



**Connecticut
Petroleum Council**

A Division of API

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TESTIMONY IN OPPOSITION TO HB-5907, ON CETANE & BIO-FUELS

The Connecticut Petroleum Council objects to the bio-fuel portion of HB-5907, requiring on-road diesel fuel to contain a certain minimum percentage of bio-fuel. Our association represents major oil companies, refiners and terminals that produce, manufacture and distribute fuel.

BIO-FUELS ARE TRADITIONALLY MORE EXPENSIVE THAN DIESEL FUEL.

A law requiring bio-fuel (such as soybean oil, palm oil, yellow grease) to be blended into on-road diesel fuel potentially makes the fuel more expensive for drivers, because bio-fuel historically costs more than diesel fuel in this part of the country. The \$1.00 per gallon federal bio-diesel tax credit is scheduled to expire on December 31st of this year, and its expiration will put upward pressure on prices.

MANDATES DON'T WORK.

Mandates---such as requiring bio-fuel to be blended into diesel fuel---typically are sought because a seller finds it difficult to sell his or her product in the marketplace: The price is too high, or the product has deficiencies, or competitive products have advantages, or sales are slow. Drivers should be able to buy the fuel they want, not have it dictated to them. If drivers want bio-fuel, let them buy it. If not, it shouldn't be forced upon them. Let it remain "an option."

CONNECTICUT WILL BECOME A FUEL "ISLAND."

Since the adjacent states don't have a bio-diesel requirement (the MA law was suspended), Connecticut will become a "fuel island." Cross-border terminals in RI, MA and NY may not be willing to make the investment just to supply a boutique fuel to a relatively small customer base that exists in Connecticut. Conversely, fuel from Connecticut terminals, if more expensive, won't be welcome in those states. If the bill passes, Connecticut will have created its own "boutique" fuel, which limits suppliers' options and potentially leads to supply disruptions and price spikes.

TERMINALS WILL BE FORCED INTO EXPENSIVE UPGRADES IN ORDER TO DISPENSE BIO-FUEL.

Since the diesel fuel will have to be blended with some type of "bio-fuel", terminals will have to upgrade their dispensing racks in order to mix the two fuels together, and that is expensive to do (approximately \$2 million for a large terminal).

In conclusion, we have no objection to bio-diesel being sold here; we request only that it not be mandated. Therefore, we ask the bio-diesel mandate be stricken from the bill. Thank you for considering our testimony.