



February 21, 2019

Energy and Technology Committee  
Connecticut General Assembly  
Legislative Office Building  
Room 1B of the LOB  
Hartford, CT 06106

Re: Testimony of Elias Petersen In Support of Proposed House Bill No. 5380 – AN ACT REDEFINING “CLASS I RENEWABLE ENERGY SOURCE” TO INCLUDE CERTAIN USEFUL THERMAL ENERGY GENERATED FROM BIODIESEL AND CREATING A HOMEOWNER-GENERATED USEFUL THERMAL ENERGY PROGRAM

Dear Committee Members:

I am writing in support of HB 5380 on behalf of Kolmar Americas, Inc. (“Kolmar”) and its wholly owned subsidiary, American GreenFuels, LLC (“American GreenFuels”).

American GreenFuels is a biodiesel production facility located in the Port of New Haven, Connecticut. Kolmar acquired this start-up facility in 2015 and has since invested millions of dollars to upgrade the plant and bring on, and train, additional skilled workers. The facility manufactures biodiesel utilizing a variety of waste feedstocks, predominately used cooking oil and other animal fat wastes. Since Kolmar’s acquisition, American GreenFuels has quadrupled its number of employees, a quarter of whom are military veterans, and quadrupled its name plate capacity, which is now 40 million gallons annually.

Incentivizing Renewable Thermal Heat Is An Important Policy Objective for Connecticut

HB 5380 broadens Connecticut’s Renewable Portfolio Standard (“RPS”) to incentivize renewable technologies that generate useful thermal heat, specifically including biodiesel used to heat homes. This is an important and necessary change to ensure Connecticut is not only reducing greenhouse gas emissions from the electric power generation sector, but is also reducing emissions associated with the heating and cooling sector. Today, over 80 percent of Connecticut households and commercial and industrial buildings are heated with fossil fuels.<sup>1</sup> Residential heating alone produces approximately 17% of all carbon emissions in Connecticut.<sup>2</sup> Connecticut’s neighbors, New York, Massachusetts, and Rhode Island have all taken steps to de-carbonize the residential heating sector. Select lower-state counties in New York and the entire state of Rhode Island have blend mandates for ensuring biodiesel is blended into home heating oil. Massachusetts has a portfolio standard to incentivize a wide variety of energy efficient technologies, including useful thermal energy created by renewable fuels. By broadening the RPS to include renewable technologies that generate useful thermal heat, Connecticut can join these neighboring states in reducing greenhouse gas emissions in this important sector and further the State’s environmental goals.

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<sup>1</sup> Connecticut Department of Energy & Environment, Comprehensive Energy Strategy, February 8, 2018.

<sup>2</sup> Id.



## HB 5380 Is Consistent with the Policy Goals of Connecticut's RPS

Connecticut's RPS was established in 1998 with several specified goals, (i) to lower emissions, (ii) to reduce dependence on fossil fuels, (iii) to create a hedge against volatile oil and natural gas prices, (iv) to promote clean energy jobs, and (v) to drive economic development. The inclusion of useful thermal energy, particularly biodiesel used in home heating oil, into the RPS meets all of these goals. Biodiesel represents a substantial reduction in greenhouse gas and other emissions when used in place of traditional petroleum fuels. Further, biodiesel is an approximate 1:1 replacement for petroleum diesel, reducing Connecticut's dependence on fossil fuels. Biodiesel is also directly competitive with, and thus an appropriate hedge against, oil and natural gas. Importantly, unlike many renewable energy sources, biodiesel is manufactured in Connecticut, creating clean energy jobs in the State. Lastly, biodiesel manufacturing in Connecticut stimulates economic growth throughout the broader business community. Simply put, incentivizing biodiesel as useful thermal energy is entirely consistent with each of the stated goals of Connecticut's RPS.

### Biodiesel Lowers Emissions

Biodiesel is a superior, sustainable fuel that contains little to no sulfur or aromatics. Use of biodiesel in conventional diesel engines results in fewer unburned hydrocarbons, carbon monoxide, and particulate matter compared to traditional petroleum-based diesel. Most importantly, the production and use of biodiesel results in a 78.5% reduction in carbon dioxide emissions on average compared to petroleum diesel and a 70% reduction in greenhouse gas emissions when compared to natural gas.<sup>3</sup> Further, as a result of its use of waste feedstocks, American GreenFuels biodiesel has been certified to produce up to a 93% reduction in greenhouse gas emissions compared to traditional diesel when used in Connecticut. Therefore, biodiesel, and particularly American GreenFuels biodiesel, can be a key component in Connecticut meeting its greenhouse gas reduction targets.

Significantly, biodiesel is a 'drop-in' replacement for petroleum diesel that is used in existing home heating equipment with little or no modifications. This means that biodiesel not only has substantial environmental benefits, but also that Connecticut can immediately enjoy these benefits without significant capital investments.

### Biodiesel Promotes Energy Independence

The United States leads the world in biodiesel production and has producers located throughout the country. A true domestic success story, biodiesel is an environmentally beneficial answer to the United States' continued diversification of its fuel supply away from imported fossil fuels. Further, the 'drop-in' nature of biodiesel and the fact that it has a similar efficiency rating to petroleum diesel means that each gallon of biodiesel utilized displaces a corresponding gallon of petroleum diesel. Typically, biodiesel is blended into petroleum diesel in varying percentages of 5% to 20%, before distribution into homeowners'

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<sup>3</sup> U.S. Department of Energy and Department of Agriculture, ICF International.



fuel storage tanks. The result is that biodiesel displaces a significant percentage of Connecticut's diesel demand for home heating.

#### Biodiesel Operates As A Hedge Against Oil and Natural Gas

Important to Connecticut consumers, biodiesel represents a diversification of the energy supply for home heating. Biodiesel is a direct competitor with natural gas and, as detailed above, can be used to displace traditional home heating oil. Investing in biodiesel production and usage in Connecticut will only make the energy marketplace more diverse, more competitive, and provide a better value for Connecticut consumers.

#### Connecticut's Biodiesel Industry Creates Green Jobs

Biodiesel is good for Connecticut employment. American GreenFuels alone has approximately 50 employees at present and, depending on the time period and conditions at the facility, employs up to 100 independent contractors at any given time. Additionally, as a feedstock supplier and the marketer of American GreenFuels' fuel, Kolmar employs another 50+ people in the state.

In addition to providing jobs at American GreenFuels in New Haven, biodiesel provides a significant boost to the broader Connecticut business community, promoting job growth and local employment. This includes, but is not limited to, various vendors, components manufacturers, truck drivers, and raw material suppliers. Encouraging the growth of the biodiesel will enable Connecticut to be a regional leader in green jobs in this growing industry.

#### Biodiesel Makes Positive Contributions to the State's Economic Development

The biodiesel industry in Connecticut has experienced exponential growth in recent years. The state's location allows biodiesel producers easy access to the Northeast and New York City heating oil and diesel markets. This same geographic benefit means the state has a readily available supply of yellow grease, used cooking oil, and animal fat feedstocks. These are waste oils that would otherwise require disposal at significant costs and can now be used by American GreenFuels or other biodiesel producers as feedstocks for renewable fuel production. In addition to the direct employment provided by American GreenFuels and Kolmar, American GreenFuels spends about \$14-\$16 million per year in the local economy. This includes economic opportunities for feedstock suppliers, truck drivers, and equipment supply vendors—who range from pre-fabricated maintenance parts to custom manufacture orders. Opportunities for service providers ranging from waste disposal, to IT services, and environmental and engineering consulting are also well served by the expansion of the biodiesel industry in Connecticut. In short, biodiesel fuels more than home furnaces or the state's fleet of diesel vehicles—it fuels the state's economy.

#### Conclusion

In conclusion, Kolmar and American GreenFuels believe that the improvements in Connecticut's RPS proposed in HB 5380 promote all the important objectives of the RPS, (i) to reduce harmful emissions,



(ii) to decrease Connecticut's dependence on fossil fuels, (iii) to create a hedge against volatile oil and natural gas prices, (iv) to promote clean energy jobs, and (v) to drive economic development. The inclusion of useful thermal heat generated from biodiesel in Connecticut's RPS will place Connecticut to in a leadership role in creating more jobs and improving the environment – both at the same time.

And this leadership will lead to a healthier environment and an improved economy for all Connecticut residents. Therefore, Connecticut should pass House Bill 5380 with all due haste.

Sincerely,

**Elias J. Petersen**

Senior Attorney

**Kolmar Americas, Inc.**

**American GreenFuels, LLC**