



# Senate

General Assembly

**File No. 834**

*January Session, 2009*

Substitute Senate Bill No. 1019

*Senate, April 29, 2009*

The Committee on Energy and Technology reported through SEN. FONFARA, J. of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT REQUIRING BIODIESEL-BLENDED HEATING OIL AND DIESEL FUEL.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2009*) (a) As used in this  
2 section, "biodiesel" means a fuel meeting the requirements of  
3 designation D6751 of ASTM International. Any diesel fuel or number  
4 two heating oil sold in the state shall: (1) Not later than July 1, 2010, be  
5 a biodiesel blend containing not less than two per cent biodiesel, (2)  
6 not later than July 1, 2011, be a biodiesel blend containing not less than  
7 three per cent biodiesel, (3) not later than July 1, 2012, be a biodiesel  
8 blend containing not less than four per cent biodiesel, and (4) on and  
9 after July 1, 2013, be a biodiesel blend containing not less than five per  
10 cent biodiesel.

11 (b) The Commissioner of Environmental Protection may suspend  
12 the requirements of subsection (a) of this section if the commissioner  
13 finds that the physical availability of fuel or oil which complies with

14 such requirements is inadequate to meet the needs of residential,  
15 commercial or industrial users in this state and that such inadequate  
16 physical availability constitutes an emergency, provided the  
17 commissioner shall specify, in writing, the period of time such  
18 suspension shall be in effect.

19 (c) The requirements of subsection (a) of this section shall not apply  
20 to heating oil retailers for whom biodiesel is not available at their  
21 traditional points of supply.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	New section

**ET**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

**State Impact:** See below

**Municipal Impact:** See below

### **Explanation**

The bill could result in increased costs or savings to the state and municipalities since it mandates use of certain biodiesel blends in FY 10 and FY 11.

Any increased costs or savings would result from the difference in price between 2% (B2) biodiesel in FY 10 and 3% (B3) biodiesel in FY 11 versus the price of diesel fuel and number two heating oil, which are subject to changing market forces.

Although no Connecticut-specific data is available, recent national average prices are presented in the table below:

Date	B2-B5 Biodiesel <sup>1</sup>	Diesel Fuel <sup>2</sup>	No. 2 Heating Oil <sup>3</sup>
1/2009	2.20	2.19	2.36
7/2008	4.21	4.22	3.60
4/2008	3.59	3.71	3.43

It should be noted that New England regional prices may differ from national prices shown in this table.

<sup>1</sup> Source: US Department of Energy, Clean Cities Alternative Fuel Price Report, January 2009, Table 2  
[http://www.afdc.energy.gov/afdc/pdfs/afpr\\_jan\\_09.pdf](http://www.afdc.energy.gov/afdc/pdfs/afpr_jan_09.pdf)

<sup>2</sup> Source: Same as above

<sup>3</sup> Source: US Department of Energy, Energy Information Administration  
<http://tonto.eia.doe.gov/dnav/pet/hist/whoreus4w.htm>

Since state facilities consumed an estimated 2.4 million gallons of diesel fuel<sup>4</sup> and an estimated 5.7 million gallons of number two heating oil<sup>5</sup>, there would be an increased cost of about \$24,000 to phase-in certain biodiesel blends for diesel and a savings of about \$900,000 related to phasing-in certain biodiesel blends for number two heating oil.

Fuel Type	Gallons Used by State Vehicles	Price per Gallon (\$)	Total Cost (\$)
Diesel Fuel	2,400,000	2.19	5,256,000
B2-B5 Biodiesel	2,400,000	2.20	5,280,000
<b>Increased Cost for Biodiesel</b>	--	--	<b>24,000</b>
Fuel Type	Gallons Used by State Facilities	Price per Gallon (\$)	Total Cost (\$)
No. 2 Heating Oil	5,700,000	2.36	13,452,000
B2-B5 Biodiesel	5,700,000	2.20	12,540,000
<b>Savings for Using Biodiesel</b>	--	--	<b>912,000</b>

There would be no fiscal impact to the extent that the Commissioner of Environmental Protection is allowed to suspend these requirements if biodiesel is not available at heating oil retailers' traditional points of supply. The degree to which this may be true for various heating oil retailers throughout the state cannot be estimated at this time.

### **The Out Years**

The bill could result in increased costs or savings to the state and municipalities in the outyears to the extent that certain blends of biodiesel exceed, or are lower than, the price of diesel and number two heating oil. The extent of increased costs or savings in the outyears is dependent upon changing market forces and cannot be determined at this time.

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<sup>4</sup> Based on 2005 and 2007 data provided by the CT Office of Policy and Management, (OPM) Energy Unit

<sup>5</sup> Based on 2005 data provided by OPM

**OLR Bill Analysis****sSB 1019*****AN ACT REQUIRING BIODIESEL-BLENDED HEATING OIL AND DIESEL FUEL.*****SUMMARY:**

This bill requires diesel fuel and number two heating oil sold in the state to contain a gradually increasing proportion of biodiesel. Specifically, it requires the percentage of biodiesel in these fuels to be at least (1) 2% by July 1, 2010, (2) 3% by July 1, 2011, (3) 4% by July 1, 2012, and (4) 5% on and after July 1, 2013. It exempts from these requirements heating oil retailers for whom biodiesel is not available at their traditional points of supply. The bill does not define "traditional points of supply."

The bill authorizes the environmental protection commissioner to suspend these requirements if she finds there is not enough fuel or oil physically available to meet the needs of state residential, commercial, or industrial users, and that this shortage constitutes an emergency. The commissioner must specify in writing how long the suspension will last.

Under the bill, biodiesel means a fuel meeting the requirements of ASTM International designation D6751.

EFFECTIVE DATE: October 1, 2009

**BACKGROUND*****Legislative History***

On April 9, the Senate referred the bill (File 395) to the Energy and Technology Committee, which favorably reported a substitute bill that exempts heating oil retailers for whom biodiesel is not available at

their traditional points of supply.

**COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute

Yea 26 Nay 3 (03/13/2009)

Energy and Technology Committee

Joint Favorable Substitute

Yea 20 Nay 1 (04/14/2009)