

HAWAII FUELING FACILITIES CORPORATION

ROBERT M. STURTZ
President



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LATE TESTIMONY

April 1, 2011

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
Members of the Senate Committee on Finance
Fax: (808) 586-6001

Subject: Submitting for consideration testimony on SB 146 SD1 HD1 Relating to Biofuel

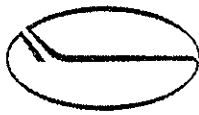
I am writing to express comments regarding proposed SB 146, which requires diesel fuel sold in the State for use in motor vehicles to contain five per cent biodiesel that is produced in the State from locally-sourced products meeting certain certification standards.

I am concerned about the possible risk of contamination of aviation jet fuel that could occur if 5% biodiesel is widely distributed. "Biodiesel" as used in the bill is a very specific chemical compound (fatty-acid methyl esters or FAME) as defined by ASTM D6751. Currently anything more than 5 parts per million of FAME found in jet fuel would render the entire batch of jet fuel unusable. Since both diesel and jet fuel use common fuel distribution facilities to the outer islands as well as to Honolulu International Airport, the introduction of FAME to both the multi-product pipelines to Honolulu International Airport or on the barges that provide jet fuel to the outer islands creates a large risk of contamination to the aviation jet fuel. We would ask that the handling processes and procedures be looked at and clarified before biodiesel is widely distributed. One suggestion we have is to expand the language to include 2nd generation biofuels, since these advance fuels do not contain FAME or create contamination problems.

Thank you for the opportunity to present this testimony.

Respectfully,

Robert M. Sturtz
President



AIR TRANSPORT ASSOCIATION

April 1, 2011

Representative Marcus Oshiro
Chair, Committee on Finance
Hawaii State Capitol, Room 306

LATE TESTIMONY

Re: SB146, SD1, HD1 – Relating to Biofuel
Hearing: April 1, 2011 at 2:00 p.m.; Agenda #1

Dear Chair Oshiro and Members of the Committee on Finance:

We submit these comments on behalf of the Air Transport Association of America, Inc. (“ATA”), the nation’s oldest and largest airline trade association. ATA members include all of the major U.S. passenger and cargo airlines,¹ which together carry more than 90 percent of domestic passenger and cargo traffic. ATA’s fundamental purpose is to foster a business and regulatory environment that ensures safe and secure air transportation and enables U.S. airlines to flourish, stimulating economic growth locally, nationally and internationally. ATA has also been committed to being a partner with the State of Hawaii, and its members have contributed several hundred million investment dollars into airport modernization for the State.

ATA submits comments regarding SB146 SD1 HD1, which requires diesel fuel sold in the State for use in motor vehicles to contain 5 percent biodiesel produced in the State from locally-sourced products meeting certain certification standards. ATA appreciates that this measure is intended to protect Hawaii’s environment, reduce Hawaii’s dependence upon petroleum, provide local employment and improve energy security. While SB146 SD1 HD1 purports to support a new biodiesel industry in Hawaii, there are several critical infrastructure issues that must be considered to protect the jet fuel supplies in Hawaii from cross-contamination with biodiesel, also known as “FAME” (fatty acid methyl ester).²

FAME is a liquid that clings to the surfaces with which it comes in contact. It leaves a residue that risks contaminating any fuels or oils that follow it in the pipelines. The remedies for contamination of pipelines, storage tanks, barges and the fuel-flow appurtenances (e.g., pipes, pumps, filtration equipment) are drastic. The affected equipment would be taken out of service and extensively decontaminated. It would remain out of service until testing affirms that it is safe to redeploy safely. Taking the complex and very limited pipelines, tanks, and other equipment

¹ ATA Members include the following: ABX Air, Inc., AirTran Airways, Alaska Airlines Inc., American Airlines, Inc., ASTAR Air Cargo Inc., Atlas Air, Inc., Continental Airlines, Inc., Delta Air Lines, Inc., Evergreen International Airlines, Inc., Federal Express Corporation, Hawaiian Airlines, JetBlue Airways Corp., Southwest Airlines Co., United Airlines, Inc., UPS Airlines, US Airways, Inc.

² See Joint Inspection Group (JIG) Product Quality Bulletin No. 26, “Preventing FAME Contamination in Jet Fuel at Airports,” June 2009, <http://www.jointinspectiongroup.org> and <http://194.74.158.241/jig/internet/>

AIR TRANSPORT ASSOCIATION OF AMERICA, INC.

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out of service to be cleaned would cause a substantial, costly and entirely preventable burden on the entire Hawaiian Island fuel-supply infrastructure.

Airports, in particular, are vulnerable to FAME-related problems due to limited storage capacity and aircraft engine susceptibility. Fuel storage at commercial airports, and some military installations, is limited, with no redundancies. At any given time, each jet fuel storage tank is either receiving fuel, kept static while any solid or water components are allowed to settle out and be removed, or dispensing to fueling equipment and the flight line. Removal of tankage would likely leave the airport short of fuel for days or even weeks. Additionally, FAME contamination of the holds of fuel transport barges would require quarantine of that barge – and the pumps and pipes on-shore and aboard ship – from future jet fuel shipments until it has all been replaced or cleaned.

In excessive amounts (currently defined at 5 parts per million), FAME may cause fuel-flow problems in jet aircraft during flight. Testing is underway to raise that limit, but the final results are not yet available. The risk of FAME-induced contamination in a multiproduct pipeline, oil terminal or inter-island shipping barge is high due to the nature of those operations. In Europe, and the 48 contiguous United States, multiproduct pipeline companies have either elected not to carry FAME in their pipelines or to undertake extraordinary testing and other precautions to protect jet fuel from FAME contamination.³ At this time, very few approved test methods are available to detect FAME. For those few tests that have been approved by ASTM International (formerly the American Society of Testing and Materials), they may be conducted only with certain specialized analytical tools.

ATA is willing to work with the State of Hawaii to discuss alternatives to assist the State in its endeavors to promote biodiesel usage, but urges the Committee to ensure that neither aircraft safety nor airport jet fuel supply is compromised.

Thank you very much for the opportunity to submit comments regarding this measure.

³ See “Industry acts on biodiesel contamination fears,” *Flight International*, Nov. 28, 2008, <http://www.flightglobal.com/articles/2008/11/28/319497/industry-acts-on-biodiesel-contamination-fears.html>

Supplementary Testimony from Aina Koa Pono, LLC

Date: April 1, 2011

SB 146 HD 1

LATE TESTIMONY

Biofuel definition:

This needs to be modified to include any fuel that meets ASTM standards D975, or D4814 and is created from any process including Thermocatalytic Depolymerization, Gasification and repolymerization using Fisher Tropsch, Transesterification or any other cellulosic conversion process that generates clean renewable fuels as diesel or gasoline.



Oregon

Department of Agriculture

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February 1, 2011

To: Retail Dealers, Nonretail Dealers, and Wholesale Dealers of Diesel Fuel in the State of Oregon.

NOTICE: Minimum Biodiesel Blending Requirement Increases to 5% By Volume (B5) Effective April 1, 2011.

If you are a retail dealer, nonretail dealer (e.g., card lock), or a wholesale dealer (e.g., fuel loading terminal or fuel distributor) of diesel fuel in the State of Oregon, this rule affects you.

Oregon's in-state biodiesel production capacity has reached at least 15 million gallons on an annualized basis. In compliance with Oregon's Renewable Fuel Standard [Ref. Oregon Revised Statute (ORS) 646.921 and ORS 646.922], effective April 1, 2011, all diesel fuel sold or offered for sale in Oregon must contain a minimum of 5% by volume biodiesel, creating a B5 biodiesel blend, except for 1) railroad locomotives, 2) marine engines, and 3) home heating applications.

Important Information That Affects You:

Quality Specifications. Biodiesel blends through 5% by volume biodiesel are required to comply with the same specifications as petroleum diesel fuel, ASTM International D975.

Delivery Documentation. The delivery documentation is required to identify the specific volume percent of biodiesel blended with the petroleum diesel. An example of a sufficient statement for a 5% biodiesel blend is, "B5 Biodiesel Blend", *in addition* to all of the other required information on the documentation. This is to certify the volume percent of biodiesel that is blended into the diesel fuel.

Dispenser Labeling Requirements. If the fuel is a 5% or less biodiesel blend, then no additional dispenser ("pump") labeling is required.

We sincerely appreciate everyone's consideration and cooperation as Oregon goes through this transition and increases its use of renewable fuels.

If you have any questions regarding this matter, please feel free to contact the ODA Measurement Standards Division at 503-986-4670 or e-mail at msd-info@oda.state.or.us