



Charles T. Drevna
President

National Petrochemical & Refiners Association

1667 K Street, NW
Suite 700
Washington, DC
20006

202.457.0480 voice
202.457.0486 fax
cdrevna@npra.org

Via electronic mail

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NJ Department of Environmental Protection
Alice A. Previte, Esq.
Attn: DEP Docket # 14-09-10/678
Office of Legal Affairs
P.O. Box 402
Trenton, NJ 08625-0402

Dear Ms. Previte:

NPRA, the National Petrochemical and Refiners Association, is pleased to provide comments on the New Jersey Department of Environmental Protection's proposed changes to its rules at N.J.A.C. 7:27-9, Sulfur in Fuels, to reduce the maximum sulfur content standard for fuel oil. NPRA's members comprise more than 450 companies, including virtually all U.S. refiners and petrochemical manufacturers. Our members supply consumers with a wide variety of products and services that are used daily in homes and businesses. These products include gasoline, diesel fuel, home heating oil, jet fuel, asphalt products, and the chemicals that serve as "building blocks" in making plastics, clothing, medicine and computers.

NPRA's members are dedicated to working cooperatively with all levels of government to ensure an adequate supply of clean, reliable, and affordable petroleum fuels. We stand ready to work with you to ensure an effective fuels policy to improve our national security, assist our consumers, and protect our environment. NPRA supports the orderly evolution and use of cleaner-burning fuels to reflect public health concerns.

The NJ Department of Environmental Protection (DEP) proposes to reduce the maximum sulfur content in fuel oil in two steps:

By July 1, 2014,

| | |
|--------------------------|---------------------------------|
| No. 2 and lighter | 500 ppm |
| No. 4 | 2,500 ppm |
| No. 5, No. 6 and heavier | 5,000 ppm (Zones 1, 2, 3 and 5) |

By July 1, 2016,

| | |
|-------------------|--------|
| No. 2 and lighter | 15 ppm |
|-------------------|--------|

Currently, NJ has a maximum 3,000 ppm sulfur standard for heavy oil in Zone 4 in the northern part of the state (Bergen, Essex, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset, and Union Counties) and in Zone 6 in the southern part (the Townships of Bass River, Shamong, Southampton, Tabernacle, Washington, and Woodland in Burlington County; and Waterford Township in Camden County). DEP proposes to retain this regulation.

These proposed maximum sulfur content standards would apply to fuel oil stored, offered for sale, sold, delivered, exchanged in trade for use, or used in NJ. The Department recognizes that there could be product in storage on 7/1/14 and 7/1/16 that does not comply with the new sulfur standards, and the Department proposes a “sell-through” provision if this product met the applicable sulfur standard at the time it was stored in NJ.

NPRA supports the proposal for 2014.

DEP’s proposal for 2014 is reasonable and provides the petroleum industry with adequate lead time.

NPRA opposes further reductions in the sulfur content of No. 2 fuel oil.

DEP should promulgate its proposal for 2014 without further reduction in the sulfur content of fuel oil after 2014. DEP estimates that the proposed fuel oil sulfur regulations for 2014 would achieve a reduction of 1,030 tons SO₂/year, and the proposed ultra-low (15 ppm) sulfur standard for 2016 would achieve an additional SO₂ emissions reduction of 294 tpy. This small incremental benefit in 2016 would not be significant considering that SO₂ emissions from coal-fired electric utility powerplants in NJ were 45,000 metric tons in 2007.¹

NPRA recommends the proposed ultra-low (15 ppm) sulfur standard for No. 2 fuel oil in 2016 not be promulgated in 2010. It would be better to await SO₂ emissions reductions in coal-fired electric generating units (EGUs). Even if there is a future substantial reduction in EGU SO₂ emissions in NJ, the small incremental benefit from the proposed ultra-low (15 ppm) sulfur standard for No. 2 fuel oil in 2016 would still be negligible relative to the remaining several thousand tpy of EGU SO₂ emissions in NJ. Moreover, sulfur levels identical to diesel fuel used in newer vehicles and non-road equipment impose unnecessary costs on heating oil users. In the case of diesel fuel, the very low 15 ppm S maximum standard was needed to enable the use of NO_x and particulate matter aftertreatment on vehicles and non-road equipment. There is no standard established that requires such aftertreatment on residential, commercial and industrial No. 2 fuel oil furnaces/boilers.

¹ Energy Information Administration, “State Electricity Profiles 2007,” 4/14/2009, DOE/EIA-0348(01)/2, p. 184.

Hence, there is no reason to ask existing No. 2 fuel oil users to incur these additional costs, particularly in view of the very marginal incremental SO_x and particulate reduction benefits.

For those applications where newer, higher efficiency heaters/boilers are desired, existing 15 ppm S diesel fuel can provide an enabling fuel without requiring that all existing customers incur the needless cost of a 15 ppm S heating oil.

NJ DEP should implement the proposed standards for 2014. Then NJ DEP should evaluate the effectiveness of this program on improvements in regional haze and assess the fuel oil supply impacts of a further reduction in heating oil sulfur content. The NJ DEP should consider further reductions in the sulfur content of heating oil only after completion of these evaluations and assessments.

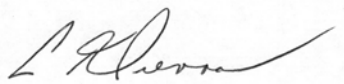
NPRA supports the proposed “sell-through” provision.

DEP understands that there could be fuel oil in storage that will meet current sulfur standards on June 30, 2014, but would not meet the proposed tighter sulfur standards on July 1, 2014. DEP proposes to allow this fuel to be used up in NJ without requiring it to be removed by July 1, 2014. NPRA supports this provision because it would be disruptive to remove and dispose of this fuel oil.

Fuel oil sulfur reductions will increase greenhouse gas emissions at refineries.

Sulfur is a component of crude oil and fuel oil feedstocks. Technologies to reduce sulfur in fuel oil feedstocks (i.e., diesel hydrotreaters) require energy consumption with associated GHG emissions. Therefore, a fuel oil sulfur reduction standard will increase the carbon footprint at refineries. This will only be partially offset if new higher efficiency fuel oil furnaces are enabled because of the slow turnover in space heating systems.

Sincerely,



Charles T. Drevna
President