

PA10-064

SB118

Environment	322, 387-389, 391-398, 474-476, 511-518, 563-571	32
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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
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Have all the members voted? Have all the members voted? If so, the machine will be locked and the Clerk will take a tally.

And the Clerk will announce the tally.

THE CLERK:

Senate Bill 187 in concurrence with the Senate.

Total number voting	149
Necessary for passage	75
Those voting Yea	149
Those voting Nay	0
Those absent and not voting	2

DEPUTY SPEAKER GODFREY:

The bill is passed in concurrence with the Senate.

Will the Clerk please call Calendar 384?

THE CLERK:

On page 42, Calendar 384, Substitute for Senate Bill Number 118, AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS, favorable report of the Committee on Finance, Revenue and Bonding.

DEPUTY SPEAKER GODFREY:

The distinguished vice-chairman of the Environment Committee, Representative Hurlburt.

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Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

Mr. Speaker, I move for acceptance of the joint committee's favorable report and passage of the bill.

DEPUTY SPEAKER GODFREY:

The question is on passage.

Will you explain the bill please, sir?

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

Mr. Speaker, the bill before us allows for a change in the Connecticut qualified biodiesel producer grant. It actually reduces the amount of the grant determined by how many -- how much of the funds in the grant are -- are remaining.

With that, Mr. Speaker, we also have a Senate "A," LCO 3544. I ask that the Clerk please call it and I be given leave to summarize.

DEPUTY SPEAKER GODFREY:

Clerk is in possession of LCO Number 3544, previously designated Senate Amendment Schedule "A."

Mr. Clerk will you please call the amendment?

THE CLERK:

LCO Number 3544, Senate "A," offered by
Senator Meyer and Representative Roy.

DEPUTY SPEAKER GODFREY:

The gentleman has asked leave of the Chamber
to summarize.

Is there any objection? Hearing none, please
proceed, Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

Mr. Speaker the amendment before us limits who
can parti -- or -- or how the -- the grant will
move forward by only those currently under contract
with the state either through DECD or the
Connecticut Advanced Technologies.

I move that -- I move for adoption of the
amendment before us.

DEPUTY SPEAKER GODFREY:

The question is on adoption.

Will you remark on Senate Amendment Schedule
"A?"

REP. HURLBURT (53rd):

In conformance with the Senate.

DEPUTY SPEAKER GODFREY:

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The distinguished ranking member of the
Environment Committee, Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

Question to the proponent through you please.

DEPUTY SPEAKER GODFREY:

Please proceed, sir.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

Can the gentleman tell me how many people --
whether there are people presently who are already
under contract that would be eligible if this were
to pass?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt would you care to
respond?

REP. HURLBURT (53rd):

Thank you, Mr. Speaker.

Yes I believe it is fewer than five. Two come
to mind rather quickly but there -- there may be
one or two out there that I'm not aware of at the
current time but I believe it's under five.

Through you, Mr. Speaker.

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DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

And again through you, and is it anticipated that others beyond those numbers you just conveyed will also come forward?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

And I thank the gentleman for his question. Senate "A" restricts anybody from coming forward who isn't already under contract for these provisions. So if somebody -- if another producer does come forward they wouldn't be eligible under these provisions.

Thank you very much, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

And I thank the vice-chairman for his answers.

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DEPUTY SPEAKER GODFREY:

Will you remark further on Senate Amendment
Schedule "A?"

If not, let me try your minds.

All those in favor, signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER GODFREY:

Opposed nay.

The ayes have it. The amendment is adopted.

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you, Mr. Speaker.

Mr. Speaker the Senate also passed a Senate B,
LCO 3729. I move for its adoption.

DEPUTY SPEAKER GODFREY:

How about we call it first Representative
Hurlburt?

REP. HURLBURT (53rd):

I would appreciate that, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

The Clerk is in possession of LCO Number 3729,
previously designated Senate Amendment Schedule
"B." If the Clerk will please call?

THE CLERK:

LCO Number 3729, Senate B, offered by Senator Stillman and Senate Meyer.

DEPUTY SPEAKER GODFREY:

The gentleman has asked leave of the Chamber to summarize.

Is there objection? Hearing none, please proceed, Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

Mr. Speaker, what Senate B does is allow the AES Thames coal-fired electric generation plant to continue purchasing carbon dioxide budget units. I move adoption.

DEPUTY SPEAKER GODFREY:

The question is on adoption.

Will you remark on Senate Amendment Schedule

"B?" Will you remark on Senate Amendment Schedule

"B?"

If not, let me try your minds.

All those in favor, signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER GODFREY:

Opposed nay.

The ayes have it. The amendment is adopted.

Will you remark on the bill as amended?

Representative Hovey.

REP. HOVEY (112th):

Thank you, Mr. Speaker.

Through you, a question to the proponent of the bill please.

DEPUTY SPEAKER GODFREY:

Please proceed, ma'am.

REP. HOVEY (112th):

Thank you, sir.

Does -- the question is does this bill specifically expand the abilities for different entities in the State of Connecticut to produce biodiesel fuel?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

And I would say that -- that this bill does not significantly expand the ability for people to participate in the qualified biodiesel producer

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grant but it may give more producers the incentive to come to Connecticut to produce biodiesel.

DEPUTY SPEAKER GODFREY:

Representative Hovey.

REP. HOVEY (112th):

Thank you, Mr. Speaker.

Through you, I guess that's kind of clear as mud. Here's the scenario that I have. I have an individual who's very interested -- in fact it's a collaborative group that's very interested in developing a refinery here in Connecticut for producing biodiesel. They are not part of the contracted entities as of yet. It is a very viable group though that are very seriously interested in Connecticut but are looking for support through our grant program and -- and other subsidies that we might be able have.

And it seems to me, through you, Mr. Speaker, that this particular piece of legislation is not going to help their efforts. Am I correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you, Mr. Speaker.

While they may not be eligible for the current Connecticut qualified biodiesel producer grant, I would imagine that there will be some economies of scale and, if Connecticut is a leader in -- in creating a biodiesel industry, it may assist them in -- in the setting up -- with having a -- a robust infrastructure here in our state. But at -- at the current time I don't think they'd be eligible for the -- for the qualified producer grant.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hovey.

REP. HOVEY (112th):

Thank you, Mr. Speaker.

So to be succinct about this, this grant is only for individuals who are already part of the production system here in the State of Connecticut, am I correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

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Thank you, Mr. Speaker.

And that would be correct.

DEPUTY SPEAKER GODFREY:

Representative Hovey.

REP. HOVEY (112th):

Thank you, sir.

DEPUTY SPEAKER GODFREY:

Thank you, ma'am.

Representative Larry Miller.

REP. MILLER (122nd):

Thank you, Mr. Speaker.

I rise in support of the bill as amended.
This is something that -- biodiesel has been something that's been used throughout the world heavily in Europe. They're about 20/25 years ahead of us. What this bill will do is establish biodiesel suppliers in Connecticut, provide jobs, income for people, it reduces greenhouse gases, carbon dioxide is reduced by almost 80 percent. Currently there are 52,000 jobs in the USA in the biodiesel industry. Hopefully Connecticut will be able to put some of our people to work and provide jobs.

I know there is an application for a biodiesel

distributor in New Haven who will probably be our biggest one and has a lot of potential to Connecticut as well as the New England region.

And as far as the product goes itself, maybe five or ten years ago a UConn professor stated that we could save \$20 million in health costs, \$20 million. Connecticut is a state with a lot of chronic diseases and we are one of the number one states for asthma incidents. So if we can clean up our diesel, the federal government has a -- reduced the sulfur content of diesel oil to 15 parts per million. You take that new diesel product, add biodiesel to it, and it becomes a relatively clean fuel.

And so it would impact the citizens of our state, especially those that are breathing all this diesel emissions because of the fact that we have a small state with many, many highways and we're the gateway to New England and people come through here. I know the Darien area, one of the bridges down there is 160,000 vehicles a day. The Moses Wheeler Bridge is probably about 130,000 vehicles a day so there's an extremely -- a lot of traffic that comes through our state.

This is -- certainly should not be a difficult bill to vote for. It reduces greenhouse gases, improve the health of our citizens, provide jobs by establishing an industry, it just has so many benefits that I don't know how you can say no to it.

So I urge the General Assembly to please vote for this. It's -- it's good for our state, especially with our current financial position.

Thank you.

DEPUTY SPEAKER GODFREY:

Representative Gandelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

If I may, a question to the proponent of the bill.

DEPUTY SPEAKER GODFREY:

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

We just previously adopted Senate Amendment "B," with Section 501, which deals with the sale of carbon credits and I was just wondering if the good Representative could explain are these credits

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sold, as I read this, directly through the commissioner of DEP and are those credits transferable to other companies on the market once they're -- they're put into the market?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

And I thank the good gentleman for his question. I believe that they are purchased through the commissioner of the Department of Environmental Protection. I am not positive, at the current time, where they are sold. This -- this provision before us, what was adopted as Senate B, extends that -- that company's ability to purchase them.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

And if I could just get clarification. There was just a reference made to that company. As I

read this it would seem that the sale of these credits would apply to anybody in the market or is it a particular segment that is contemplated?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you very much, Mr. Speaker.

It seems from my reading that these credits would be available to -- to others. I'm not aware that there are other generators that are eligible for this though in all honesty.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

So as I -- I read this I see that the two elements where this is extended references 22a-174-31. As I read this the individuals that are purchasing these credits, does this enable them to release more carbon dioxide than they may be otherwise permitted so that the purchasing of these credits are above and beyond what they're currently

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allowed?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

My apologies, we're looking for a suitable answer to that if we can. I -- I apologize. Could you please repeat the question?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

I guess my question is that -- that I'm wondering if this particular provision is allowing for companies to purchase credits in order to be able to release more carbon dioxide than they may be otherwise permitted to be -- then they otherwise may be permitted to release.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you, Mr. Speaker.

I -- my answer would be as long as they -- they are complying with Section 22a-174-31 I -- I am not aware if that allows them for more or less purchasing.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

So the reference to 22a-174-31 is that the provision then that -- that sets the amounts that -- that companies are allowed to release carbon dioxide?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Thank you, Mr. Speaker.

Mr. Speaker I -- I am -- I am not sure. I -- I do not know what 22a-174-31 includes and I apologize for that.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

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And I -- I appreciate the answer. I guess I wasn't sure either. This amendment kind of caught me off guard but as I'm reading this it -- it seems as if there is I guess in the amendment a potential significant revenue gain as a result of this amendment. Am I correct in that read?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Through you, Mr. Speaker, I wouldn't necessarily say that there's a revenue gain because this extends the current ability so I would assume that it would continue the same revenues that are currently being acquired under the -- under the provisions, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Are there other sections in the bill that could result in a revenue gain to the state?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Through you, Mr. Speaker, surely if we -- if we allow the infrastructure of the biodiesel industry to grow we -- the state could see a -- a revenue increase through increased payroll taxes or sales tax or -- or other such taxes on -- on the companies.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

I guess I -- I was very supportive of the underlying bill. I think that it's -- it's setting laudable goals for biodiesel and I'm just a little bit concerned of what the effects of Amendment B is doing to the underlying bill. As I read it, it seems as if we are creating a carbon credit trade as a result of that section.

I know we had some discussions of this in Commerce and I'm just wondering how this would work and what type of market this would create. It seems as if in reading this statute, or excuse me, this amendment, which is now the underlying bill,

that we are essentially allowing one particular company potentially or a certain segment in our industry to -- to somehow get a -- a leg up in -- in producing carbon dioxide. I'm wondering -- I guess my final question is could the good gentleman tell me if this particular language is familiar to him in any other bills that might have been before the Environment Committee and was it subject to a public hearing?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hurlburt.

REP. HURLBURT (53rd):

Through you, Mr. Speaker, I don't know that this particular language was before the Environment Committee for a public hearing. I believe it was amended in the Senate as an extension of current practices.

Through you.

DEPUTY SPEAKER GODFREY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

I appreciate that answer. Again I guess I do

have just some strong concerns about this particular provision. I'm not sure what it does or what the effects of it are. It seems as if it's going to be a revenue gain to the state. I would be concerned though that the selling of these credits may become transferable on -- on the market. I'm not sure what the effects of that would be and -- and, therefore, I -- I do have some grave concerns of the underlying bill because of this amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir.

Representative Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Mr. Speaker, I had an amendment on this bill. I'm -- I'm too in favor of this biodiesel, always have been and I had an amendment on this bill that would call for an accountability in our carbon trading allowance and -- and in these auctions we've been having for carbon trading because, in light of -- just now in light of the debate that you -- we -- we all just heard, there is -- there's

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a certain amount of confusion exactly where -- where these carbon auctions are going, how the limits are set, exactly where all the money is going to, what administrative costs are involved and it was -- it was -- the amendment was -- we -- I had a bill in the Energy Committee and it was raised for public hearing.

The amendment is -- is real similar to that bill that I had -- that we had introduced in Energy. I think it's -- it's something we have to get to the bottom of. Exactly what is the accountability, what -- what -- what's the accounting of -- of our carbon credits and maybe we'll see it in the near future if not on this bill, Mr. Speaker.

But I just wanted to make that point because there's a great deal of confusion on these auctions.

Thank you.

DEPUTY SPEAKER GODFREY:

Thank you, sir.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

If not, staff and guests please come to the well of the House? Will members take your seats? The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is voting by roll call. Members to the chamber please.

DEPUTY SPEAKER GODFREY:

Have all the members voted? If all the members have voted, the machine will be locked and the Clerk will take a tally and the Clerk will announce the tally.

THE CLERK:

Senate Bill Number 118 as amended by Senate Schedules "A" and "B" in concurrence with the Senate.

Total number voting	150
Necessary for passage	76
Those voting Yea	150
Those voting Nay	0
Those absent and not voting	1

DEPUTY SPEAKER GODFREY:

The bill as amended is passed in concurrence with the Senate.

Mr. Clerk, 377 please.

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Senator Maynard.

SENATOR MAYNARD:

Yes, thank you, Mr. President.

I would ask if there's not objection that this be
added to the consent calendar.

THE CHAIR:

There's a motion on the floor to place this
amended bill on the consent calendar.

Seeing no objection, sir, it will be placed on
the consent calendar.

Mr. Clerk.

THE CLERK: :S

Calendar page 19, Calendar Number 84, File
Number 81, substitute for Senate Bill 118, AN ACT
CONCERNING CONNECTICUT-QUALIFIED BIODIESEL PRODUCER
GRANTS, Favorable Report of the Committee on
Environment and Commerce and Export.

THE CHAIR:

Senator Meyer.

SENATOR MEYER:

Thanks, Mr. President.

I move acceptance of the Joint Committee's
Favorable Report and passage of the bill, please.

THE CHAIR:

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Acting on approval and acceptance, sir, would you like to remark further?

SENATOR MEYER:

I would, Mr. President.

THE CHAIR:

Please proceed.

SENATOR MEYER:

Thank you.

Colleagues, this bill relates to a great new emerging industry for our state, and that is biodiesel, and we passed in the last couple of years legislation which permits grants from a fund, a fund called the Connecticut Qualified Biodiesel Product Incentive Account to people who are engaged in the biodiesel manufacturing and distribution business

That -- that law that we passed did not relate to startup companies which were not yet producing biodiesel. It related only to actual operating companies which were already producing biodiesel.

And it came to the attention of the Environment Committee that there were some startup biodiesel companies that would -- should take advantage of this grant.

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And indeed one of them in the City of New Haven got a grant under this account of \$1.2 million until it was discovered that it was a startup company and therefore didn't qualify for it.

And so the bill as before us this afternoon extends the biodiesel grant program not just to actual operating companies but to startup companies as well, and we have two amendments, and I'd like to over the first, please

If the Clerk could kindly call LCO 3544.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 3544, which would be designated Senate Amendment Schedule "A," it's offered by Senator Meyer, 12th District

SENATOR MEYER:

Mr. President, I move the amendment and ask permission to summarize briefly.

THE CHAIR:

Please proceed, sir

SENATOR MEYER:

Colleagues, this amendment, this brief

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amendment, makes it sure that the grants apply to -- to biodiesel companies -- I'm quoting that are not yet actively engaged in the production of biodiesel provided such qualified biodiesel producer has a contract or an approved application pending with the Department of Economic and Community Development.

So that's all this amendment does, and I urge its passage.

THE CHAIR:

Thank you, sir.

Would you like to remark further on Senate Amendment "A" to Senate Bill 118?

Senator McKinney.

SENATOR MCKINNEY:

Thank you. Mr. President, through you, a question to the proponent of the amendment.

THE CHAIR:

Senator Meyer.

SENATOR MCKINNEY:

Thank you, Mr. President.

Senator Meyer, does this increase the amount of grant awards that will be awarded or does this just simply expand the universe of individuals or companies

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eligible for such grants?

Through you, Mr. President.

THE CHAIR:

Senator Meyer.

SENATOR MEYER:

Through you, Mr. President, to Senator McKinney, no, there is no increase in the amount of account -- of the grants in the account. This is within the same amount, and I believe there's a funding of this account right now at about \$5 million.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Great. Thank you very much, Senator.

THE CHAIR:

Remark further on Senate "A"? Will you remark further on Senate "A"?

If not, I will try your minds. All those in favor, please signify by saying aye. Oppose, nay. The ayes have it. Senate Amendment "A" is passed.

Senator Meyer.

SENATOR MEYER:

Yes, Mr. President.

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Would the Clerk kindly call Senate Amendment "B,"
which is LCO 3729.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 3729, which will be designated Senate
Amendment Schedule "B." It is offered by Senator
Meyer, the 12th District, et al.

THE CHAIR:

Senator Meyer.

SENATOR MEYER:

And Mr. President, for purposes of a yield, I
would like to yield on this amendment --

THE CHAIR:

Why don't we --

SENATOR MEYER:

-- to Senator Stillman.

THE CHAIR:

Okay.

Senator Stillman, do you accept yield.

SENATOR STILLMAN:

Yes, I do.

THE CHAIR:

Thank you. Please proceed.

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SENATOR STILLMAN:

Thank you, Mr. President.

To -- thank you for calling the amendment --

THE CHAIR:

Someone has to move the amendment.

SENATOR MEYER:

I move the amendment.

THE CHAIR:

Thank you, ma'am. Please proceed.

SENATOR STILLMAN:

Appreciate that.

Now that it's properly before us, if I may quickly explain it, what this amendment does is it extends an existing project that is in place in Southeastern Connecticut. It has to do with RGGI credits, which were the Regional Greenhouse Gas Initiative, which Connecticut is a part of, that were instituted a couple of years ago.

There's one plant left in Connecticut that has a long-term contract with CL&P, and in order for them to continue to provide electricity and to employ 60 people and be part of the grid, what this amendment does is just extend it for the life of that contract with CL&P, which is just for another two years.

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This was a recommendation of the previous DEP commissioner, Commissioner McCarthy, especially since there is not a greenhouse gas bill in front of Congress at this time.

So with that, I urge its adoption. Thank you.

THE CHAIR:

Thank you, ma'am.

Remark further on Senate Amendment "B"? Will you remark further?

If not, I will try your minds.

All those in favor, please signify by saying aye. Opposed, nay. The ayes have it. Senate Amendment "B" passes.

Senator Meyer.

SENATOR MEYER:

Thank you, Mr. President.

That is the bill as amended, and if there are no other questions and no objection, I would ask that it go on the consent calendar, please.

THE CHAIR:

There is a motion on the floor -- excuse me, Senator -- Senator LeBeau, you stand up for a purpose

SENATOR LeBEAU:

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I have no objection, Mr. President, but I just wanted to compliment the author of the bill. This is an important bill.

As you cited, there's potential for an industry here in Connecticut in biodiesel fuel, and the law that we had on the books did not allow for that, the development of that biodiesel industry.

Today's bill will allow for that development, and it's just a good work on the part of the Environment Committee working with other committees and legislature to ensure that this happens.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator Meyer, I believe you had a motion on the floor for --

SENATOR MEYER:

I do. I want to thank the Chairman of the Commerce Committee --

THE CHAIR:

Okay.

SENATOR MEYER: -- for those good business comments he made.

And the request I made, if there is no objection,

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to put this on our consent calendar.

THE CHAIR:

There's a motion on the floor to place Senate
Bill 118 as amended by Senate "A" and "B" on
consent.

Seeing no objection, so ordered.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President, for --
Some additional markings. First of all,
Mr. President on the foot of the calendar, calendar
page 30, Calendar 116, Senate Bill Number 60 from
the Banks Committee, we'd move to remove that item
from the foot and to mark it passed, retaining its
place on the calendar.

THE CHAIR:

Without objection, sir, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, also another -- a bill to place
on the consent calendar. That is calendar page 13,
Calendar 389, Senate Bill 430, from the Finance,
Revenue and Bonding Committee, and I would move to
place that item on the consent calendar.

jr/gbr
SENATE

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consent calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Roll call has been ordered in the Senate on
the consent calendar. Will all senators please
return to the chamber. Immediate roll call has
been ordered in the Senate on the consent calendar.
Will all senators please return to the chamber.

Mr. President, the Consent Calendar Number 1
begins on calendar page 12, Calendar 387, substitute
for Senate Bill 212. Calendar page 13, Calendar 389,
Senate Bill 430; calendar page 14, Calendar 418,
substitute for House Bill 5235; and calendar page 19,
Calendar Number 84, substitute for Senate Bill 118.

Mr. President, that completes those items placed
on the consent calendar.

The Senate is now voting by roll call on the
consent calendar. Will all senators please return to
the chamber. The Senate is now voting by roll on the
consent calendar. Will all senators please return to
the chamber.

THE CHAIR:

The machine is open.

jr/gbr
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Will members please check the roll call board to see if their vote is properly recorded. If all senators have voted and all votes are properly recorded, the machine will be locked.

Would the Clerk please announce the tally.

THE CLERK:

Motion's on adoption, Consent Calendar

Number 1.

Total Number Voting	35
Those Voting Yea	35
Those Voting Nay	0
Those Absent, Not Voting	1

THE CHAIR:

Calendar is adopted.

SENATOR LOONEY:

Mr. President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, I believe the Clerk is in possession of Senate Agenda Number 3 for today's session.

THE CHAIR:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**ENVIRONMENT
PART 2
307 – 658**

2010

REP. ROY: Okay. We know not too much happens in Washington the capitol.

REP. FAWCETT: Be careful with that one.

REP. ROY: I'm politically correct. No problem. Representative Miller.

REP. MILLER: Thank you, Mr. Chairman. And good morning, Representative. Thank you for testifying.

SB 118

You know, Connecticut is one of the worst states in the nation when it comes to asthma. We are about 49th out of 50, I believe, and I guess part -- it has to come from our environment. There's a bill on here, our first bill on the agenda is for biodiesel. And a professor at the University of Connecticut about seven or eight years ago came out with a statement that we could save \$20 million worth of health costs if we adopted biodiesel, and I'm sure a lot of that has to do with asthma as well, so I'm going to support the bill that you're talking about, but I would hope that you would support that biodiesel, because it has an implication with the health of the residents of the State of Connecticut. So thank you.

REP. FAWCETT: Thank you, Representative. And I do agree it's a multi-pronged approach, and the bill that I'm here testifying on today is just one. And I, too, hope that we can move forward in expanding biodiesel policy as well.

REP. ROY: Thank you. Any other questions or comments from members of the Committee? Seeing none, thank you, Kim. Next up is Representative Mary Ann Carson and Larry Marsicano.

Any other questions or comments from members of the Committee?

Seeing none, thank you very much, sir.

DAVID DARLING: Thank you.

REP. ROY: Joel Rinebold followed by Ann Hulick. How you doing, Joel?

JOEL RINEBOLD: I'm doing fine. Thanks very much. My name is Joel Rinebold. I'm Director of Energy at the Connecticut Center For Advanced Technology. I'm here to make some very brief comments on Senate Bill 118.

Connecticut Center For Advanced Technology is a nonprofit organization. We administer a number of state and federal programs, education, work force development, advanced manufacturing and energy. Our energy programs are administered for the state in the US DOE, biodiesel program administered through the DECD. Its components are fuel diversity, research, development, testing and production and distribution. The program overall has high value not only to restore environment and to reduce emissions and CO2 emissions, but also economic development, creation of jobs and energy management with fuel diversity, environmental reliability and less importation of fuels.

For whatever reason, this program was set up as a reimbursement program. That means through our administration, we set up the criteria. We ran the open seasons. We did the analytical work. We made the selections with DECD, established the contracts, and then we reserved the funding. Now, in this business environment, it's tough to get

financing and it's tough to leverage the other side of the funding. The program is for 25 percent of the funding. The other 75 has to come from other sources. Reimbursement makes it difficult to bring in the other side. Low risk to the state. Difficult for the developers.

This proposal that you have, this bill would reverse that. It would reverse that and make it easier for the developers to get the other 75 percent. I also want to point out that the program, while I think just one of those fabulous programs that ties environment, economic development and energy together, it very well may end this year. That might be something to consider. Questions? Thanks very much.

REP. ROY: Thank you, sir. Any other questions?
Representative Miller.

REP. MILLER: Thank you, Mr. Chairman. Good to see you, Joel. Glad you're pushing biodiesel. I've been pushing it for 12 years.

JOEL RINEBOLD: I'm here to help.

REP. MILLER: If there's ever a time that we should be adopting some biodiesel legislation to promote this fuel in the State of Connecticut, it's now, because reducing greenhouse gasses alone, you can -- you know, depending on what the bio is made out of, you can reduce as much as 60, 70, 80 percent of greenhouse gasses, and we're looking at the government in Washington is going to give us a cap and trade and all that stuff, and even here in Connecticut, we're looking at stuff like that to reduce greenhouse gasses, so here's a product that could go a long way to reduce greenhouse gasses.

And again, back to that 2005 document from the University of Connecticut saving \$20 million worth of healthcare costs by utilizing this fuel not only in our vehicles, but in our heating oil. God knows Connecticut is one of the biggest uses of heating oil in the world, I believe. I'm not sure. We use an awful lot of it. Using bio in there would reduce a lot of stuff that's coming out from the chimneys, sulfur and carbon -- all kinds of stuff. So I applaud you for your efforts and I thank you for testifying. Thank you.

REP. ROY: Thank you. Any other questions or comments from members of the Committee? Seeing none, thank you very much, Joel.

JOEL RINEBOLD: Thank you.

REP. ROY: Ann Hulick followed by Paul Hoar.

ANN HULICK: Good afternoon. Good afternoon, Senator Meyer, Representative Roy and members of the Environment Committee. Thank you for the opportunity to provide testimony on behalf of the Connecticut Nurses Association, the professional organization for over 52,000 registered nurses in the State of Connecticut.

CNA strongly supports two bills today, House Bill 5130, AN ACT CONCERNING CHILD SAFE PRODUCTS, and House Bill 5126, AN ACT ESTABLISHING A CHEMICAL INNOVATIONS INSTITUTE AT THE UNIVERSITY OF CONNECTICUT. First, House Bill 5130 builds upon Connecticut successes in phasing out toxic chemicals such as lead and Bisphenol-A from children's products. While Connecticut now has the strongest stand on Bisphenol-A in the country, we will not be successful in reducing exposure to toxic chemicals by phasing them out one

toxic chemicals. The Connecticut Nurses Association strongly supports this bill.

In addition, House Bill 5126 is a win-win for Connecticut citizens and Connecticut industry. The chemical innovations institute proposed in this bill would provide much needed support to state businesses and industry by serving as a one-stop shopping resource to honor businesses with research and technical information on safer alternatives. It will also help protect public health by assisting industries, moving to safer alternatives, and thereby reducing costs of each individual business doing it on their own. Again, Connecticut Nurses Association strongly House Bill 5126 and 5130, both for reasons of improving public health and improving economic industry in the State of Connecticut.

REP. ROY: Thank you.

Any questions or comments from members of the Committee?

Seeing none, Ann, thank you very much.

Paul Hoar followed by Kachina Walsh-Weaver.

PAUL HOAR: Good morning, sir. How are you today? And it's Paul Hoar, H-o-a-r. Let's not be bashful. Representative Hurlburt and members of this committee, I'd like to make these comments in support of Senate Bill 118.

My name is Paul Hoar. I'm president of AgriFuels LLC, a biodiesel quality consulting company located in Glastonbury, Connecticut. AgriFuels assists biodiesel producers, marketers and laboratories nationally to achieve the quality BQ 9000 certification endorsed by the National Biodiesel Board and

the Connecticut DOT purchasing department. We also assist the Center for Environmental Sciences and engineering at UCONN obtain customers nationally for their new ASTM biofuels testing laboratory at Storrs.

From 2005 to the fall of 2009, we had a contract with the National Biodiesel Board and I was the Principal Investigator for that contract. The purpose of the contract was for AgriFuels to represent the National Biodiesel Board at the National Conference on Weights and Measures on promoting quality compliance with the 50 member states and the District of Columbia. My job was to educate each of the state weights and measures officials on the ASTM standards for biodiesel blends and suggest methods for establishing quality compliance programs within each state.

In the interest of full disclosure, I must tell you that I am also Treasurer of the Connecticut Biodiesel/BioHeat Association, a nonprofit advocacy association of producers, marketers and associates in the industry. However, I am speaking for myself and my company at this hearing.

I consider S.B. 118 to be another tool that Connecticut can use to build a biodiesel industry in Connecticut. The Connecticut legislature has already approved in past sessions, as was previously noted, grants and incentives for producers and marketers and for equipment for the testing lab at UCONN.

The purpose of these grants was to build infrastructure in the state to grow the industry and form a basis for displacing the use of petroleum in diesel engines and oil-heat furnaces. These programs have been implemented in a painfully slow manner because

of a number of factors.

Availability of the funding was delayed, regulatory processes were slow in developing because of the funding delays, and just recently in late 2009 and 2010 has significant progress been made towards reaching the intended goals of the legislative incentives.

Now, we all know what has happened to the capital markets in 2008 and 2009. Unless funding is virtually guaranteed for programs with any risk at all, new ventures are being held in limbo. And if you look at what is happening nationally, there exists great uncertainty as to the future of biodiesel because the \$1 per gallon IRS incentive to bring fuel into price parity with petroleum diesel has expired and the national debate on healthcare has kept jobs and energy incentives on the back burner in Congress.

However, all is not gloom and doom. In December, the U.S. House approved extending the tax credit, but time ran out in the Senate before it could be voted on, along with the estate tax, among other issues. The EPA announced in January final rules implementing the RFS2, the renewable fuel standard mandating the use of biodiesel in the U.S. of 1.15 billion gallons of biodiesel in 2009 and 2010. This means approximately 700 million gallons in 2010 and another 700 million in 2011 and on towards one billion gallons per year in 2012.

I have one other issue that I would like to skip to, if I might. Recently, the 23 NORA states and the District of Columbia has approved a campaign which includes 20 percent biodiesel in heating oil and promoting a reduction of 15 parts per million to provide

fuel to its customers that is cleaner than natural gas. Currently, the sulfur content in heating oil can be up to 3,000 parts per million, while the transportation diesel has been required to be 15 PPM since October 2008. This decision covers a market of over 7 billion gallons in the United States. 20 percent of that is 1.4 billion gallons per year. Economically, it would be great if Connecticut could sell into that market. Why, in Connecticut alone, it would mean over 130 million gallons of biodiesel each year.

I can go on where 50,000 jobs were identified by the National Biodiesel Board for producing 700 million gallons in the market for 2007. If we grew the 7 billion gallons, and the heating oil folks are talking about a B100 blend in home heating oil, that could potentially grow 7 billion gallons of biodiesel in the home heating oil market and its requisite reductions in pollutants and energy independence, then we could have potentially 500,000 jobs in the United States, and substantially a number of those would be used here in Connecticut.

REP. ROY: Thank you.

Representative Hurlburt.

REP. HURLBURT: Thank you, Mr. Chairman.

Paul, it's great to see you again. Thank you for all your good work in the biofuel industry. There's one thing that I want to make sure we got to, and I know your time ran out so you weren't able to get to it, but in your written testimony that you provided, you do mention that you would like to see standards involved.

PAUL HOAR: Yes, and thank you very much for reminding me of that. The standards right now, when CCAT, when Joel has to go and approve biodiesel for the grants, the 30 cents per gallon grant, he has to require an ASTM test of all of the 19 properties. This test costs approximately 100 -- well, \$1,100 to \$1,500 for that test. What we with the National Biodiesel Board, in working with the state weights and measures, including the State of Connecticut, and the DCP will have that authority here, was to reduce the number of properties to be tested down to approximately eight, and therefore reducing the cost in the \$300 to \$500 range.

Now that we have UCONN and the ability to test at lower costs, the producers could actually -- and the marketers, the testing that they would do in the state could test those key eight properties, which is based on the BQ 9000 critical specifications, and we call them Tier II, and in that case, the cost of testing would be reduced substantially, so it's a more economical way for compliance agencies to ensure the quality of fuel without actually having to "certify the fuel" with a more expensive test.

REP. HURLBURT: And I think it's very important. I know we put the ASTM standards back in the proposal we did in 2007 to ensure that there is a quality across the market. Really, you know, to make sure that the consumer is getting a good product and to ensure the trust between a new product on the market and the ability to move it into the market. And that money does go to UCONN, which helps with the research that the university has been able to do in the marketplace.

One of the things that I wanted to ask you is

that in real terms, if the legislature were to get this bill through both chambers to the governor's desk with her signature, in real terms, what does that mean for Connecticut's biodiesel industry?

PAUL HOAR: Well, Connecticut's biodiesel industry, if you take a look at the 650 million gallons that is in the oil heat market and another 300 million in the transportation market, you're talking about a billion gallons, basically, of petroleum that's used in the state. If you begin to increase the percentage of biodiesel, right now it can be up to 5 percent, which -- and later on there are other bills you're considering for the mandate, then it could potentially generate biodiesel use of from 2 percent up to 20 percent of biodiesel in that particular market.

If you took a billion dollars, that's 200 million gallons of biodiesel that could be utilized here in the state. Now, right now we only have two small producers, but the intent of the S.B. 118 is to help additional producers. Certainly, if you had ten 10 million gallon producers in the state, that's 100, you're only halfway towards -- you could basically support a B10 here in the state.

So we would have to still import biodiesel from other states, or other entities, in order to take care of that market. When you think about the job that you can actually create going towards the higher blends, 200 million gallons would be a substantial economic benefit here. If you take 700 million gallons and put 50,000 jobs on that, you're talking probably 10,000 to 12,000 jobs here in the State of Connecticut.

REP. HURLBURT: Great. Thank you very much, Paul,

for your answers. And thank you Mr. Chairman for your indulgence.

REP. ROY: Thank you. Representative Miller.

REP. MILLER: Thank you, Mr. Chairman.

Good afternoon, Paul. I'm glad to see you out here doing your duty. And I hope that DEP gets the message that this is a win-win situation for the State of Connecticut. We spend a lot of money on programs providing oil and services to people who can't afford to pay their bills, and we as a state provide these services at a cost, and the one thing that nobody really talks about is the fact that we service a lot of oil burners in the state, and if they were to utilize biodiesel, maybe at 5, 10, 20 percent in that product, they would not have to clean those burners and broilers on a yearly basis. The nozzles would stay clean. The boilers would not soot up because the sulfur would be gone. Same thing with warm-air furnaces. You know, you might be able to skip a tune up. Every taxpayer in the State of Connecticut is paying for much of those programs run with the taxes that go to Washington that come back here in those programs. So there's a big benefit to this unit in so many ways that it's unbelievable.

You know, in Europe, they've been using biodiesel for many years, and they use a clean diesel technology. We're just starting to get that now. And they've been averaging 40 miles to a gallon on diesel automobiles, and almost 40, 50 percent of the cars and trucks over there are diesels. They have no problem with it. So I'm hoping that, again, that we're able to adopt this bill and go to work to do the right thing. Thank you so much for your testimony. Thank you, Mr. Chairman.

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ch/mb/gbr ENVIRONMENT COMMITTEE

March 1, 2010
10:30 A.M.

REP. ROY: Thank you.

Representative Lambert.

REP. LAMBERT: Thank you, Mr. Chairman. I apologize, because I was late and I'm going through my papers here. The DEP, have they testified in favor of this bill this morning?

PAUL HOAR: Not this morning, as far as I know, and I don't exactly know what their position is. I was trying to reach them earlier today, but I don't know it. However, they have been supportive very much in the past when the initial bill came forth for the mandate, or the grants in 2007, 2006, they were supportive, especially because of the 15 PPM reduction in sulfur for transportation diesel. And in many cases, they've said they would be very supportive of any effort that would accelerate the reduction of heating oil from 3,000 parts per million of sulfur to 15 PPM, specifically on that substance, and also, given the other reductions of the gasses besides sulfur, I think they would be very supportive of it as well.

REP. ROY: Thank you. Any other questions or comments from members of the Committee? Seeing none, thank you very much, Paul. Kachina Walsh-Weaver followed by Caroline Sterns. Okay, Kachina, you want to comment on four bills? You got three minutes. Impress me.

KACHINA WALSH-WEAVER: I know. I've been practicing. Okay. Very quickly, thank you, members of the Committee for allowing me the opportunity to testify. I'm Kachina Walsh-Weaver. I'm Senior Legislative Associate for CCM.

HB5240 HB5120
SB206 HB5122

when so many businesses are trying to go in a safer, greener direction.

That being said, I want to thank you the committee for their prior support in these issues and thank them for the opportunity to set some of the record straight in the testimonies that came before us.

REP. ROY: Thank you.

Any questions or comments from members of the committee?

Seeing none, Phil, thank you.

PHIL SHERWOOD: Thank you.

REP. ROY: Karl Radune followed by Kenneth Baldwin.

KARL RADUNE: Good afternoon. Thanks for having this hearing. My name is a Karl Radune. I'm the president of Biodiesel One in Southington, Connecticut.

Karl Radune -- is that better?

Karl Radune, president of Biodiesel One in Southington, Connecticut. We're one of the two existing biodiesel producers in the state. And I'm here to support Raised Bill 118.

I have a unique position of having experience in the 2000 bill in its entirety. Every grant perspective, and I'd like to say the raised bill will make it easier for the intent that the Legislature had, which was to encourage the growth of a green industry in the state. The original intent was great.

It had -- my experience with the implementation was pretty thorough, and I find

that the changes here and some others that were suggested are will really help the industry grow, where before it was a little restrictive and the cost to comply sometimes overweighed the grant or incentive money available.

So we work the through that. And also, Biodiesel One is probably one of the biggest customers of the UCONN laboratory. So we're supporting the in-state people. We buy in state, we support the laboratories and we're trying to produce sustainable fuels that go back into the state -- for the state products.

With that said, I'd like to go back to Mr. Paul Hoar's comments about ASTM testing. Currently, the bill is asking for ASTM American standards testing method 6751, a full spectrum analysis, which is very expensive, he quoted 1100 to 1,500 dollars per test.

In my business where we test 10,000 gallon blocks of fuel \$1500 on top of that is pretty expensive. And as he mentioned, the DOT accepts what's called a tier two analysis, which are eight critical tests all performed at UCONN. The other -- some of the other tests, I have to send out to Nevada, California at great expense. So I would like to encourage you to look at those suggestions from Mr. Hoar as well as quality control. And that's all I have to say.

REP. ROY: Thank you.

KARL RADUNE: Thank you.

REP. ROY: Any questions or comments?

Representative Miller.

REP. MILLER: Thank you, Mr. Chairman.

Just to comment on the benefits of biodiesel, right now, the third leading killer of people in the United States is COPD, chronic obstructive pulmonary disease. And by 2010, given our environment, that's going to be the number two killer of people in the United States.

Our environment here in Connecticut is not the greatest. We can't meet EPA standards during the summer months at a particular time. And again, I can't stress enough that this is a product that will help the people of Connecticut have a better quality of air. Again, we should have been adopting this a long time ago.

Yale University has been using 20 percent biodiesel in their heating equipment for, I don't know, three or four years already. They're -- they're tuned up to a green environment and trying to make sure that everybody in the New Haven region is -- is breathing cleaner air of the emissions that they're shoving into the air. So I'd -- I just thank you for your testimony and the opportunity for me to make a remark.

KARL RADUNE: Thank you.

REP. ROY: Thank you.

Any other questions or comments?

Seeing none, thank you.

KARL RADUNE: Thank you.

REP. ROY: Kenneth Baldwin followed by Joyce Acebo Ragustus.

morning from Representative Janowski, yes, that it was on the agenda today, and I'm supporting it from ECHO. And there's also a green hotel directory that shows there's a number of hotels and motels throughout the country that are going green, and do some of the things that she's hoping to do through her bill.

REP. ROY: Thank you.

Any questions or comments from members of the Committee?

Representative Lambert.

REP. LAMBERT: I like your motto is prevention is my intention, but once someone is infected with this or they're toxic, is there a cure? I mean, do they -- it's just controlled?

HB 5126
HB 5130

CAROLYN WYSOCKI: Like I say, avoidance is the best thing that doctors can recommend, and with that is like we have to take certain precautions, like chlorine was mentioned before. Okay. Well, we have water filters both for drinking water and in the shower. You know, we have air purifiers. You know, we have to use supplements most -- most of the time because there's chemicals in medication. So we have to adjust our -- our lifestyle. We can't be where people wear perfume, for one.

REP. ROY: Thank you.

Any other questions or comments?

We're all set. Thank you very much.

Gus Kellogg followed by Chris Phelps.

GUS KELLOGG: Good afternoon, Chairman Roy,

SB 118

Chairman Meyer, members of the committee. My name is Gus Kellogg and I would like to speak in favor of Senate Bill 118, AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS.

I'm the founder and CEO of Greenleaf Biofuels. We are currently distributor of biodiesel based in Guilford. We are also in the process of building a 10 million gallon a year biodiesel production plant in New Haven Harbor. I am also the founder of the Connecticut Biodiesel Bioheat Association and currently serve as the president of that organization.

I applaud the Environment Committee for introducing a bill in 2007 that created the Connecticut Qualified Biodiesel Producers Incentive account and the program to administer and allocate those funds. I also applaud the entire Connecticut General Assembly for passing this bill and enacting into law an incentive program designed to build a new clean energy industry in the state to create new green collar jobs, displace petroleum, reduce greenhouse gas emissions and help to cure energy independence.

In more tangible terms, the purpose of these grants was to assist with the purchasing of equipment or constructing, modifying or retrofitting production facilities. To build the physical infrastructure in Connecticut to produce a renewable, cleaner burning fuel for use in diesel engines and oil-fired heating systems. Unfortunately, the legislative intent was lost in translation.

The language defining a qualified biodiesel producer included the words "actively engaged in the production of biodiesel for commercial

purposes." This resulted in a legal interpretation of the statute by DECD that in order for a grant recipient to receive funds, they must demonstrate that their facility can produce biodiesel at 50 percent capacity for a 30-day period. Let me reiterate. The purpose of these grants was to assist with the purchasing of equipment or constructing facilities.

If the funds cannot be disbursed until all the equipment necessary to produce the biodiesel has been purchased, and the entire factory has been constructed, how can they really support the recipient in building biodiesel capacity in Connecticut?

I argue that the legislative intent has been defeated and, therefore, strongly support this bill and request that it be effective upon passage as proposed in an amendment attached to my written testimony and submitted to the committee.

In the amending language, we have also made provisions to make certain the incentive account remains open and allow for federal funds to be deposited into the account as we will look for federal programs that support the growth of green collar jobs, renewable energy and greenhouse gas mitigation.

Furthermore, we have made changes for compliance purposes that align this section of the statutes with the quality control protocol accepted by the weights and measures division of the Department of Consumer Protection. And you've heard testimony from Paul Hoar and Karl Ray Radune as well on this particular component.

Thank you.

REP. ROY: Thank you.

Any questions or comments from members of the
Committee?

Senator Meyer.

SENATOR MEYER: Gus, congratulations on all your
initiatives in biodiesel. This committee is a
supporter of biodiesel and biodiesel
incentives.

And am I correct in understanding that your
company is a start-up company that --

GUS KELLOGG: That's correct.

SENATOR MEYER: You started a couple of years ago.

GUS KELLOGG: Correct.

SENATOR MEYER: And you are in the actual
distribution now of biodiesel now but not in
the production.

GUS KELLOGG: Correct.

SENATOR MEYER: And am I also correct in
understanding that when we looked at the
current law, it said that even if you were in
the actual distribution of biodiesel, if you
were not in the production of biodiesel, you
didn't qualify for a state grant; is that
right?

GUS KELLOGG: Correct. There's been an
interpretation, perhaps a delay in the
interpretation of the statutes, because in
fact, we applied for this grants program and
were awarded the grant, even though the
language states that we needed to be a

qualified biodiesel producer.

SENATOR MEYER: Okay. Well, I just want you to know and my colleagues know is one of the sponsors of the legislation last year, you know, our intent was to include start-up companies in getting a grant so that you were able to go forward with this important new industry for Connecticut. So we appreciate it. We'll do our best.

REP. ROY: Thank you. Representative Hurlburt.

REP. HURLBURT: Thank you, Mr. Chairman.

Gus, always a pleasure to see you. And thank you for all your efforts with the biodiesel stuff. You know, we've been working together for a number of years now.

You mentioned in your testimony about the DECD and having them being able to accept federal funds. We've had a couple of conversations about the inability of that to happen, and I'd just like to -- you know, to enlighten the rest of the committee members about what happens when the state does try to get federal funds and some of your colleagues make that attempt.

GUS KELLOGG: Yeah, and I can't answer specifically to what we've done other than that we have been to D.C. and have worked with our elected officials to try to fine some -- some federal government assistance in building production plants in Connecticut, and I can speak quickly to the fact that unfortunately, a lot of the programs from the Department of Energy, USDA, do not favor small scale projects.

They favor very large-scale projects, which in Connecticut in the biodiesel industry, we

really don't fit into. In terms of federal funding that we think we can help attract to the state to build the industry in general, that's something that we're just looking into now.

So we wanted to make sure that the federal funds were allowed to be deposited into the account, and I don't know if there are any regulations that restrict that, but the statute today says monies that are appropriated by the General Assembly. We want to make sure that if we find some federal funds that we can pull down from D.C., that they can be deposited into the account.

REP. HURLBURT: I guess I probably should have directed my question to Paul when he was up here. I think Paul Lee Greenwood from the -- we had a conversation about how the DECD wasn't accepting the funds or pursuing the funds, which was, you know, disappointing.

And I asked this question of Paul and I'll give it to you also as another provider. What are the direct benefits to the State of Connecticut that would happen if we were to, you know, get this bill through both chambers and to the Governor's desk for her signature?

GUS KELLOGG: I think it would have an immediate effect on moving forward to -- well, it would support the industry in general. There are two current producers, as Carl testified to. This bill helps support them and the continued production of biodiesel, and there are also two, facilities, one proposed by Greenleaf Biofuels, another by Connecticut Biodiesel, that were awarded grants, but the projects have not come to the point of completion to that 50 percent capacity trigger to pull down the funds.

So what this legislation helps correct is we'll immediately move those projects forward. Specifically, our project was proposed as a 6.7 million gallon, 3-year project. We're actually -- we'll come out of the ground at 10 million gallons per year. Connecticut biodiesel was proposed as a 50 million gallon a year plan. I don't know what -- if their capacity has changed, but right there, that's 630 million gallons of in-state production that will be greatly -- the availability of that fuel will be much quicker if this bill passes.

REP. HURLBURT: And with the current program set to expire, what would happen to that 60 million gallons of future biodiesel if we didn't act?

GUS KELLOGG: I can tell you it probably won't -- it come to fruition. There is nothing in the statute that ends this program, but there's -- there is in the statute, Department of Economic and Community Development is allowed to hire an administrator of the program and they hired Connecticut Center For Advanced Technology, you heard from Phil earlier, that contract between DECD and CCAT expires in May of this year. Therefore, the contract agreement that Greenleaf Biofuels holds also expires in May of this year. So there's serious concern that we're not able to pull down funds that it could lapse.

REP. HURLBURT: Is there -- is there an ability for us to assist with having DECD and CCAT extend that contract?

GUS KELLOGG: I think so. If not, it could be appropriate for legislation or it could be appropriate for conversation. I'm not certain.

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ch/mb/gbr ENVIRONMENT COMMITTEE

March 1, 2010
10:30 A.M.

REP. HURLBURT: We'll work together on that. Thank you very much, Mr. Chairman.

And thank you again, Gus.

GUS KELLOGG: thank you.

REP. ROY: Thank you.

Any other questions or comments?

Seeing none, thank you very much.

GUS KELLOGG: Thank you.

REP. ROY: Chris Phelps followed by Lori Vitagliano.

CHRISTOPHER PHELPS: Good afternoon, Chairman Roy, Chairman Meyer, members of the Committee. I'm Christopher Phelps. I'm the director of Environment Connecticut. We are a nonprofit member supported environmental advocacy organization in Connecticut. And I've submitted written testimony and comments on House Bill 5126. I also want to try, in my few minutes here, to take a couple of moments to provide some thoughts on Bill 5130 as well.

Regarding 5126, this bill -- we strongly support this legislation, which really creates a mechanism for a public private partnership, if you will between our state's flagship university industry and public health community and scientists, who really help Connecticut industry and businesses move towards reducing the use of toxic chemicals in our state. That provides two, as I see it, significant benefits to Connecticut.

One is helping business and industry reduce its costs related to various things such as



Testimony of

Joel M. Rinebold

Director of Energy Initiatives

Connecticut Center for Advanced Technology, Inc.

before

Environment Committee

March 1, 2010

regarding

Senate Bill No. 118

An Act Concerning Connecticut Qualified Biodiesel Producer Grants

Introduction

The Connecticut Center for Advanced Technology, Inc. ("CCAT") offers this testimony regarding Senate Bill No. 118: An Act Concerning Connecticut Qualified Biodiesel Producer Grants.

The Connecticut Center for Advanced Technology, Inc. (CCAT) is a nonprofit corporation that provides services and resources to entrepreneurs and businesses and, through collaboration with industry, academia, and government, to help companies innovate and compete, thereby strengthening our nation in the global market. The Energy Initiative at CCAT has been established to improve the economic competitiveness of the region through solutions that lower energy costs and increase long-term energy reliability. CCAT administers the Connecticut Biodiesel Production and Distribution Grant Program, with funding provided by the Department of Economic and Community Development, which provides grants for the production of biodiesel and the construction and/or modification of biodiesel production and distribution facilities. Through this program, CCAT seeks to increase economic growth opportunities for Connecticut's clean energy sector and promote a greater use of biodiesel; advance technological innovation in biodiesel; increase public confidence, support and awareness for biodiesel; support the development of biodiesel production and distribution equipment and facilities; and reduce dependence on fossil fuel consumption, and greenhouse gases emissions.

CCAT has administered the Connecticut Biodiesel Production and Distribution Grant Program as a reimbursement program with funding provided upon completion of the biodiesel production facility and confirmation that the applicant is a qualified biodiesel producer. The proposed modifications identified in the Bill include amending the definition of "qualified biodiesel producer" and allowing the approved grants to be used for "the initial purchase of biodiesel production equipment or with the construction, modification or retrofitting of biodiesel production facilities".

The Connecticut Biodiesel Production and Distribution Grant Program provides economic and environmental benefits to the state of Connecticut.

CCAT, in consultation with the Connecticut Department of Economic and Community Development, has approved grants through the Connecticut Biodiesel Production and Distribution

Grant Program for three biodiesel production facilities in Connecticut that would have a combined production capacity of approximately 22.5 million gallons per year. These facilities are expected to provide the following benefits to the state annually:

- Monetary value of the biodiesel fuel produced of approximately \$97 million;
- Carbon dioxide reductions of approximately 181,000 tons;
- Monetary value of the carbon dioxide offsets of approximately \$557,000
- Over 200 new jobs including direct, indirect and induced impacts; and
- Serve approximately three (3) percent of Connecticut's #2 distillate market.

While the benefits of the Connecticut biodiesel production grants identified above are substantial, these impacts may increase with the growth of the biodiesel market.

Conclusion

CCAT is supportive of the Connecticut Biodiesel Production and Distribution Grant Program that provides resources to enhance Connecticut's biodiesel production capacity and supports legislation that enhances the ability of companies to receive support and assistance from the state. It should be noted that while this Program was initially funded to provide distribution assistance, production incentives, and research, the funding for these programs may end during calendar year 2010 including CCAT's ongoing ability to administer the Connecticut Biodiesel Production and Distribution Grant Program.

CCAT will make itself available to the Committee and legislature upon request to provide or clarify information about the Connecticut Biodiesel Production and Distribution Grant Program or to assist in the refinement of this legislation.

Respectfully submitted,

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.

Joel M. Rinebold
Director of Energy Initiatives

**Comments on SB118 from Paul Hoar, President, AgriFuels LLC.
March 1, 2010**

I would like to speak in favor of SB118.

My name is Paul Hoar and I am President of AgriFuels LLC, a biodiesel quality consulting company located in Glastonbury, CT. AgriFuels assists biodiesel producers, marketers and laboratories nationally achieve the quality BQ 9000 certification endorsed by the National Biodiesel Board (NBB) and the CT DOT purchasing department. We also assist the Center for Environmental Sciences and Engineering (CESE) at UCONN obtain customers nationally for their new ASTM Biofuels Testing Laboratory at Storrs.

From 2005 to the fall of 2009 AgriFuels had a contract with the National Biodiesel Board and I was the Principal Investigator for that contract. The purpose of the contract was for AgriFuels to represent the NBB at the National Conference on Weights and Measures (NCWM) on promoting quality compliance with the 50 member states and the District of Columbia. My job was to educate each of the state weights and measures officials on the ASTM standards for biodiesel blends and suggest methods for establishing quality compliance programs within each state.

In the interest of full disclosure, I must tell you I am also Treasurer of the Connecticut Biodiesel / BioHeat Association, a non profit advocacy association of producers, marketers and associates in the industry. However, I am speaking for myself and my company at this hearing.

I consider SB 118 to be another tool that Connecticut can use to build a biodiesel industry in the state. The CT legislature has already approved in past sessions grants and incentives for producers and marketers and for equipment for the testing lab at UCONN. The purpose of these grants was to build an infrastructure in the state to grow the industry and form a basis for displacing the use of petroleum in diesel engines and oil heat furnaces. These programs have been implemented in a painfully slow manner because of a number of factors. Availability of the funding was delayed, regulatory processes were slow in developing because of the funding delays and, just recently-in late 2009 and early 2010-has significant progress been made towards reaching the intended goals of the legislative incentives.

Now we all know what has happened to the capital markets in 2008 and 2009. Unless funding is virtually guaranteed for programs with any risk at all, new ventures are being held in limbo. And, if you look at what is happening nationally, there exists great uncertainty as to the future of biodiesel because the \$1.00 per gallon IRS incentive to bring the fuel into price parity with petroleum diesel has expired and the national debate on health care has kept jobs and energy incentives on the back burner in Congress.

However, all is not gloom and doom. In December, the U.S. House approved extending the tax credit but time ran out in the Senate before it could be voted on, along with the estate tax, among others issues. The EPA announced in January final rules for

implementing the RFS2-the Renewable Fuels Standard- mandating the use in the U.S. of 1.15 Billion gallons of biodiesel in 2009 and 2010. This means approximately 700 million gallons in 2010 another 700 million in 2011 and on towards 1 Billion gallons per year by 2012. How that mandate will effect biodiesel use requirements in CT is not clearly defined as we sit here today.

Another key market demand impact occurred in September when the 23 NORA states and the District of Columbia –NORA is the National Oilheat Research Alliance- approved a campaign of including up to 20% biodiesel in heating oil and promoting the reduction of sulfur to 15 parts per million to provide a fuel to its customers that is cleaner than natural gas! Currently, the sulfur content in heating oil can be up to 3000 ppm while the transportation diesel has been required to be 15 ppm since October 2008. This decision covers a market of over 7 Billion gallons in the US and 20% of that is \$1.4 Billion gallons per year. Economically, wouldn't it be nice if CT could sell biodiesel into that market? Why, in CT alone it means over 130 million gallons of biodiesel per year.

How can CT effectively participate in that market without plants producing biodiesel locally? Nationally, 50,000 jobs were documented by the NBB for producing 700 million gallons in 2007, before soy prices jumped and the recession hit the national economy. If we just look at the heating oil market at a 20% blend, by 2020 we could have 100,000 jobs being created in the eastern U. S. where oil heat predominates. And, if the heating oil industry were to endorse 100% biodiesel for heating oil that could mean 500,000 jobs!

I will end my comments to say that I suggest an additional section be added to the bill about fuel quality and compliance to standards. When state weights and measures organizations conduct quality compliance it is not required that they "certify" the fuel. Their job is to make sure it meets the proper ASTM standards and that it is "fit for use". The CT DCP has agreed to sample biodiesel at producers and marketers in CT, and send these samples to the CESE lab at UCONN to verify that these samples meet the critical ASTM specifications. Any grant or incentive process the state approves should use these same critical specifications to verify quality and not have to "certify" the fuel. Other states have adopted this compliance process to reduce their costs for monitoring quality. Therefore, I suggest you add the following to the proposed SB 118:

"For compliance purposes of this section and Sec 32-324b, the qualified biodiesel producer and other producers in the state may provide a certificate of analysis documenting only the critical specifications of ASTM D6751, such as the Tier II biodiesel fuel quality protocol accepted by the CT Department of Consumer Protection. "

Thank you for your time. Do you have any questions?

Comments on SB118 from Gus Kellogg, Founder and CEO, Greenleaf Biofuels LLC

March 1, 2010

I would like to speak in favor of SB118, ***AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS.***

My name is Gus Kellogg and I am the Founder and CEO of Greenleaf Biofuels LLC. We are currently based in Guilford as a biodiesel distributor but are in the process of building a 10Mgy biodiesel production plant in New Haven harbor. I am also a founder of the Connecticut Biodiesel/Bioheat Association and currently serve as the President of that organization.

I applaud the Environment Committee for introducing a bill in 2007 that created the Connecticut Qualified Biodiesel Producer's Incentive Account and the program to administer and allocate those funds. I also applaud the entire Connecticut General Assembly for passing this bill and enacting into law an incentive program designed to build a new clean energy industry in the state, to create new green collar jobs, displace petroleum, reduce greenhouse gas emissions and help secure our energy independence.

In more tangible terms, the purpose of these grants was to assist with purchasing equipment or constructing, modifying or retrofitting production facilities - to build the physical infrastructure in Connecticut to produce a renewable, cleaner-burning fuel for use in diesel engines and oil-fired heating systems. Unfortunately, the legislative intent was lost in translation. The language defining a qualified biodiesel producer included the words "actively engaged in the production of biodiesel for commercial purposes". This resulted in a legal interpretation of the Statute by DECD and CCAT, the grant administrator, that in order for a grant recipient to receive funds they must demonstrate that their facility can produce biodiesel at 50% capacity for a 30-day period. If the funds cannot be disbursed until all the equipment necessary to produce the biodiesel has been purchased and the entire factory has been constructed, how can they really support the recipient in building biodiesel capacity in this state? I argue that the legislative intent has been defeated and therefore strongly support this bill and request that it be effective upon enactment as proposed in an amendment attachment to my written testimony and submitted to the Committee.

In the amending language, we have also made provisions in the amendment to make certain the incentive account remains open and allow for Federal funds to be deposited into the account, as we will look for Federal programs that support the growth of green collar jobs, renewable energy and greenhouse gas mitigation. Furthermore, we have made changes for compliance purposes that align this section of the Statutes with quality control protocol accepted by the Weights and Measures Division of the Department of Consumer Protection. Thank you for your time.

Raised Bill No. 118 – Recommended Amendments

LCO-No. 868

AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-324 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective Upon Passage*):

3 For the purposes of this section and sections 32-324a to 32-324f,
4 inclusive, as amended by this act:

5 (1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long
6 chain fatty acids derived from vegetable oils or animal fats, designated
7 B100, and meeting the requirements of designation D6751 of the
8 American Society for Testing and Materials.

9 (2) "Qualified biodiesel producer" means [a facility that produces
10 biodiesel] an entity that, is registered with the state of Connecticut, is
11 domiciled in Connecticut and is actively engaged in, or intends to
12 actively engage in, the production of biodiesel in Connecticut for
13 commercial purposes.

14 (3) "Qualified biodiesel distributor" means [a facility that stores and
15 distributes biodiesel,] an entity that is registered with the state of
16 Connecticut, is domiciled in Connecticut and is actively engaged in, or
17 intends to actively engage in, the storage and distribution of biodiesel
18 in Connecticut for commercial purposes.

19 Sec. 2. Section 32-324d of the general statutes is repealed and the
20 following is substituted in lieu thereof (*Effective Upon Passage*):

21 [A qualified biodiesel producer shall be eligible for a one-time grant
22 pursuant to section 32-324a to assist with purchasing equipment or
23 constructing, modifying or retrofitting production facilities. Such grant
24 shall not exceed (1) three million dollars, and (2) twenty-five per cent
25 of the equipment or construction cost regardless of the number of
26 facilities owned by said qualified biodiesel producer.] A qualified
27 biodiesel producer that is not yet actively engaged in the production of
28 biodiesel shall be eligible for a one-time grant pursuant to section 32-
29 324a to assist with the initial purchase of biodiesel production
30 equipment or with the construction, modification or retrofitting of
31 biodiesel production facilities. Such grant shall be administered to

32 provide such qualified biodiesel producer with such initial financial
33 assistance and shall not be administered as a reimbursement program.
34 The amount of such grant shall not exceed three million dollars
35 regardless of the number of facilities owned by the qualified biodiesel
36 producer.

37 Sec. 3 Sec. 32-324a Subsection (a) of the general statutes is repealed and the
following is substituted in lieu thereof (*Effective Upon Passage*):

(a) There is established an account to be known as the "Connecticut qualified biodiesel producer incentive account", which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account and may also contain any moneys provided by the federal government and it's agencies or by state agencies. The account shall remain open and eligible for funding even if the balance is drawn down to zero dollars.

Sec. 4 Sec. 32-324b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective Upon Passage*):

(a) A qualified biodiesel producer shall be eligible for not more than sixty monthly grants from the Connecticut qualified biodiesel producer incentive account, established pursuant to section 32-324a. The Department of Economic and Community Development, in consultation with the person, firm, corporation or entity selected to implement the grant pursuant to subsection (b) of section 32-324a, if applicable, shall determine monthly grant amounts by calculating the estimated gallons of biodiesel produced during the preceding month, as certified by the Commissioner of Economic and Community Development, or a designee, and applying such figure to the per gallon incentive credit established in subsection (b) of this section.

(b) Each qualified biodiesel producer shall be eligible for a total grant in any fiscal year equal to the following amounts: (1) For the first five million gallons of biodiesel produced, thirty cents per gallon; (2) for the second five million gallons of biodiesel produced, twenty cents per gallon; and (3) for the third five million gallons of biodiesel produced, ten cents per gallon. In the event that the moneys allocated for this grant program fall below two hundred thousand dollars, the maximum payout will be twenty cents per gallon, regardless of the number of gallons produced. In the event that the moneys allocated for this grant program fall below one hundred thousand dollars, the maximum payout will be ten cents per gallon, regardless of the number of gallons produced.

(c) Biodiesel produced by a qualified biodiesel producer in excess of fifteen million gallons in any fiscal year shall not be eligible for a grant pursuant to this section.

Sec. 5 Sec. 32-324c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective Upon Passage*):

To receive a grant pursuant to section 32-324b, a qualified biodiesel producer shall file an application for such funds not later than fifteen days after the last day of the month for which the grant is sought. The application shall include, but not be limited to: (1) The location of the qualified biodiesel producer; (2) the number of Connecticut citizens employed by the biodiesel producer in the preceding month; (3) the number of gallons of biodiesel produced during the month for which the grant is sought; (4) a copy of the qualified biodiesel producer's Connecticut registration; (5) any other information deemed necessary by the Commissioner of Economic and Community Development to ensure that such grants shall be made only to qualified biodiesel producers; and (6) satisfactory documentation that the biodiesel has a net carbon energy benefit when compared to the fuel it will replace. For the compliance purposes of this section and Sec. 32-324b only, the qualified biodiesel producer may provide a certificate of analysis documenting only the critical specifications of ASTM D6751, such as the Tier II biodiesel fuel quality protocol accepted by the CT Department of Consumer Protection.