



February 7, 2013

Co-Chair Paul R. Doyle
Co-Chair David A. Baram
Senator Kevin D. Witkos
Representative Dan Carter

General Law Committee:

We are submitting testimony in **opposition to H.B. 5313, AN ACT REQUIRING GASOLINE STATIONS TO BE EQUIPPED WITH GENERATORS, H.B. 5344, AN ACT REQUIRING GENERATORS AT GASOLINE STATIONS and S.B. 321, AN ACT PROVIDING INCENTIVES FOR GAS STATIONS AND GROCERY STORES TO PURCHASE EMERGENCY GENERATORS.**

The Connecticut Energy Marketers Association (CEMA) [formerly the Independent Connecticut Petroleum Association (ICPA)] represents 576 petroleum marketers and their associated business in Connecticut. ICPA members employ over 13,000 people in our state. Our members own, operate and distribute fuel to more than 1,000 gasoline stations in our state.

While we agree with the intent of these bills to keep gasoline stations open so that motorists can obtain gasoline, it is only a part of a much bigger and complex issue. These bills do very little to solve the overall problem of supplying fuel to the public when the power goes out.

Connecticut gasoline stations are primarily owned and operated by local families. When you see a gas stations with familiar brands like Mobil, Shell, Citgo, etc. they are not owned or operated by the refiners whose names are typically displayed on the street.

State law prohibits refiners from owning and operating gas stations, so any costs that are required when the State mandates that they install generators is entirely the responsibility of the family that owns that location. Costs that range between \$30,000 and \$70,000 per station. Since there are approximately 1,400 registered gasoline stations in Connecticut, that would place the total price tag to install generators between \$42 million and \$100 million.

And with all of that investment, it would not even ensure that fuel would be available to the public. For example, in the aftermath of hurricane Sandy many gas stations in New York had power, but no fuel to sell. Terminals in New York

harbor that supply gas stations were down and there was no way for retailers to obtain fuel.

These terminals were significantly damaged and not able to operate. Generators at New York gas stations and generators at terminals for that matter would not have made one bit of difference when supply is unavailable.

In Connecticut, as Sandy approached the Coast Guard closed the terminals in New Haven, Bridgeport and New London. Barges carrying fuel were sent back out to sea or redirected to other states to avoid potential catastrophe. Motorists topped off their tanks, first responders filled up their vehicles, cell phone companies and waste treatment facilities fueled their generators, and every other business and government entity rushed to get as much gas and diesel fuel as they could carry. When that happened, we found ourselves with supplies significantly drawn down and many locations without fuel.

Mandating that generators be installed at every gas station does not mean that the public will get fuel. We cannot fix the supply and distribution problems that exist when natural disasters occur. Although the intent is to try and keep fuel flowing when the power is out, the reality is that in many cases fuel is just not available to be sold.

Burdening local family owned businesses with unfunded mandates that do not fix the problem of making sure that the public can obtain gas is unfair and should not be pursued.

In addition to fuel supply issues and prohibitive costs to purchase and install generators, there are other obstacles that make it difficult to require generators at gas stations. Those include being unable to process credit and debit cards when phone lines are down, small lot sizes that do not allow for proper setbacks for generators, limited space to install generators, safety of employees that would have travel to work during natural disasters, green space requirements, fire codes, and minimum parking requirements to name a few.

As the primary sellers of fuel in Connecticut, our members work to operate their businesses in as cost effective manner as possible in order to remain competitive. Gas stations want to stay open because that is how they earn a living, but requiring them to install generators does not fix the problem.

Although we cannot endorse a government mandate to have generators at gasoline stations, there are several steps the government can take that will help mitigate the effects that power outages have on the availability of fuel.

Gasoline is no more important than prescription drugs that are sold at pharmacies, food that is sold at grocery stores, or life support equipment that is used in many homes and other nonmedical facilities throughout the state. Since

these bills do not address all private entities that have a need for power, we urge the committee to reexamine why gas stations are different.

When there are fuel supply and distribution problems, the government has tools available to them to help the petroleum industry distribute fuel from terminals within Connecticut, and the states that we border, to local gasoline stations.

Utilizing existing waivers (hours of service) to allow drivers to operate vehicles for longer periods of time, increasing the amount of fuel a transporter can carry (vehicle weight waivers), and waiving fuel specifications are all options available to government has available to ensure fuel arrives where and when it is needed.

Most gasoline stations would prefer to be open 24 hours a day 7 days a week. When gasoline stations are forced to close because of the loss of power that is beyond their control, owners have to make decisions based on their costs and the ability to recover their costs.

If the state wants to consider making it mandatory for gasoline stations to have power generators at their facilities, it should be the responsibility of the utilities to pay for this equipment.

When power is lost, it is not the mom and pop gasoline station owners fault, and they should not be required to make costly investments to make up for the failure of the public utilities. Utilities are the ones responsible for providing power and when they are unable to get power to gasoline stations they should bear the cost of generators to make up for their failure.

As difficult as tropical storm Irene and the October snow storm were in 2011 and hurricane Sandy was in 2012, motorists were still able to get fuel. The gasoline stations that were closed made it inconvenient to find fuel, but it did not deny anyone the ability to fill up if they were willing to drive a little further and wait a little longer.

Even though power outages emanating from weather events are unavoidable, there are actions that government can take to help mitigate the availability of fuel for government, business and the general public.

Intrastate and interstate hours of service waivers are tools that can allow the transportation network to "catch up" and resupply their customers. The hours of service waiver allows drivers to exceed the limit placed on how many hours a driver can work thus enabling them to make more deliveries.

Vehicle weight waivers are another way to allow more fuel to be transported per trip. Allowing fuel transporters to carry more fuel would allow larger loads to be delivered with less travel between the terminal and the retail station.

Number two heating oil can be used as a diesel fuel substitute (in many cases) if a sulfur waiver is granted. Heating oil and diesel fuel are essentially the same product with the exception of sulfur. Heating oil contains 3,000 parts per million (ppm) while diesel fuel only had 15 ppm. In the event of a diesel shortage, a waiver to allow heating oil to be used as diesel fuel could be a possible fix to consider.

We look forward to working with this you to ensure that common sense solutions are arrived at so we can maximize the availability of fuel the next time the power goes out.

CEMA asks that the General Law Committee to oppose to H.B. 5313, AN ACT REQUIRING GASOLINE STATIONS TO BE EQUIPPED WITH GENERATORS, H.B. 5344, AN ACT REQUIRING GENERATORS AT GASOLINE STATIONS and S.B. 321, AN ACT PROVIDING INCENTIVES FOR GAS STATIONS AND GROCERY STORES TO PURCHASE EMERGENCY GENERATORS.

Respectfully,



Christian A. Herb
Vice President