



Connecticut
Petroleum Council

A Division of API

Steven Guveyan
Executive Director

44 Capitol Avenue
Suite 103-B
Hartford, Connecticut 06106
Telephone 860-246-8846
Fax 860-246-6495
Email ctpetroleum@comcast.net
www.api.org

**Testimony of
Steven Guveyan, Connecticut Petroleum Council
Opposition to SB-1019 (Bio-Fuels Mandate)
March 4, 2009**

The Connecticut Petroleum Council is a trade association of major oil companies, terminal operators and others operating in Connecticut. As the nation's primary fuel suppliers, we support the use of bio-diesel, ethanol and other alternative fuels in places and in amounts that make sense. We do not, however, support the bio-diesel/bio-heat mandate in SB-1019. The bill calls for a 2% bio-fuel mandate in 2010, moving up in 1% increments to 5% in 2013.

1.) Bio-Diesel Is A Specialized or "Boutique" Fuel; A (2%-5%) Connecticut-Only Mandate Is Likely To Cause Supply Problems.

If a mandate (2%-5%) is passed, it means that Connecticut would have its own specialized fuel for cars, buses, trucks, off-road construction equipment, emergency generators, railroad locomotives and ferry boats. Connecticut fuel would be very different from fuel sold in New York and Rhode Island. That, in turn, would reduce the flexibility of our supply system and is likely to cause significant supply problems, since much of our fuel is trucked in from New York City or Providence. It is unlikely that fuel suppliers in those cities would store bio-fuel for Connecticut, if New York and Rhode Island do not require it.

2.) A Bio-Fuel Mandate Would Likely Be More Expensive Than Standard Diesel Fuel Or Heating Oil.

Bio-diesel fuel has been more expensive than standard diesel fuel---sometimes very significantly--- and that cost would be passed on to end-users throughout the state. Please see the attached story from The Greenwich Time regarding bio-diesel prices. The Connecticut Petroleum Council recommends you or your designee, (perhaps OPM or OFA) study bio-diesel prices in order to properly evaluate this bill. The study should look at year-round prices in New York harbor and the Northeast, and compare them to the prices for ultra-low sulfur diesel fuel and standard home heating oil. In light of the importance that the General Assembly has placed on reducing the cost of energy, this should be a priority issue.

3.) Connecticut Does Not Have A Large, Indigenous Bio-Feedstock Source.

Connecticut does not have a large, natural bio-feedstock source such as soybean oil or canola oil to rely on, the way some other states do. Nor do we have a large direct animal fat base here. The current Connecticut bio-diesel incentive law, adopted during 2007, makes much more sense than a law requiring a mandate. We supported passage of that law two years ago, and we continue to support that law today. Finally, we note that bio-diesel fuel can hurt air quality; it likely increases nitrogen oxide emission (NOx)---an ozone precursor---slightly; and new research (2008) shows that bio-fuels can contribute to carbon dioxide much more than previously thought. They are not "carbon-neutral," as originally believed.

Thank you for considering our comments. Please do not hesitate to contact us if you have questions or comments.

Biofuel dumped: Greenwich drops alternative energy source as cost rises

By Martin B. Cassidy
Staff Writer

GREENWICH — The town has dropped a plan to use a soy-based biodiesel fuel to power about half of its 300-vehicle fleet after the price of the environmentally friendly fuel became too high, officials said.

Greenwich turned aside the lone bid for biodiesel fuel, from Santa Buckley Energy of Bridgeport, which offered a rate of \$4.45 a gallon, town Fleet Director Betty Linck said.

That is 40 cents a gallon more than the cost of the regular diesel fuel the town has contracted to buy from Santa Buckley in the current fiscal year. Under the previous contract, with Standard Oil of Connecticut, the town paid \$2.14 a gallon for diesel, Linck said.

Using biodiesel would have cut harmful emissions and helped establish greater fuel independence, but it was too costly, she said.

"Even though everyone was very supportive of biodiesel, it turned out to be way too expensive," Linck said. "We want to go green, but the economics aren't there."

One factor in the higher biodiesel price is a scarcity of regional suppliers, which boosts transport costs, she said.

"It very well might have been that being in the New York City region we didn't get more than one bid because the suppliers are not nearby," Linck said.

A move to a soy-based biodiesel fuel had been approved by First Selectman Peter Tesesi if the bid price per gallon not exceed the bid price of standard diesel fuel by more

than a quarter, Purchasing Director Joan Sullivan said.

This spring, Linck and Sullivan visited Keene, N.H., which has used the biodiesel fuel for the past six years.

The blend is made up of 20 percent soybean oil and 80 percent diesel fuel, Linck said.

Cheaper biodiesel fuels, which use a mix of other substances like palm oil, corn oil or animal fat, have raised concerns about performance and mechanical problems, including engine clogs, Linck said.

"I was very specific that I wanted the soy-based fuel," she said. "With some of the other products being produced, it wasn't clear how they worked or if there would be problems. All we would have to do is lose one fire engine for there to be a problem."

The town uses 130,000 gallons of diesel fuel a year, Linck said.

Stephen Russell, Keene's fleet director, said the price of biodiesel fuel increased about 10 cents this spring, and is now 17 cents more than the price of regular diesel.

The change is driven by an increase in petroleum fuel prices, Russell said.

Greenwich was prudent to avoid the cheaper biodiesel fuels, which can cause problems during cold weather, he said.

"Biodiesel really does make a difference in air quality and our engines are cleaner," Russell said. "But 50 cents more a gallon when the base price of diesel is already up two bucks is very expensive. I applaud Greenwich for trying."

Greenwich will boost the num-

ber of hybrid cars in its fleet with a grant from the 2008 Connecticut Clean Fuel Program, Linck said. The grant will subsidize the purchase of 10 new Ford Escape four-wheel drive hybrids and a Chevy Malibu hybrid truck.

The town will get as much as \$8,440 per vehicle to offset the increased cost of the Escapes, and as much as \$3,000 for the Chevy Malibu, said Ronald Lalli, an internal auditor for the town.

The Escape hybrid gets fuel mileage of about 30 miles per gallon, with city mileage slightly better than highway mileage because the sport utility vehicle operates more on electricity than on gas at lower speeds.

The fuel-efficient Escapes will probably be shared by town managers and personnel who drive daily, Linck said.

"They will help replace some of the big gas-guzzling vehicles in the fleet," she said.

Republican Selectman Peter Crumbine said he was in favor of biodiesel's environmental benefits but felt the price from Santa Buckley was too high.

"I am not in favor of using bio-fuels if it significantly increased the cost to the town," Crumbine said. "However, we will review the situation in the future and if the prices become competitive it could certainly be a possibility."