

MAR 07 2011



Senate of Pennsylvania

TO: All Senators
FROM: Senator Edwin B. Erickson
DATE: March 7, 2011
SUBJECT: REVISED – Cosponsorship of Oilheat Fuel Legislation

I intend to introduce legislation that would bring the standard for oilheat fuel sold in the Commonwealth in line with recent developments in regulatory and market trends in the Northeast United States. Current Pennsylvania regulations adopted several decades ago provide that heating oil sold in the state contain a sulfur limit not to exceed 3000 parts per million (ppm) or 2500ppm dependant on the geographical areas established in the code.

Last year, New York State enacted a statute that revised its oilheat sulfur standard to a limit of 15ppm effective July 1, 2012. The New York Legislature adopted the ultra low sulfur standard because of the demonstrated air quality results and accompanying health benefits. It also noted studies that show that consumers benefit by significant operational cost savings due to the efficiencies of the cleaner burning fuel and the reduced need for the frequency of furnace cleanings. This proposal will amend the Air Pollution Control Act to establish the Pennsylvania sulfur limit at 15ppm effective July 1, 2012, to reflect the New York schedule.

This action is imperative to send a clear signal to the world petroleum market for planning purposes and to prevent Pennsylvania from being a dumping ground for higher sulfur product. It will also provide greater efficiencies for producers and suppliers due to the fact that the largest oilheat states in the nation, New York and Pennsylvania, will be in sync. The new ultra-low standard will also result in heating oil (which is the same product as diesel fuel) sold in the state to have the same sulfur specifications as the Federal requirements for off-road and on-road diesel fuel.

The same sulfur specification for these three products will result in significant operational savings for in-state distributors due to the reduction in the need for segregated above ground tank storage and transport deliveries necessary under the current situation.

In addition, this legislation will incorporate a 2% biodiesel content into the oilheat fuel and off-road diesel standard. Events in the Middle East should once and for all compel us to reduce our dependency on foreign oil. For the past year, all "on-road" diesel vehicles have been required to include 2% biodiesel. This "on-road" program has been monitored and certified by the Department of Agriculture and successfully reduces carbon dioxide emissions across the Commonwealth. Recently, the PA DEP announced that Pennsylvania is now the nation's leading producer of biodiesel; and according to data provided to the Department of Agriculture, the industry has the present day capacity to meet this new standard, notwithstanding industry expansion plans currently underway.

If you are interest in cosponsoring this legislation, please contact Linda Kauffman at 787-1350 or lkauffman@pasen.gov.