

**Comments on SB118 from Paul Hoar, President, AgriFuels LLC.  
March 1, 2010**

I would like to speak in favor of SB118.

My name is Paul Hoar and I am President of AgriFuels LLC, a biodiesel quality consulting company located in Glastonbury, CT. AgriFuels assists biodiesel producers, marketers and laboratories nationally achieve the quality BQ 9000 certification endorsed by the National Biodiesel Board (NBB) and the CT DOT purchasing department. We also assist the Center for Environmental Sciences and Engineering (CESE) at UCONN obtain customers nationally for their new ASTM Biofuels Testing Laboratory at Storrs.

From 2005 to the fall of 2009 AgriFuels had a contract with the National Biodiesel Board and I was the Principal Investigator for that contract. The purpose of the contract was for AgriFuels to represent the NBB at the National Conference on Weights and Measures (NCWM) on promoting quality compliance with the 50 member states and the District of Columbia. My job was to educate each of the state weights and measures officials on the ASTM standards for biodiesel blends and suggest methods for establishing quality compliance programs within each state.

In the interest of full disclosure, I must tell you I am also Treasurer of the Connecticut Biodiesel / BioHeat Association, a non profit advocacy association of producers, marketers and associates in the industry. However, I am speaking for myself and my company at this hearing.

I consider SB 118 to be another tool that Connecticut can use to build a biodiesel industry in the state. The CT legislature has already approved in past sessions grants and incentives for producers and marketers and for equipment for the testing lab at UCONN. The purpose of these grants was to build an infrastructure in the state to grow the industry and form a basis for displacing the use of petroleum in diesel engines and oil heat furnaces. These programs have been implemented in a painfully slow manner because of a number of factors. Availability of the funding was delayed, regulatory processes were slow in developing because of the funding delays and, just recently-in late 2009 and early 2010-has significant progress been made towards reaching the intended goals of the legislative incentives.

Now we all know what has happened to the capital markets in 2008 and 2009. Unless funding is virtually guaranteed for programs with any risk at all, new ventures are being held in limbo. And, if you look at what is happening nationally, there exists great uncertainty as to the future of biodiesel because the \$1.00 per gallon IRS incentive to bring the fuel into price parity with petroleum diesel has expired and the national debate on health care has kept jobs and energy incentives on the back burner in Congress.

However, all is not gloom and doom. In December, the U.S. House approved extending the tax credit but time ran out in the Senate before it could be voted on, along with the estate tax, among others issues. The EPA announced in January final rules for

implementing the RFS2-the Renewable Fuels Standard- mandating the use in the U.S. of 1.15 Billion gallons of biodiesel in 2009 and 2010. This means approximately 700 million gallons in 2010 another 700 million in 2011 and on towards 1 Billion gallons per year by 2012. How that mandate will effect biodiesel use requirements in CT is not clearly defined as we sit here today.

Another key market demand impact occurred in September when the 23 NORA states and the District of Columbia –NORA is the National Oilheat Research Alliance- approved a campaign of including up to 20% biodiesel in heating oil and promoting the reduction of sulfur to 15 parts per million to provide a fuel to its customers that is cleaner than natural gas! Currently, the sulfur content in heating oil can be up to 3000 ppm while the transportation diesel has been required to be 15 ppm since October 2008. This decision covers a market of over 7 Billion gallons in the US and 20% of that is \$1.4 Billion gallons per year. Economically, wouldn't it be nice if CT could sell biodiesel into that market? Why, in CT alone it means over 130 million gallons of biodiesel per year.

How can CT effectively participate in that market without plants producing biodiesel locally? Nationally, 50,000 jobs were documented by the NBB for producing 700 million gallons in 2007, before soy prices jumped and the recession hit the national economy. If we just look at the heating oil market at a 20% blend, by 2020 we could have 100,000 jobs being created in the eastern U. S. where oil heat predominates. And, if the heating oil industry were to endorse 100% biodiesel for heating oil that could mean 500,000 jobs!

I will end my comments to say that I suggest an additional section be added to the bill about fuel quality and compliance to standards. When state weights and measures organizations conduct quality compliance it is not required that they "certify" the fuel. Their job is to make sure it meets the proper ASTM standards and that it is "fit for use". The CT DCP has agreed to sample biodiesel at producers and marketers in CT, and send these samples to the CESE lab at UCONN to verify that these samples meet the critical ASTM specifications. Any grant or incentive process the state approves should use these same critical specifications to verify quality and not have to "certify" the fuel. Other states have adopted this compliance process to reduce their costs for monitoring quality. Therefore, I suggest you add the following to the proposed SB 118: "

"For compliance purposes of this section and Sec 32-324b, the qualified biodiesel producer and other producers in the state may provide a certificate of analysis documenting only the critical specifications of ASTM D6751, such as the Tier II biodiesel fuel quality protocol accepted by the CT Department of Consumer Protection. "

Thank you for your time. Do you have any questions?