



July 9, 2010

Peter J. Kiernan
Counsel to the Governor
Executive Chamber
State Capital Room 210
Albany, NY 12224

**Re: Lowering the Sulfur Level of Heating Oil Sold in New York -
Requesting Veto on S. 1145C**

Dear Mr. Kiernan,

ILTA is an international trade association that represents eighty commercial operators of bulk liquid terminals, aboveground storage tank facilities, and pipeline companies located in the United States and 42 other countries. In addition, ILTA includes in its membership more than three hundred companies that supply products and services to the bulk liquid storage industry. In and around New York harbor, ILTA members operate twenty terminal facilities with a combined volume of 51.2 million barrels of storage capacity.

ILTA member facilities include deepwater, barge, and pipeline terminals whose bulk liquid commodities are essential to the national and international economies. These terminals interconnect with and provide services to the various modes of bulk liquid carriers, including oceangoing tankers, barges, tank trucks, rail cars, and pipelines. The commodities handled include petroleum products, chemicals, crude oil, renewable fuels, asphalt, animal fats and oils, vegetable oils, molasses, and fertilizers. Customers who store products at these terminals include oil producers, chemical manufacturers, product manufacturers, food growers and producers, utilities, transportation companies, commodity brokers, government agencies, and the military.

ILTA and its members support a reduction in the sulfur content of home heating oil to a level of 500 parts per million (ppm). We believe that this level of reduction would effectively assist the state in complying with Federal National Ambient Air Quality Standards for fine particles, sulfur dioxide and ozone. However, we are very concerned about this particular legislation since it proposes such drastic reductions in sulfur levels (15 ppm) for No. 2 heating oil setting a standard that will be virtually impossible for the industry to meet by 2012, the bill's effective date, and extremely difficult to accomplish with less than a four-year lead time. Before the legislature even considers reducing sulfur levels to 15 ppm, it should endorse a goal the industry is prepared to meet—500 ppm and then, with the full implementation of the 500 ppm standard, evaluate whether a 15 ppm standard will bring any appreciable environmental benefit.

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If New York ultimately considers implementing a sulfur standard below 500 ppm, ILTA strongly supports a staggered approach, beginning with a 2014 implementation date for the 500 ppm level. Any further reductions should occur over the subsequent four years, with full implementation no sooner than 2018. This schedule would provide reasonable time to evaluate the effectiveness of the initial reduction. It would also ensure more reliable capability across the regional supply chain including manufacturing, pipeline receipts, marine imports, and all other logistical considerations to maintain very low sulfur levels.

ILTA's greatest concern is that implementing a 15 ppm standard for heating oil would preclude efficient disposition of material that will fall outside of the very narrow ULSD range. Such occasional exceedances must be anticipated due to the multiple sources of distillate in the region. A sudden catalyst breakthrough in manufacturing would result in small sulfur spikes. Transition material between diesel and jet fuel, which is compatible with 500 ppm fuel oil, will be generated with every interstate pipeline receipt. Imported material that is occasionally used to balance peak demand could be of marginal quality given the current 50 ppm standard for much of Europe. Any of these complications would require ongoing re-processing, resulting in significant inefficiencies, increased costs, and limited supply across already constrained manufacturing and logistics channels.

For the reasons stated above, ILTA supports a reduction in the sulfur content of fuel oil as used in home heating oil to a level of 500 ppm and recommends that any consideration of further reductions to the allowable sulfur limits for heating oil be deferred until after implementation of this standard

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Peter Weaver', with a stylized, cursive script.

R. Peter Weaver
Director of Regulatory Compliance and Safety