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*Hand Delivered*

Mr. John Williams  
Director of Energy Analysis  
New York State Research and Development Authority  
17 Columbia Circle  
Albany, New York 12203

Re: Comments on the Draft Scope for the 2013 New York State Energy Plan

Dear Mr. Williams:

Please accept this submission on behalf of the Empire State Petroleum Association, Inc. (ESPA or Association) in response to the invitation for comments on the March 10, 2011 Draft Scope for the 2013 New York State Energy Plan (Draft or Draft Scope). ESPA is grateful for the opportunity to provide the following observations and suggestions concerning specific portions of the Draft Scope.

In providing these comments, ESPA is cognizant of the rapidly changing nature of the energy sector in general, and the petroleum industry in particular. Therefore, these remarks are not intended to be exhaustive. ESPA will continue to communicate with Staff throughout the energy planning process concerning industry developments and interests.

## Interest of ESPA

ESPA is a statewide not-for-profit trade association representing petroleum marketers, convenience store operators, propane dealers, and independent energy marketers selling natural gas and electricity in New York. ESPA's marketers are responsible for the storage and distribution of heating oil, gasoline, diesel, aviation, and industrial fuels that are vital to the energy infrastructure of the state. ESPA's members also provide residential and commercial HVAC system installation, service and repair. As such, ESPA has a significant interest in the State's Energy Plan and has been an active participant in past New York energy planning proceedings.

## Energy Efficiency

The Draft Scope calls for the State Energy Plan to assess the "impacts and effectiveness of existing energy efficiency initiatives" and to assess the potential for meeting future energy needs by increasing energy efficiency in the residential, commercial, industrial, transportation, and agricultural sectors. (Draft p. 2). While ESPA supports the Draft's planned review of all existing energy efficiency initiatives, it desires that the scope of the Plan include a review of energy efficiency initiatives and programs for heating oil consumers.<sup>1</sup> These fuel oil users do not have the benefit of incentives such as those designed for use by public utilities to promote energy efficiency among their customers.<sup>2</sup> ESPA recommends that the Plan's Scope include analyses

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<sup>1</sup> The conservation and energy efficiency for motor fuel consumers generally involve matters such as efficient motor vehicles and vehicle miles traveled, which are beyond ESPA's members' purview.

<sup>2</sup> Natural gas and electric utilities have been involved in numerous generic and utility-specific proceedings before the NYS Public Service Commission (PSC) that provide energy efficiency incentives for utility customers. Oil heat customers, who pay System Benefit Charges (SBC) through their electric rates, receive little benefit from the current utility programs and have no ability to increase the energy efficiency of their oil systems and appliances through these programs.

and recommendations that would promote the implementation of petroleum energy saving measures, create incentives for consumers to upgrade and install high efficiency oil equipment and appliances, and encourage further research and development of energy efficient petroleum equipment and products.

### Petroleum Infrastructure

ESPA supports the current Draft's proposal to "assess the adequacy and security of the current infrastructure and the impacts of potential expansion" of the state's petroleum infrastructure (Draft p. 3). The Draft Scope further states that the Plan will discuss the "importance of maintaining the reliability and resiliency of the state's energy systems" to be included in each individual fuel's assessment (See "Energy Infrastructure and Reliability" section, Draft p. 4).

The 2009 State Energy Plan noted that statewide distillate fuel storage capacity, which includes home heating oil, kerosene, and diesel fuel, had declined while demand for these fuels has increased over the same time period. While increasing storage capacity has long been a vital concern for the petroleum distribution industry, this issue is more critical today. Oil marketers are seeking to enhance their fuels by introducing more environmentally beneficial products into the market (ultra-low sulfur heating oil, biodiesel, biofuels and ethanol for gasoline blending). Enhancing the state's oil infrastructure will accommodate newer products beneficial to the environment, the economy and consumers.

With regard to the Energy Plan's requirement that it provide information to improve "the reliability of the State's energy systems," ESPA urges that the scope of the plan include a

discussion of the need to improve the state's petroleum infrastructure to enhance its reliability and security for petroleum consumers which will also increase the reliability and security of electricity and natural gas systems. One example involves proper planning for proposed electric generating facilities that intend to use petroleum as their backup fuel. ESPA has always recommended that such siting and repowering proceedings include adequate preparation for the use, storage and transportation of the facilities' backup fuel to assure reliability.

For all these reason, ESPA supports the Draft Scope's intention to assess and examine the expansion of the state's existing petroleum infrastructure.

#### Interdependence of Fuels

Under the topic titled "Meeting the State's Energy Needs and Goals by Fuel Type," there is a suggestion in the natural gas section that the plan discuss the "inter-dependency of the electricity and natural gas systems" (Draft p. 2). There is no such proposal under the section for petroleum. ESPA urges that the scope of the plan include an analysis and recognition of the relationship among natural gas, electricity, and petroleum and also include a review of the essential role that the petroleum industry plays as the energy provider of last resort in certain instances.

#### Fuel Diversity, Renewable Resources and the Development and Use of Biofuels

ESPA believes that the scope of the plan should include an assessment and recognition of the changing landscape of the liquid fuels market. There should be an appreciation of the benefits associated with the transition to newer, more efficient and environmentally favorable

products that will soon be used by consumers in both the heating and transportation sectors. For example, blending No. 2 ultra low sulfur heating oil with biofuel would result in benefits that include reduced emissions, reduced maintenance, and increased energy efficiency. In addition, ESPA believes that the development and use of biofuels in the state will also enhance the state's ability to mitigate climate change, reduce oil consumption, enhance fuel diversity, and spur state and domestic economic growth opportunities in the biofuels production industry. ESPA suggests that a review of these new liquid fuels, their benefits and their role in meeting the state's environmental, reliability, and economic goals should be part of the Plan.

### Conclusion

For the reasons stated above, ESPA respectfully requests that its suggestions be incorporated into the Final Scope for the 2013 New York State Energy Plan.

Respectfully Submitted,



Emilio Petroccione  
Counsel to the  
Empire State Petroleum Association, Inc.

cc: Thomas J. Peters  
CEO  
Empire State Petroleum Association, Inc.