



INTERNATIONAL
LIQUID TERMINALS
ASSOCIATION

March 11, 2010

Environment Committee
Connecticut General Assembly
Legislative Office Building
Room 3200
Hartford, CT 06106

**Re: Lowering the Sulfur Level in Heating Oil Sold in Connecticut,
S.B. No. 382**

To Members of the Committee:

The International Liquid Terminals Association (ILTA) is pleased to submit comments on the above-mentioned bill under consideration by the Connecticut General Assembly.

ILTA is an international trade association that represents eighty-five commercial operators of bulk liquid terminals, aboveground storage tank facilities, and pipeline companies located in the United States and 46 other countries. In addition, ILTA includes in its membership more than three hundred companies that supply products and services to the bulk liquid storage industry. In Connecticut, ILTA members operate six terminal facilities with a combined storage capacity of 160 million gallons. Two ILTA member companies have corporate offices in the state.

ILTA member facilities include deepwater, barge, and pipeline terminals whose bulk liquid commodities are essential to the national and international economies. These terminals interconnect with and provide services to the various modes of bulk liquid transportation, including oceangoing tankers, barges, tank trucks, rail cars, and pipelines. The commodities handled include petroleum products, chemicals, crude oil, renewable fuels, asphalt, animal fats and oils, vegetable oils, molasses, and fertilizers. Customers who store products at these terminals include oil producers, chemical manufacturers, product manufacturers, food growers and producers, utilities, transportation companies, commodity brokers, government agencies, and the military.

ILTA and its members support a reduction in the sulfur content of home heating oil to a level of 500 parts per million (ppm). We believe that this level of reduction would effectively assist the state in complying with Federal National Ambient Air Quality Standards for fine particles, sulfur dioxide and ozone. However, we believe that full implementation of the 500 ppm standard for heating oil should be completed before the state evaluates whether an even lower heating oil sulfur standard is needed.

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If Connecticut ultimately considers implementing a sulfur standard below 500 ppm, ILTA strongly supports a staggered approach, beginning with a 2014 implementation date for the 500 ppm level. Any further reductions should occur over the subsequent four years, with full implementation no sooner than 2018. This schedule would provide reasonable time to evaluate the effectiveness of the initial reduction. It would also ensure the establishment of reliable capability across the regional supply chain including manufacturing, pipeline receipts, marine imports, and all other logistical considerations necessary to maintain very low sulfur levels.

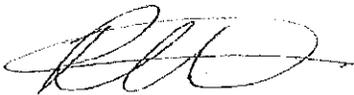
In further lowering the limit for sulfur in home heating oil, Connecticut should consider 50 ppm as the minimum bound. This would ensure that distillate product that marginally exceeds the Environmental Protection Agency's 15 ppm ultra low sulfur diesel (ULSD) standard can be placed into an allowable, though limited market. There will remain a future need for placement of such material, typically originating from pipeline product interface, a manufacturing variance, and even import reliability. Home heating emissions for this grade of oil would not appreciably differ from ULSD emissions. Also, heating systems are capable of accommodating higher sulfur levels; current diesel engines are not.

ILTA's greatest concern is that implementing a 15 ppm standard for heating oil would preclude efficient disposition of material that will fall outside of the very narrow ULSD range. Such occasional exceedances must be anticipated due to the multiple sources of distillate in the region. A sudden catalyst breakthrough in manufacturing would result in small sulfur spikes. Transition material between diesel and jet fuel, which is compatible with 500 ppm fuel oil, will be generated with every interstate pipeline receipt. Imported material that is occasionally used to balance peak demand could be of marginal quality given the current 50 ppm standard for much of Europe. Any of these complications would require ongoing re-processing, resulting in significant inefficiencies, increased costs, and limited supply across already constrained manufacturing and logistics channels.

For the reasons stated above, ILTA supports a reduction in the sulfur content of fuel oil as used in home heating oil to a level of 500 ppm and recommends that any consideration of further reductions to the allowable sulfur limits for heating oil be deferred until after implementation of this standard. In all cases, a lower bound of 50 ppm should be maintained in the home heating oil market to ensure a suitable pool to efficiently absorb ULSD material from all other categories that has fallen outside of the very narrow ULSD range.

Thank you for your consideration.

Sincerely,



R. Peter Weaver
Director of Regulatory Compliance and Safety