



The Pennsylvania Petroleum Association is a statewide trade group representing independent petroleum marketers and energy stakeholders. Our membership includes distributors of gasoline, diesel, heating oil, and propane. The retail sales of these fuels are used for both transportation and heating purposes. The PPA looks forward to working with the Shapiro Administration on complex transportation topics regarding EV infrastructure expansion and renewable fuels policy. Our association would however like to take this opportunity to propose an immediate solution to reduce greenhouse gas emissions within the heating sector. The PPA encourages the Advisory Committee for Environment and Energy to consider the following recommendations regarding home heating oil (fuel oil).

Position Statement

An efficient policy for reducing greenhouse gas emissions in the state would be to incentivize or require the use of biofuel blends in heating oil.

History

The Rendell Administration (and PPA) strongly supported legislation that would have required every gallon of heating oil sold in the state to contain a percentage of biofuel (Bioheat®). Attempts to pass this bill in its entirety were unsuccessful. However, one part of the legislation did become law via Act 78 of 2008. This law requires all on-road diesel sold within the state to contain 2% biofuel along with a scheduled percentage increase contingent on in-state production.

This requirement has resulted in developing a reliable distribution infrastructure which includes blending systems at pipeline terminals in different areas across the state. Some of these projects were funded from grants provided by Rendell Administration. The reliable infrastructure and supply network has also encouraged some petroleum marketers to voluntarily offer higher blends of biofuel to consumers.

One section of the original bill required heating oil to meet an ultra-low sulfur standard. The PPA worked with DEP (in the Wolf Administration) to adopt this regulation. Ultra-low sulfur heating oil (ULSHO) provides a dramatically cleaner burning fuel in customer's homes and for the environment.

Suggested Policy Considerations

PPA respectfully urges policymakers to consider the following actions to increase the use of biofuel (biodiesel and renewable diesel) within the state.

1. Add biodiesel to the Commonwealth Alternative Energy Portfolio Standard.
2. Create a standalone liquid biofuel (biodiesel and renewable diesel) incentive program.
3. Adopt a balanced biofuel (biodiesel and renewable diesel) mandate for heating oil.

In addition, PPA would encourage policy makers to study the efficacy of a Low Carbon Fuel Standard (including transportation and heating fuels). Properly designed, such a program could accelerate the use of renewable fuels in the state in a manner that is fair to the cross section of all energy sources.



Benefits of Bioheat®

The following benefits would come with the adoption of a Bioheat® standard within the state.

1. The infrastructure already exists. The biofuel feedstock (soybean or other plant based) is currently shipped by rail to pipeline terminals, at which is currently being done to meet the on-road biodiesel requirement. No new pipelines would need to be built.
2. Because of the on-road biodiesel requirement, Pennsylvania law has in place quality standards for biofuel, as well as enforcement provisions regarding the mandate under the authority of the Department of Agriculture.
3. A large production facility (HERO BX) currently exists in Erie, PA. Over the years, smaller regional production facilities have been in operation. An expansion of state biofuel incentives or requirements would encourage the development of more in-state facilities and jobs.
4. Increased use of biofuels (with a base of soybeans or other feedstocks) would create an additional market for farmers in the Pennsylvania and Midwest states.
5. This domestic fuel production would reduce dependency on foreign oil.
6. Adoption of Bioheat® does not require customers to change their heating system or retrofit existing equipment (as does changing to electric or other fuel sources). In some cases, these fuel conversion costs can exceed over \$20,000 for a new heating system.
7. Biofuel is available throughout the state and is a drop-in heating fuel for customers that will immediately reduce GHG emissions. Higher blends will significantly reduce GHG emissions.
8. PPA can provide the results of extensive research done by the National Oilheat Research Alliance (NORA) and other research groups as to the workability and climate change reductions from the use of biofuel.
9. Other states (New York for example) have already implemented policies leading to the use of Bioheat® in their jurisdictions.
10. The transition to Bioheat® would also assist in meeting environmental justice goals as it would improve heating systems for lower income consumers without the need of new heating systems or other equipment.



Conclusion

Approximately 800,000 homes in Pennsylvania use heating oil as their primary heat source. Adopting state policy to increase the biofuel blends in heating oil would provide immediate results in achieving climate goals. This can be achieved by requiring minimal (if any) disruption for consumers and would enhance the energy security of our state.