686	1.4%
Jan. - June 2010	8,459,772	102,179	8,561,951	1.2%
July - Dec. 2009	8,463,791	71,225	8,535,016	0.8%
Jan. - June 2009	8,269,302	30,714	8,300,016	0.4%

- WSF’s progress using biodiesel has occurred in stages, corresponding with the availability of in-line blended B5 fuel. WSF began using B5 for vessels fueled by truck from the Harbor Island truck facility in Seattle in 2009. Vessels fueled by truck from Anacortes began using B5 in 2011. Installation of infrastructure for in-line blending at the Seattle Harbor Island dock facility was completed in early 2013.



- During this six-month period, most delivery locations received B5 fuel, with 6 of the 10 locations averaging 4.6 to 5.0 percent biodiesel. Notably, fuel at the Seattle Dock Facility, which accounted for about 36 percent of all fuel delivered this period, averaged 3.9 percent biodiesel while fuel deliveries from Anacortes averaged 2.4 percent biodiesel, as about half of the deliveries were diesel rather than B5.
- On average, the price of B5 for WSF exceeded the price of diesel by less than 2 percent.
- WSF did not report any biodiesel-related quality or performance issues during the period.

Biodiesel Use by Washington State Agencies
January to June 2015

LAND SECTOR USE

State agency purchases of biodiesel for use in vehicles and equipment totaled 189,966 gallons in the first six months of 2015, an increase of 18,000 gallons over the previous six-month period. Overall state agency biodiesel purchases averaged 13.7 percent of total diesel fuel purchased under the state fuel contract, up 2.0 percent from the previous six-month period.

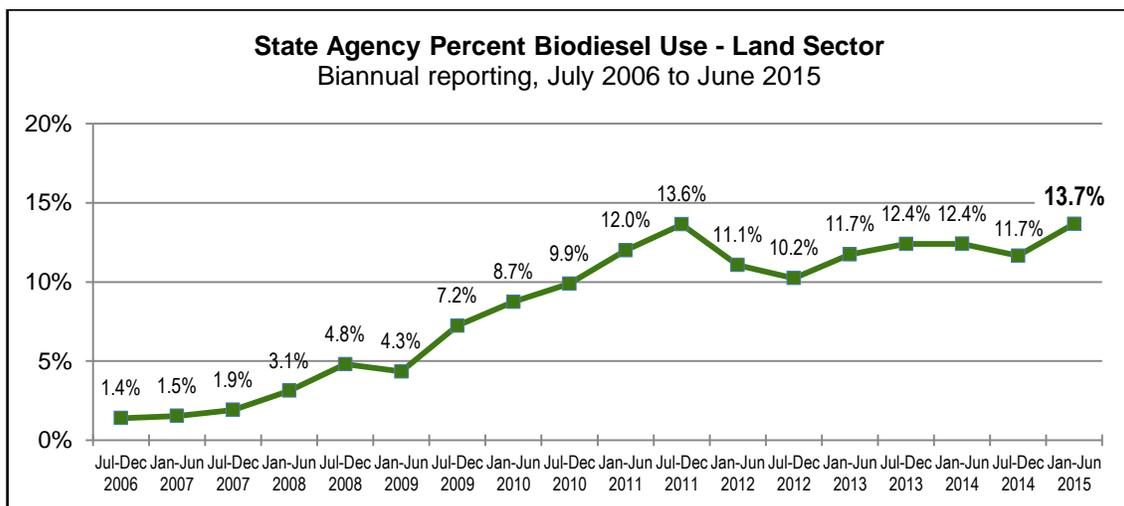
In the land sector, WSDOT is the largest single purchaser of diesel fuel. During this reporting period, WSDOT purchased 1.17 million gallons of diesel fuel, accounting for 84 percent of all diesel fuel and 94 percent of all biodiesel purchased by state agencies under the state fuel contract. WSDOT maintains a comprehensive statewide network of fueling stations that serves the majority of the state’s diesel-powered equipment and vehicles. Of the nine other agencies purchasing diesel fuel under the state contract, only three purchased more than 20,000 gallons of bulk diesel fuel during the period – the departments of Corrections, Fish and Wildlife, and Natural Resources.

Among the 13 higher education institutions purchasing diesel fuel off the state contract, the University of Washington was the largest purchaser, accounting for 61 percent of the fuel purchased for vehicles and equipment, including all of the biodiesel.

State Agency Biodiesel Purchases (Land Sector): January to June 2015

Agency	Diesel Gallons	Biodiesel Gallons	Total Gallons	Biodiesel %
WSDOT	992,700	178,627	1,171,327	15.2%
Other Agencies	160,108	5,219	165,328	3.2%
Higher Education	46,633	6,120	52,753	11.6%
Total	1,199,441	189,966	1,389,408	13.7%

On a percentage basis, the biodiesel content of diesel fuel purchased by state agencies for use in vehicles and equipment has averaged above 10 percent for the last nine reporting periods. Prior to 2011, a lack of availability in Eastern Washington limited efforts to use biodiesel fuels.



Biodiesel Use by Washington State Agencies
January to June 2015

DETAILS ON WSDOT PURCHASES AND USE

- Overall, WSDOT’s total biodiesel purchases were up 11 percent, while total fuel purchased was down 6 percent from the previous six months. As a result, biodiesel compared to the total diesel volume was up, increasing from 12.8 percent to 15.2 percent.
- WSDOT had 45 fuel sites with biodiesel fuel available in Western Washington. From January through June, 89 percent of all deliveries were B20, 8 percent were B10 and 3 percent were B5. The B10 and B5 deliveries were primarily delivered in the first three months of the year. Biodiesel made up 17 percent of total diesel fuel purchased in Western Washington, up 1 percent from the previous period.
- WSDOT had 53 fuel sites with biodiesel fuel available in Eastern Washington. From January through June, 1 percent of deliveries were B25, 46 percent of deliveries were B20, 27 percent were B10, and 26 percent were B5. Overall, biodiesel made up 13 percent of total diesel fuel purchased in Eastern Washington during the period, up from 10 percent from the previous six months.

WSDOT Biodiesel Purchases by Region: January 1 to June 30, 2015

Region	Diesel Gallons	Biodiesel Gallons	Total Gallons	Biodiesel %
Westside	498,440	108,037	606,477	17.8%
Eastside	494,260	70,590	564,850	12.5%
Statewide Total	992,700	178,627	1,171,327	15.2%

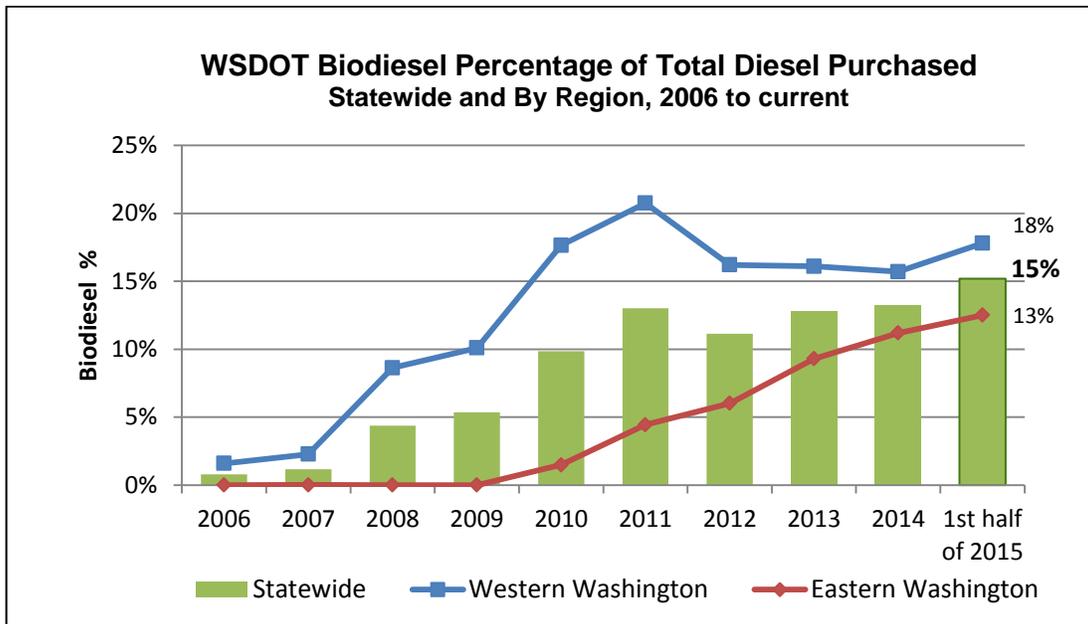
- WSDOT continued its suspension of purchases of biodiesel blends higher than B20. The suspension began in May 2012 after a review of EPA regulations, newly published guidance, and biodiesel handling guidelines on materials compatibility. The department determined that its diesel fuel tanks must be replaced to meet certification requirements to store biodiesel blends above B20. Replacing tanks is dependent on funding.
- WSDOT’s experience with biodiesel fuels and testing biodiesel blends up to B90 has demonstrated the importance of: (1) managing biodiesel concentration based on climate and conditions; and (2) limiting biodiesel at sites with low fuel turn-over. Currently, WSDOT has 11 sites that are not feasible for biodiesel use because they are in areas that experience cold winter temperatures and have low fuel turn-over (no fuel use for periods of four to six months or longer). WSDOT is working with fuel additive manufacturers to address fuel storage longevity and cold weather operability issues.
- WSDOT continued to employ best practices for using biodiesel. Operational issues included: (1) Replacing fuel dispenser filters at twice the previous rate; (2) Using a more porous filter to minimize filter failure; and (3) Cleaning tanks at a higher frequency. WSDOT continues to experience higher rates of fuel injector and filter failure which may be attributable to biodiesel use.

On an annual percentage basis, WSDOT biodiesel purchases have averaged above 15 percent for more than five years in Western Washington and topped 10 percent for the past two years in

Biodiesel Use by Washington State Agencies

January to June 2015

Eastern Washington. Prior to May 2012, some sites in Western Washington provided biodiesel blends of up to B40. Before 2011, the lack of biodiesel availability from contractors serving Eastern Washington limited WSDOT's efforts to use biodiesel fuels in that region.



FUEL QUALITY

The Washington State Department of Agriculture (WSDA) monitors the quality of diesel and biodiesel used by state agencies as part of the state's Motor Fuel Quality Program. During this reporting period, WSDA submitted 125 diesel and biodiesel blend fuel samples to a contract laboratory to test compliance with American Society for Testing and Materials (ASTM) quality standards. Samples were obtained from biodiesel producers, retail outlets and WSDOT fueling sites.

Test results continued to show problems with meeting flash point specifications. Of the 47 samples that did not meet ASTM specifications, 38 samples (81 percent) failed to meet flash point specifications. Flash point is a safety and handling specification. Failures do not affect engine performance but can be an indicator of contamination. Flash point deficiencies are often caused by contamination with small amounts of gasoline usually attributed to the tank management of transport trucks or design flaws with underground storage tank systems.

WSDA issued 16 notices of correction and issued two civil penalties to businesses for selling diesel fuels that did not meet specifications. During this period, the program stopped sale at three locations for water in storage tanks.

Overall, WSDA did not identify any significant quality issues with biodiesel fuels during this reporting period.

Biodiesel Use by Washington State Agencies

January to June 2015

STATE CONTRACTING

- DES's four fuel contracts serve a wide array of functions and customers. The state's Bulk Fuel contract (#00311), which started in May 2011, has completed its fourth year. The contract covers all regions of the state and encompasses 16 contracts with five contractors. Provisions of the state bulk fuel contract related to biodiesel include:
 - Biodiesel can be made from any feedstock so long as it meets ASTM specifications.
 - Contractors must provide biodiesel fuel in any percentage from B1 to B100.
 - Contractors must provide state agencies with biodiesel made from at least 51 percent in-state feedstock and/or biodiesel produced in-state.
- DES continued internal discussions on the feasibility of rebidding the Bulk Fuel contract.
- There are three state marine fuel delivery contracts that serve Washington State Ferries (WSF):
 - Seattle Dock Facility (#00414): The new sole source contract with Maxum Petroleum Co., which began in September 2014, provides B5 and diesel fuel, and describes how B6 to B20 blends might be added. The contract's initial one-year term is expected to be extended.
 - Marine Refueling Services-Truck Delivery (#02207): Preparatory work to amend this contract to provide for pricing and delivery of B10 for a pilot project and to add the 51 percent in-state sourced requirement was on hold this period.
 - Keller Ferry (#07613): This contract, initially awarded in January 2014 to Connell Oil for a one-year term, was extended for another year during this period. The contract provides both diesel and biodiesel fuel.
- Two contracts, the Bulk Fuel and the Seattle Dock Facility, require contractors to provide biodiesel that is at least 51 percent in-state sourced. To determine compliance with this contract provision, DES reviews invoices or bills of lading provided by fuel contractors to document the date, quantity, and source of biodiesel purchases. For this report, DES determined that the biodiesel provided under the Seattle Dock Facility contract for calendar year 2014 was 100 percent in-state sourced. No compliance determination was conducted on the Bulk Fuel contract this period.

OTHER ACTIVITIES RELATED TO BIODIESEL USE BY STATE AGENCIES

- The interagency **Alternative Fuels and Vehicles Technical Advisory Group** (comprised of the 12 agencies and four educational institutions that collectively represent more than 98 percent of state fuel use) continued to meet quarterly. Its objective is to facilitate the implementation of the "Extent Practicable" rule, adopted in May 2013 ([WAC 194-28](#)), that guide procurement of alternative fuels and vehicles. With respect to biodiesel, the rule restates existing law calling for state agencies to use a minimum of 20 percent biodiesel on an annualized basis.
- Work to develop the "Extent Practicable" rule regarding **local government procurement and use of alternative fuels and vehicles** was a focus this period. The Department of

Biodiesel Use by Washington State Agencies

January to June 2015

Commerce filed the proposed rule on June 3 with a public hearing scheduled for July 7. Group membership in the interagency advisory group is expanding to include representatives from 65 local governments that meet the reporting threshold under the proposed “extent practicable” rules, plus five more jurisdictions that are near the threshold.

- In spring 2015, the **City of Seattle** entered into a new contract for biodiesel fuel delivery to its 32 refueling sites. The transition to biodiesel will take place over two months starting in June. The new contract provides much better pricing for various biodiesel blends than is available to the city under the state fuel contract. The city anticipates using B20 for eight months of the year and B10 for the four coldest months, with an estimated 1.1 million gallons of biodiesel blend fuel purchased annually.

RECOMMENDATIONS/ACTION ITEMS

- Increase the percentage of biodiesel used by WSF at one or more fueling locations within the cost limitation set by the Legislature, beginning with a pilot test with two vessels in 2015.
- Add the 51 percent in-state sourced biodiesel requirement to the Marine Refueling Services contract. Resolve issues regarding the delivery of B5 from Anacortes under this contract.
- Address changes in the biodiesel and fuel markets and work to provide competitively-priced biodiesel fuel products that keep current with agency needs and the marketplace.
- Amend the Bulk Fuel Contract to specify that all diesel purchases are, at a minimum, B5, where feasible.
- Use the Alternative Fuels and Vehicles Technical Advisory Group to integrate efforts to increase the percentage of biodiesel used by state agencies with the larger effort related to agency and local government use of alternative fuels and vehicles.
- Continue fuel quality monitoring to ensure standards are met.
- Reduce the frequency of this report from twice to just once a year.

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