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RE: Heating Oil Sulfur Proposed Legislation

Dear Representative:

I am writing to register NPRA's (National Petrochemical and Refiners Association) strong opposition to Senate Bill 382 that would reduce the sulfur content of heating oil sold in Connecticut to *ultra-low* (50 and 15 parts per million, or "ppm") levels by 2011 and 2014, respectively.

NPRA is a national trade association representing some 500 members, including virtually all U.S. refiners and petrochemical manufacturers. Our members supply consumers with a wide variety of products used daily in their homes and businesses. These products include gasoline, diesel fuel, home heating oil, jet fuel, lubricants, and the chemicals that serve as building blocks for everything from plastics to clothing to medicine to computers and many other products essential to maintaining and improving the nation's quality of life.

NPRA members represent about 95% of the nation's refining capacity. U.S. refineries on the East and Gulf Coasts supply about 50% of the northeastern region's heating oil demand. The remaining U.S. heating oil supply is imported from foreign refineries.

Numerous refineries on the U.S. East and Gulf Coasts currently produce *high sulfur* heating oil. Many of these refineries also produce *ultra-low* sulfur diesel for transportation use and *low* sulfur distillates for other markets. However, they do not have the machinery on the ground today to suddenly shift their *high* sulfur production to *low/ultra-low* sulfur levels on the mass scale that would be needed. Furthermore, foreign refineries do not possess such capability either.

Consequently, NPRA urges you to refrain from advancing this misguided legislation. As policymakers evaluate future changes to heating oil sulfur levels, please consider the following facts:

- Major fuel quality changes, such as sulfur level reductions, requires billions of dollars in refining infrastructure investment – it is unrealistic to expect that this level of capital can be accessed on an expedited basis, particularly given the current economic climate.



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- In 2007, the Northeast states made a commitment through the MANE-VU forum to logically progress heating oil quality to reduce sulfur levels in a unified approach. The first phase of the program is reasonable provided there is adequate lead time and consistency in application through-out the Northeast. Large refining investments require a *minimum* 4-year lead time to transition the *entire* industry to a new fuel standard – anything less poses a serious risk of inadequate supply capability and provides sub-optimal planning, permitting, engineering, and construction opportunity.
- Refining capital projects require extensive resource planning and meticulous execution for the engineering design, equipment fabrication, environmental permitting, construction, and start-up phases.
- Heating oil supply reliability will be sacrificed if any State acts prematurely and alone to make a significant change to fuel quality – a carefully planned timeline and coordinated regional approach is necessary to ensure that fuel changes occur as seamlessly as possible for consumers.

Given these realities, last January NPRA opposed a proposal by the New Jersey Department of Environmental Protection (NJDEP) to reduce sulfur content of heating oil to 15 ppm by 2016. However, the Association supported a NJDEP proposal to reduce the sulfur content of heating oil to 500 ppm by 2014.

I would be pleased to address any further questions you may have about the U.S. refining industry and potential changes to heating oil sulfur standards.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles T. Drevna", written in a cursive style.

Charles T. Drevna