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March 3, 2026

TESTIMONY ON HB 2423 HD2, RELATING TO BIODIESEL

SUPPORT

Representative Scot Z. Matayoshi, Chair
Representative Tina Nakada Grandinetti, Vice Chair
Committee on Consumer Protection & Commerce
Hearing: March 4, 2026, 2:00pm, Conf Room 329

Aloha Chair Matayoshi, Vice Chair Grandinetti and Members of the Committee,

Pacific Biodiesel **strongly supports HB 2423 HD2**, which establishes a 5% biodiesel blending requirement for all highway diesel fuel sold in Hawai'i. Known in the industry as B5, this blend is a mild beginning to reduce Greenhouse Gas emissions, but will provide the much-needed stable market for approximately 2.2 million gallons of locally produced biodiesel each year. Pacific Biodiesel has this additional capacity at our Big Island biodiesel refinery today.

Biodiesel is an energy-dense renewable fuel source that promotes energy security in Hawai'i, supports USA national security and benefits the local circular economy. Biodiesel has one of lowest carbon footprints of any fuel, reducing greenhouse gas emissions by 86% compared to fossil diesel.

Pacific Biodiesel produces our biodegradable, non-flammable, non-toxic fuel with used cooking oil recycled from Hawai'i's restaurants and food service facilities, keeping potentially hazardous waste out of local landfills. Additionally, with our carbon negative regenerative farming operations, we locally produce biodiesel feedstock from virgin oils such as sunflower and canola oil. Our model also contributes culinary oils and high-protein meal for livestock feed to the local food system. Pacific Biodiesel's "ag and energy" model today is demonstrating a "net carbon negative" renewable fuel and food system that is a beneficial circular economy model.

B5 will support continued expansion of biodiesel production for our state – urgent now more than ever.

Pacific Biodiesel is acutely aware of the important role our biodiesel production plays in supporting military readiness and energy resilience in our state. Given our State's strategic location, locally produced biodiesel ensures a reliable, readily available local supply of biofuel at key Department of Defense locations in Hawai'i and the Indo-Pacific region to help protect United States national security and military preparedness and further reduce reliance on imported crude oil, especially from dangerous sources like Russia-backed Libya.

With the current war and crude oil supply disruptions in the Middle East, gas and diesel prices will likely spike in the coming weeks. Pacific Biodiesel has always strived to show the economic as well as environmental benefits of locally produced clean fuel, and our biodiesel price continues to be stable and unaffected by national conflict. Having a **B5** blending requirement for all highway diesel fuel sold in Hawai'i will help to moderate unpredictable diesel prices somewhat. As we have watched petroleum costs spike and drop due to external circumstances over the past 3 decades we have been in business, we have focused on pricing with a fair margin based on inputs and at times have been able to provide savings to our customers. In fact, we have not raised our retail or wholesale prices in over a year, something unheard of in the petroleum industry!

Current biodiesel production in Hawai'i is 6 million gallons annually. With a stable market, biodiesel produced from Hawai'i-sourced feedstock can feasibly scale to 16 million gallons annually by 2040 – *this total vertical integration to locally grow and produce biodiesel epitomizes energy security!*

B5 is a proven, low-risk approach to achieve immediate reduction in greenhouse gas emissions.

- B5, 5% biodiesel blended with 95% petroleum diesel, is a minimal blend (considered a benign fuel additive).
- B5 is universally accepted by ALL vehicle manufacturers for use in any diesel engine (no warranty or maintenance issues).
- B5 is quickly deployable:
 - Biodiesel can be used in Hawai'i's existing liquid fuel infrastructure today.
 - Hawai'i currently has in-state production capacity to provide B5 now.
 - A high-volume fuel blending rack is online at the in-state diesel refinery.
 - It requires no special labeling at the pump.

Several states have a successful track record with B5 and other high biodiesel blends. For example, Minnesota is the first and longest-running biodiesel mandate in the nation (continuous since 2005). It uses a seasonal minimum biodiesel blending strategy – currently B5 in winter, B10 early spring and B20 in summer. And in California, 100% Renewable Biofuel is the on-road standard: Biodiesel + Renewable Diesel (B20/R80) now comprises nearly 75% of California's diesel fuel supply.

As Hawai'i embraces electric vehicles, it is important to recognize that a large portion of our transportation infrastructure will remain dependent on traditional fossil fuel, leading to an electrification gap. Biodiesel can help to fill that gap and bring immediate greenhouse gas emission reductions for the hard-to-electrify sectors – like large trucks, buses, and boats where new electric vehicle technology is extremely expensive, not widely available and lacks the same payload as diesel engines. Furthermore, a recent USC study has shown that Hawai'i's locally produced biodiesel has superior lifecycle environmental and economic benefits compared with electric transportation: <https://incose.onlinelibrary.wiley.com/doi/10.1002/iis2.70102>

In, Hawai'i, B5 may add only pennies to the price of local fuel, similar to the typical fluctuations in diesel fuel prices. But it will quickly translate to significant positive environmental impact. For example:

- In 2024, 44 million gallons of fossil diesel highway fuel was used statewide.
- Of that amount, B5 would equate to 2.2 million gallons of biodiesel.
- 2.2 million gallons of biodiesel prevents 46.2 MILLION LBS of CO2/year or 20,952 metric tons of CO2.

We can not and should not sit back and wait for a 100% zero emission future.

The further we move towards our goal of 100% renewable, the more critical liquid biofuel sources will become. Hawai'i must expand biofuel use as soon as possible and support additional local production now to meet the needs later. B5 for our highway fuel is a small but significant step to get that zero emission target started now.

Mahalo,



Bob King
Founder and President
Pacific Biodiesel