

2/6/03

OVERVIEW:

LOW

SULPHUR

FUEL

Low Sulfur Diesel Fuel Rule

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observe
only

House Community & Regional Affairs Committee

New Diesel Fuel Regulations

February 6, 2003

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Alaska Ultra-Low Sulfur Diesel Fuel Transition Plan

Presentation Overview

- Current Status: Urban Alaska
- History of Rule
- Pros and Cons
- Options
- Current Status
- Questions and Answers
- Closing Remarks

Alaska Ultra-Low Sulfur Diesel Fuel Transition Plan

History: Types of Diesel Fuel

- Home Heating
- Power Generation
- Marine Vessels
- On-Road (i.e. cars, trucks, buses)
- Stationary Sources
- Non-Road (i.e., farm tractors, road graders, front end loaders, etc.)

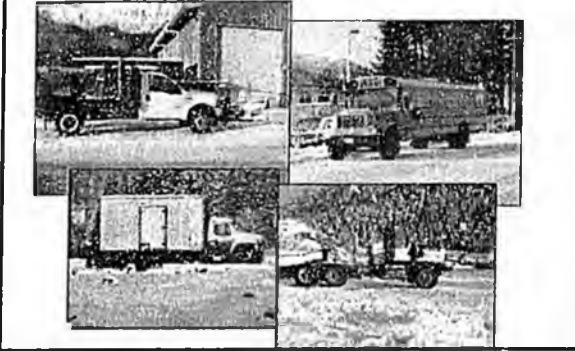
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History: The EPA Rule

- Preponderance of urban health studies find particulates, particularly particulates from diesel exhaust are health threats.
- In 2000, EPA established a rule to reduce air pollution from large trucks and buses starting in 2007.
- New emission control equipment is required for model year 2007 diesel trucks will reduce emissions by over 90%.
- In 2006, diesel trucks and buses must start using diesel that has 15 parts per million (ppm) or less sulfur.

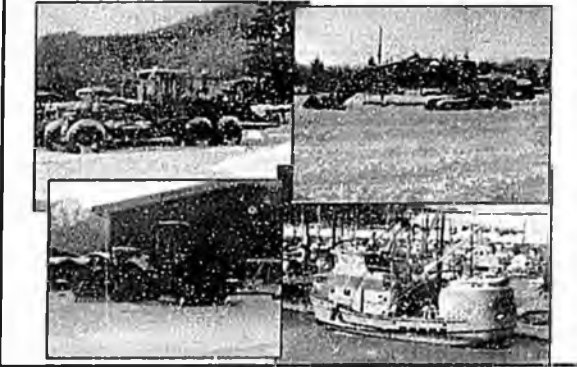
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Types of Vehicles Covered by the Rule



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Types of Vehicles/Equipment NOT Covered by the Rule :



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Pros and Cons

- Air Quality
- Economic
- Distribution
- Truck Owner



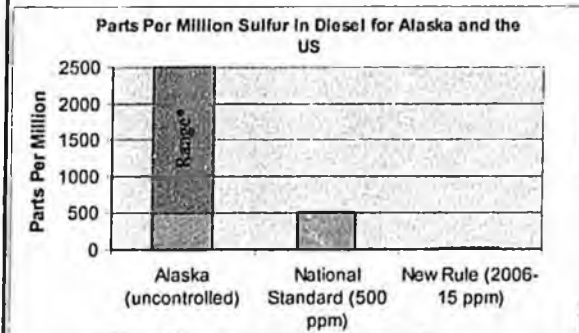
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Air Quality Impacts

- Using the new fuel will reduce air pollution from large trucks and buses.
- Air pollution may trigger asthma attacks, cause lung cancer, respiratory illness, or increased mortality.
- Estimated health benefits nationally is \$70 Billion.



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* Based on Anecdotal Evidence

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Economic Impacts

- Ultra-low sulfur fuel may be \$0.10 per gallon or more than the current cost of diesel.
- Costs to rural Alaska will likely be higher due to distribution challenges.
- Use of ultra-low sulfur diesel for uses such as home heating or power generation may increase costs to a community.

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Distribution Impacts

- Transportation of fuel to rural Alaska different than other parts of US and challenging.
- May be difficult to find ultra-low sulfur diesel meeting arctic grade fuel requirements.
- Dual tank systems for separating ultra-low sulfur diesel from other fuels may be expensive.

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Truck Owner Impacts

- May be difficult to find ultra-low sulfur diesel meeting arctic grade fuel requirements.
- Operators of 2007 heavy-duty diesel trucks must use ultra-low sulfur diesel or risk engine damage, loss of warranty, and federal penalties.
- Use of ultra-low sulfur diesel in 2006 and older vehicles is not expected to cause problems.

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Roadway Alaska: National plan begins September 2006

Options for Rural Alaska

- National Plan
- Buy the 2007 or later diesel truck :
 - Buy the fuel for that truck
 - Buy the fuel for all the diesel vehicles
 - Buy the fuel for all diesel uses in the community
 - Other options?

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Current Status for Rural Alaska?

- The department has recommended the implementation of the national plan for the contiguous highway system and major communities on the marine highway system.
- The department requested additional time to address communities off the contiguous highway system.
- The department must recommend to EPA by June 13, 2003 an approach for the remaining communities.

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Balance?

- The department desires to balance energy costs with health costs.
- The department is seeking funds to identify potential health benefits and economic impacts.

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