
OLR Bill Analysis

sHB 6412 (File 54, as amended by House "A")*

AN ACT CONCERNING A LOW-CARBON FUEL BLEND OF HEATING OIL AND THE ESTABLISHMENT OF A BIOHEAT ADVISORY BOARD.

SUMMARY

This bill requires heating oil sold in the state to be a low-carbon fuel blend with a specified percentage of biodiesel that increases over time, beginning July 1, 2022. The bill sets the minimum amount of biodiesel in heating oil at 5% in 2022 and increases it on a schedule to 50% in 2035. These requirements replace a similar provision in current law that requires an increasing proportion of biodiesel in heating oil, but only if surrounding states adopt a similar requirement, a condition that was never met.

The bill allows the Department of Energy and Environmental Protection (DEEP) commissioner to temporarily waive the blending requirements if she determines that they, at any time, (1) are not feasible due to a lack of adequate biodiesel supply or (2) would result in a financial hardship to consumers.

Under the bill, low-carbon fuel blended with heating oil must be produced in accordance with industry-accepted quality control standards. The bill requires low-carbon fuel marketers and producers to provide a certificate of analysis before blending low-carbon fuel with heating oil. The certificate must verify conformity with critical specifications of designation D6751 of ASTM International or another applicable ASTM specification for low-carbon fuel blends (see BACKGROUND).

The bill allows the DEEP commissioner to adopt regulations, by July 1, 2022, on disclosure requirements for heating oil retailers regarding the percentage or approximate range of low-carbon fuel blend contained in the home heating oil delivered to consumers. The bill also

requires DEEP's Comprehensive Energy Strategy (CES) to consider several factors related to low-carbon fuel blends for heating oil and effects on greenhouse gas emissions, beginning with the next CES approved after October 1, 2021.

The bill eliminates the Distillate Advisory Board, which, under current law, is a six-member board within the Department of Consumer Protection (DCP). Under current law, if biodiesel blending requirements take effect, the board is tasked with advising the DCP commissioner on related issues, receiving petitions to waive biodiesel blending requirements in certain circumstances, and annually reporting to the Energy and Technology and Environment committees on related issues.

*House Amendment "A" replaces the underlying bill, which included the same schedule for biodiesel blending but retained the Distillate Advisory Board (renamed as the "Bioheat Advisory Board") and related provisions on DCP's administration of the requirements.

EFFECTIVE DATE: July 1, 2021

BIODIESEL REQUIREMENT SCHEDULE

Under the bill, minimum biodiesel percentage requirements take effect on the following schedule, each July 1:

1. 5% in 2022,
2. 10% in 2025,
3. 15% in 2030,
4. 20% in 2034, and
5. 50% in 2035.

Under the bill, heating oil meeting these requirements is a low-carbon fuel blend, meaning a fuel meeting the standards for advanced biofuels under the federal Renewable Fuel Standard Program, requiring a 50% reduction in lifecycle greenhouse gas emissions,

including qualifying biodiesel meeting the most recent version of ASTM International designation D6751 (see BACKGROUND).

COMPREHENSIVE ENERGY STRATEGY (CES)

Beginning with the next CES approved after October 1, 2021, the bill requires DEEP's CES to consider the following:

1. the reduction in greenhouse gas emissions resulting from low-carbon fuel blends used in home heating oil on a life-cycle basis and its possible contributions to the state's greenhouse gas emissions mandated levels;
2. the ability of a thermal portfolio standard to further emission reductions on a lifecycle basis;
3. the relative value of the life-cycle emissions reductions achieved by biodiesel and other low-carbon blends used currently in the state compared to the value of future projected life-cycle emissions reductions achieved by the retail heating oil industry five, 10, and 20 years into the future using DEEP's contemporaneous projection of renewable energy utilized.

By law, the CES is required every four years and must be submitted to the Energy and Technology Committee.

BACKGROUND

Federal Renewable Fuel Standard Program

The federal Renewable Fuel Standard program is a national policy that requires a certain volume of renewable fuel to replace or reduce the quantity of petroleum-based transportation fuel, heating oil, or jet fuel. The program designates four renewable fuel categories, including "advanced biofuels," which are renewable fuels, other than ethanol derived from cornstarch, that have lifecycle greenhouse gas emissions that are 50% less than a 2005 petroleum baseline (40 CFR § 80.1401). Advanced biofuels include fuels derived from soybean oil, distillers corn oil and sorghum, and oil from annual cover crops.

ASTM International Designation D6751

ASTM International (formerly known as the American Society for Testing and Materials) is a standards development organization. Designation D6751 covers biodiesel fuel blend stock for use as a blend component with certain distillate fuels. The specification generally prescribes the fuel's required properties at the time and place of delivery.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 25 Nay 1 (03/02/2021)

Appropriations Committee

Joint Favorable

Yea 37 Nay 11 (05/03/2021)