



Advanced Biofuels USA, a nonprofit educational organization, advocates for the adoption of advanced biofuels as an energy security, economic development, military flexibility and climate change solution.



## It's Time for a Non-Renewable Carbon User Fee for Fuels

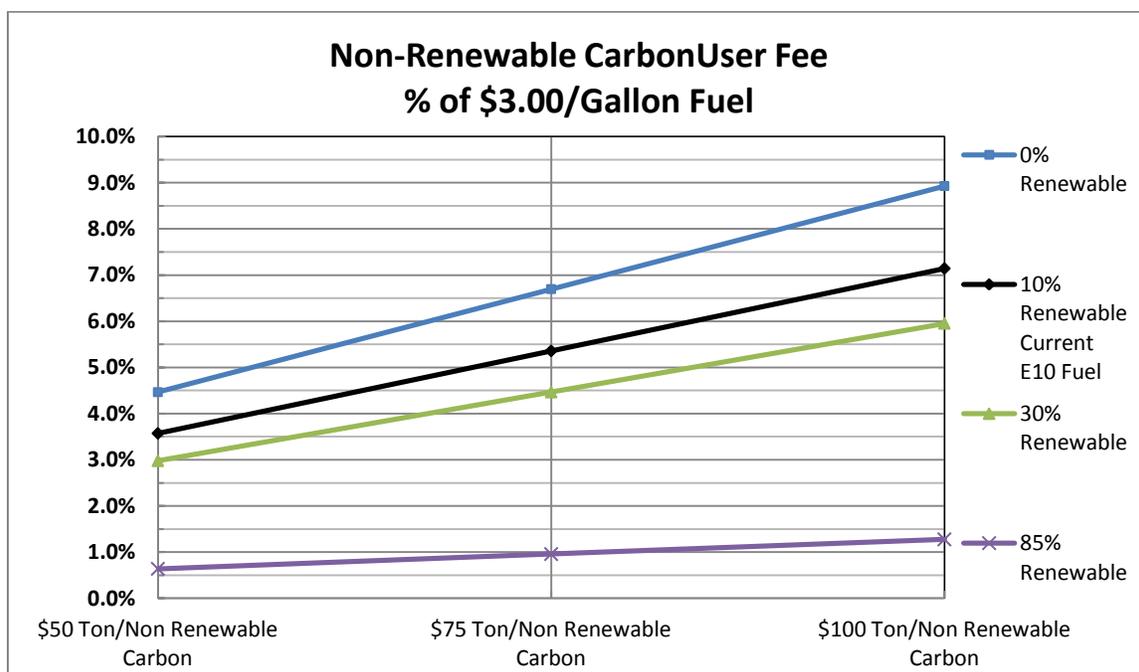
**Let's face it.** If we're serious about reducing Climate Change-causing Green House Gases and reducing non-renewable liquid and gas use, we need serious actions.

The first steps needed are:

1. Including the price of GHG effects in the pricing of renewable and non-renewable fuels
2. Committing serious money to focused renewable fuel research and infrastructure development.

The simplest and fastest way to accomplishing this is adding a **Non-Renewable Carbon User Fee** to the portion of liquid transportation fuels and natural gas made from non-renewable sources. Estimates for the Climate Change effects of these fuels begin at about **\$50/ton of non-renewable carbon** and increase to over **\$100/ton** when costs for as research and infrastructure changes are included.

While these costs may sound overpowering, they translate into **only 3.5% to 7% increases** in current gasoline prices. *This is less than the changes in most monthly gasoline prices.*



**More important, as renewable content increases, the fee for the consumer decreases.** If renewable content were increased from the current 10% to an achievable goal of 85%, an average motorist would see an annual reduction of \$74.80 to \$17.60.

**Annual Non-Renewable Carbon Fuel User Fee  
12,000 miles @ 27mpg = 440 gallon/year**

	\$50/Ton Non-Renewable Carbon	\$75/Ton Non-Renewable Carbon	\$100/Ton Non-Renewable Carbon
0% Renewable Fuel Fee/Gallon	\$ 0.13	\$ 0.19	\$ 0.25
Annual User Fee	\$ 57.20	\$ 83.60	\$ 110.00
<b>10% Renewable Current E10 Fuel Fee/Gallon</b>	\$ 0.11	\$ 0.16	\$ 0.21
Annual User Fee	\$ 48.40	\$ 70.40	\$ 92.40
30% Renewable Proposed Tier 3 Fuel Fee/Gallon	\$ 0.08	\$ 0.13	\$ 0.17
Annual User Fee	\$ 35.20	\$ 57.20	\$ 74.80
85% Renewable E85 Fuel Fee/Gallon	\$ 0.02	\$ 0.03	\$ 0.04
Annual User Fee	\$ 8.80	\$ 13.20	\$ 17.60

**Is the Non-Renewable Carbon User Fee Never Ending?**

No. The fee is designed to disappear as renewable fuels replace non-renewable. For instance, once renewable content increase to 85% and mileage increases become fleet-wide, the income from the fee will fall dramatically. In fact *legislation should cancel the fee when income drops below \$500 million/year.*

**Projected Non-Renewable Carbon User Fees from US Motor Vehicles**

Potential Fee Revenue	\$50/Ton Non-Renewable Carbon	\$75/Ton Non-Renewable Carbon	\$100/Ton Non-Renewable Carbon
Year 1	\$4.8 Billion	\$7.2 Billion	\$9.6 Billion
End Year R85 Fuel & 35% Mileage Increase	\$535 Million	\$803 Million	\$1.07 Billion

**Use of the Non-Renewable Carbon User Fee**

The fees should be used in only two ways.

- **Renewable Fuel R&D:** An immediate Apollo type program should be funded with between 50% and 60% of the fees. It should be *administered by the National Science Foundation* (NSF) and be focused on getting non-food biomass fuels and gases into the pipeline in less than 7 years. A sustainable renewable fuel industry will not only cut petroleum imports and tremendously reduce US oil and

gas extraction damage, but more important, create good jobs for Americans in research labs, rural towns, and urban manufacturing plants.

- **Renewable Fuel Infrastructure:** The upgraded fuel pumps, decentralized processing/distribution modules, and temporary rebates to people not able to afford the initial lack of renewable fuel would be funded with between 40% and 50% of the fees. These programs would be *run by the states*. They know what the needs are and the most effective way to address them.

### Collection of the Non-Renewable Carbon User Fee

The collection of this user fee *would not require new bureaucracies*. Existing consumer point-of-sale fuel and utility tax collections systems would be used.

### Expansion of the Non-Renewable Carbon User Fee to Natural Gas

The Non-Renewable Carbon User Fee should be applied to commercial, industrial, and residential users. The same renewable research and infrastructure funding approach should be used. Special emphasis should be placed on the *immediate large-scale retrofitting of solar panels and decentralized energy storage in all sectors*.

#### Annual Non-Renewable Carbon User Fee: Average Residential Household

Natural Gas: Average Residential Use					
Annual Therms	800		Monthly Cost @ \$1.2/Therm	\$ 80.00	
Monthly Therms	66.7		Annual Cost @ \$1.2/Therm	\$ 960.00	
<b>Natural Gas: 0% Renewable</b>			\$50/Ton Non-Renewable Carbon	\$75/Ton Non-Renewable Carbon	\$100/Ton Non-Renewable Carbon
Monthly User Fee on	\$ 80.00		<b>\$ 8.95</b>	<b>\$ 13.42</b>	<b>\$ 17.90</b>
Annual User Fee on	\$ 960.00		<b>\$ 107.39</b>	<b>\$ 161.08</b>	<b>\$ 214.77</b>
Percent User Fee			<b>11.2%</b>	<b>16.8%</b>	<b>22.4%</b>
<b>Natural Gas: With 30% Renewable Substitute</b>					
Monthly User Fee on	\$ 80.00		\$ 6.26	\$ 9.40	\$ 12.53
Annual User Fee on	\$ 960.00		\$ 75.17	\$ 112.76	\$ 150.34
Percent User Fee			7.8%	11.7%	15.7%
<b>Natural Gas: With 85% Renewable Substitute</b>					
Monthly User Fee on	\$ 80.00		<b>\$ 1.34</b>	<b>\$ 2.01</b>	<b>\$ 2.68</b>
Annual User Fee on	\$ 960.00		<b>\$ 16.11</b>	<b>\$ 24.16</b>	<b>\$ 32.22</b>
Percent User Fee			<b>1.7%</b>	<b>2.5%</b>	<b>3.4%</b>

**Advanced Biofuels USA**, an educational nonprofit organization, advocates for advanced biofuels as an *energy security, economic development, military flexibility and climate change solution*. Technology neutral and feedstock agnostic, it serves as a resource for everyone from opinion-leaders, decision-makers and legislators to industry professionals, investors, researchers, educators and journalists.