

MANAGEMENT MEMO

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EXPIRES: UNTIL RESCINDED
ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

SUBJECT:
DIESEL, BIODIESEL, AND RENEWABLE HYDROCARBON DIESEL BULK FUEL PURCHASES

REFERENCES: PUBLIC RESOURCES CODE §25722.5 (d) - (f), §25722.8 et seq.; HEALTH AND SAFETY CODE §43870; CALIFORNIA CODE OF REGULATIONS §95480 et seq.; EXECUTIVE ORDERS B-2-11 and B-30-15; ASSEMBLY BILL 692 (QUIRK)

THIS MANAGEMENT MEMO REPLACES MANAGEMENT MEMO 12-05

Purpose This Management Memo establishes requirements for the purchase of bulk diesel, biodiesel, and renewable hydrocarbon diesel (renewable diesel) fuels.

Policy State agencies shall purchase state-contracted renewable diesel fuel, in lieu of conventional diesel and biodiesel fuels, when making bulk purchases of fuel for diesel powered vehicles and/or equipment. Additional information on this policy can be found in State Administrative Manual (SAM) Section [3627](#), *Diesel, Biodiesel, and Renewable Diesel Bulk Fuel Purchases*.

Exemptions to this renewable diesel fuel purchasing requirement are processed through the Department of General Services (DGS) Office of Fleet and Asset Management (OFAM) and are outlined under the *Exemptions to Renewable Diesel Purchasing Requirements* section of SAM 3627, which includes provisions for fuel availability, timeliness of delivery in emergency response situations, cost, and operational viability.

Agencies that utilize one or more renewable diesel exemptions are required to provide OFAM with information (along with other requisite, annual fuel reporting data), as detailed in the *Reporting of Renewable Diesel Exemption Utilization* section of SAM 3627.

Definitions Renewable Diesel: According to California Code of Regulations [§95481](#), renewable diesel is defined as a diesel fuel that is produced from nonpetroleum renewable resources but is not a mono-alkyl ester, is intended for use in engines that are designed to run conventional diesel fuel, and is registered as a motor vehicle or fuel additive under 40 Code of Federal Regulations part 79.

Background Public Resources Code §25722.8 (a) requires the improvement of the overall state fleet's use of alternative fuels, synthetic lubricants, and fuel-efficient vehicles by reducing or displacing the consumption of petroleum products by the state fleet when compared to the 2003 consumption levels based on the following schedule:

1. By Jan. 1, 2012, a 10 percent reduction or displacement.
2. By Jan. 1, 2020, a 20 percent reduction or displacement.

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**Background
(Cont.)**

Executive Order (EO) B-30-15, issued by California Governor Edmund G. Brown Jr. directed “that all state agencies with jurisdiction over sources of greenhouse gas emissions shall implement measures, pursuant to statutory authority, to achieve reductions of greenhouse gas emissions to meet the 2030 and 2050 greenhouse gas emissions reductions targets” of 40 percent and 80 percent below 1990 levels, respectively.

Health and Safety Code §43870 requires that, commencing Jan. 1, 2017, three percent of the aggregate annual total of state agency bulk transportation fuel purchases be procured from very low carbon transportation fuel sources. Additionally, commencing Jan. 1, 2018, the amount of very low carbon fuel purchased shall be increased every year, by one percent, until Jan. 1, 2024.

Public Resources Code §25722.8 (c) establishes DGS as the agency responsible for the encouragement of alternative vehicle and fuel adoption.

Public Resources Code §25722.5 (e) and (f) requires each state office, agency and department to report to DGS their total annual consumption of gasoline and diesel fuel, alternative fuels, and the total annual vehicle miles traveled by vehicles in the state fleet. Executive Order B-2-11 also directs department and agency heads to provide monthly updates of their vehicle and mobile equipment information that is presently being collected by DGS.

As an alternative fuel derived from nonpetroleum based stock and possessing a total carbon intensity of half, or less, than that of traditional diesel fuels, renewable diesel serves as a viable fuel option to help the state meet the above statutory requirements and the Governor’s goals outlined in EO B-30-15.

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12/9/15

Date