



March 18, 2019

Co-Chair Julie Kushner
Co-Chair Robyn Porter
Senator Craig Miner
Representative Joe Polletta

Labor and Public Employees Committee:

We are submitting testimony in opposition to S.B. 354 - AN ACT ESTABLISHING A GREEN NEW DEAL FOR CONNECTICUT.

The Connecticut Energy Marketers Association (CEMA) represents 576 energy marketers primarily engaged in the sale and distribution of home heating oil/Bioheat®, propane, diesel fuel and gasoline in Connecticut. CEMA members employ over 13,000 people in our state and sell approximately 400 million gallons of heating fuel and 1.6 billion gallons of gasoline annually.

Our industry has been a leader in reducing the consumption of fuel. We have seen a reduction in the number of gallons it takes to heat a home from 1,200 gallons per year to nearly 700 gallons over the past four decades. Today's oilheat is an ultra-low sulfur fuel with renewable biodiesel blended into it. All that has happened without any taxes or government mandates! When biodiesel is blended with ultra low sulfur heating oil (15ppm sulfur or less) it can achieve carbon neutrality. S.B. 354 presumes that electrification is the answer to emissions and does not seem to acknowledge the contribution that clean renewable liquid fuels can have on reducing emissions today and achieving carbon neutrality in the future.

The bill states Connecticut should create a "social cost of carbon", which means that emissions should be taxed. If that were to happen that would do several things – it would increase the cost of fuel (heating oil, gasoline, propane, diesel, natural gas, electricity, etc.), make Connecticut businesses less competitive by increasing their energy costs, encourage homeowners to seek residence in lower cost states, allows the legislature to raid the funds to balance the budget, disproportionately harms people on a fixed income and those who live in poverty, and virtually increases the cost of every product and service that is produced and transported in our state.

The one thing that the tax does NOT do is help the environment! Presumably, the purpose of this proposed tax is to change consumption behavior in Connecticut. But we've seen huge variations in energy commodity prices that haven't affected consumption. The [Energy Information Agency \(EIA\), for example, shows](#) that gasoline consumption in Connecticut in 2015 was the same as in 2011, despite prices being more than \$1/gallon less. Energy consumption is fairly inelastic when it comes to driving your kids to school, driving yourself to work, and heating your home.

Even if a carbon dioxide tax resulted in changes in consumption behavior in Connecticut, such changes will have no impact on climate change. As [reported in U.S. News & World Report](#). **The Intergovernmental Panel on Climate Change (IPCC) Assessment Report claims that even if the U.S. as a whole stopped emitting all carbon dioxide emissions immediately, the ultimate impact on projected global temperature rise would be a reduction of only about 0.08°C by the year 2050.** China and India will dominate global carbon dioxide emissions for the next century, and there's little the U.S., let alone Connecticut can do, to change this. A [Princeton University study](#) likewise predicted that even if all countries stopped emitting CO2 entirely, the Earth would continue to gradually warm, before cooling off.

Although we completely disagree with the concept that a carbon tax would benefit the environment, we would ask those of you who think this is a good thing if you believe that this tax would go solely for its intended purpose? **How many taxes were established with “good intentions”, but ended up being raided for budget deficit mitigation purposes, never accomplishing what they were created for?**

Additionally, we are opposed to the bill for the following reasons:

- The bill would eliminate the 600 family owned home heating oil/Bioheat® and propane retailers along with the 1,400 gasoline retailers who have done business in Connecticut for over a century and have been transitioning to clean renewable fuels that are produced right here in Connecticut from used cooking oil and grown products like soy and canola.
- The bill prescribes that the Department of Energy and Environmental Protection (DEEP) transition from a free, fair and competitive market in the heating and transportation sectors to electric utility monopolies. Eliminating family businesses who compete with utilities destroys competition and consumer choice.
- Electricity is and has been the most expensive source of energy in Connecticut for decades. This bill exposes consumers to a form of energy that has never been able to demonstrate a way to lower costs. The BTU equivalency of heating oil and electric resistance heat is over \$9 per gallon. How would your constituents react if the heating fuel cost \$9 per gallon?
- Ratepayers are burdened with paying for electric utility investments. This bill will exponentially increase rates that homeowners and business will have to pay to transition to an all-electric economy. Since utilities are given a guaranteed rate of return on their infrastructure investments, this bill will sift ALL of the costs to electrify the heating and transportation sectors on to ratepayers.

- ISO New England has warned Connecticut and the region that the grid is fragile and that brownouts and blackouts may occur if new generation does not come online. How would the grid handle a total conversion to electric heat and electric vehicles? What will the cost be to ratepayers? These questions have dire consequences if DEEP does not get it right in their planning of an all electric economy.
- The cost to abandon natural gas electric generation which provides our state with nearly half of our power on any given day will burden rate payers for years to come with stranded costs in the same way deregulation did. Less than seven years ago, the General Assembly adopted a natural gas conversion and expansion plan that has resulted in tens of thousands of people switching to gas. Under this bill, those people would need incur the cost to switch once again to a fuel that the government is telling is better than what they have.
- The cost to upgrade the electric distribution system and to build new zero emission electric generation to accommodate an all-electric economy will cost ratepayers billions of dollars driving up what are already the highest electricity costs in America.
- Energy diversity shields Connecticut residents from blackouts that would cripple the state in the event of power outages that can be caused by weather, cyber-attacks, and an overburdened grid that cannot handle increased electric demand. Don't put all of our energy eggs in one basket!
- How confident are you that the State can engineer an orderly transition to electricity that will not increase costs to consumers, actually deliver zero emissions, does not jeopardize our energy security, and successfully shift the thousands of jobs that would be lost to new jobs?
- The Intergovernmental Panel on Climate Change (IPCC) Assessment Report claims that even if the U.S. as a whole stopped emitting all carbon dioxide emissions immediately, the ultimate impact on projected global temperature rise would be a reduction of only about 0.08°C by the year 2050. China and India will dominate global carbon emissions for the next century, and there's little the U.S., let alone Connecticut can do, to affect this.

For all of these reasons, CEMA asks that the Labor and Public Employees Committee oppose S.B. 354 - AN ACT ESTABLISHING A GREEN NEW DEAL FOR CONNECTICUT and look to renewable biodiesel delivered by local businesses that is available today as a solution to lower and ultimately eliminate emissions.

Respectfully,



Christian A. Herb
President