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ENVIRONMENTAL QUALITY BOARD

Patrick Kelly
Policy Advisor

Fuels Issues, Downstream

1220 L Street, NW
Washington, DC 20005-4070
USA

Telephone 202-682-8192

Fax 202-682-8051

Email kellyp@apl.org

www.apl.org

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Environmental Quality Board
Rachel Carson State Office Building
16th Floor
400 Market Street
Harrisburg, PA 17101-2301

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Submitted via: RegComments@state.pa.us

Subject Heading: **Proposed Rulemaking: Commercial Fuel Oil Sulfur Limits for Combustion Units**

Re: API Comments to the Proposed Rulemaking: Commercial Fuel Oil Sulfur Limits for Combustion Units

To Whom It May Concern:

The American Petroleum Institute (API) respectfully submits the following comments on the Proposed Rulemaking "Commercial Fuel Oil Sulfur Limits for Combustion Units" (40 Pa.B. 5456). API represents more than 400 companies involved in all aspects of the oil and natural gas industry, including those that refine, transport and distribute fuel oil consumed in the state of Pennsylvania. API appreciates the opportunity to comment on this proposal, and API members are committed to providing fuel oil products to customers throughout the state that meet the safety, performance and environmental demands of customers and regulators. API member companies may also be submitting comments containing additional information.

The Environmental Quality Board is proposing to lower sulfur limits of commercial fuel oil to 15 parts per million (ppm) for No. 2 and lighter fuel oils, 0.25 weight percent for No. 4 fuel oil, and 0.5 weight percent for No. 5 and No. 6 fuel oil. API supports lowering sulfur standards for commercial fuel oils, provided the reductions result in real environmental benefits, are cost effective, and companies are given sufficient lead time to make changes to refining and distribution operations. Refiners make project investment decisions years ahead of time. The timeline for implementation of this Proposed Rule does not give adequate lead time to make operational changes necessary to implement the new standards. As a result, there are concerns about potential fuel oil supply issues.

EPA set the Ultra Low Sulfur Diesel (ULSD) standard at 15 ppm to allow for new advanced aftertreatment technology to be implemented on new diesel vehicles and engines. There is no such



standard or technological requirement for aftertreatment on residential, commercial and industrial No. 2 fuel oil furnaces/boilers; consequently, there is no reason to require existing No. 2 fuel oil users to incur the additional costs of using ULSD. For those applications where newer, higher efficiency heaters/boilers are desired, existing 15 ppm sulfur content highway or non-road diesel fuel can provide an enabling fuel without requiring that all existing customers incur the needless cost of 15 ppm sulfur heating oil. API recommends that Pennsylvania evaluates the energy and economic impacts of this proposal.

As discussed above, the proposed timeline to implement the new standards is inadequate. The transition of the highway market to 15 ppm sulfur ULSD began with an EPA Proposed Rule in 2000. In 2006, refineries began producing diesel to the new ULSD standard. On December 1, 2010 all diesel sold in the highway market will be ULSD. The non-highway market transitioned to 500 ppm in 2007. This market was split between Non-Road (NR) and Locomotive and Marine (LM) diesel; with transitions to ULSD in 2010 and 2012 respectively. Certain exceptions allow some 500 ppm product to remain in distribution until 2014. This has been perhaps the most complex and most expensive fuel transition ever made. The extended timelines provided by EPA are key to the success of the ULSD program. API strongly recommends that the Pennsylvania Environmental Quality Board consider the impacts on refining, distribution and supply and provide sufficient lead time in this Proposed Rule.

API supports a 500 ppm sulfur standard for home heating oil in 2014 consistent with the New Jersey regulation. This would allow appropriate lead time for the petroleum industry. A 500 ppm sulfur content limit in 2014 would still provide substantial reductions in SO₂ emissions from the current standard of 0.3-0.5% sulfur content by weight. Furthermore, a 500 ppm sulfur content cap for No. 2 fuel oil in 2014 would be consistent with the recent regulation in New Jersey and would facilitate easier and more cost-effective product supply and distribution, and minimize the supply concerns raised earlier. After completion of assessments on improvements in regional haze and fuel oil supply impacts and reduction in SO₂ emissions from coal-fired electricity generation, further reduction from 500 to 15 ppm sulfur could be considered in the outward years.

API appreciates the opportunity to comment on this proposal. Please do not hesitate to contact me at 202-682-8192 with any questions concerning these comments.

Sincerely,

Patrick Kelly
Policy Advisor
American Petroleum Institute