

John Spano Opening Remarks
NYSERDA Biodiesel Forum – March 23, 2006
Mt. Kisco, New York

- On behalf of the New York State Clean Fueled Vehicles Council, I'd like to welcome you here today. I'd also like to thank Ruth Horton, Patrick Bolton and Dave McCabe at NYSERDA for coordinating this important forum that will provide us with a wealth of helpful information about biodiesel, and how we in State government will be using it to meet the requirements of Executive Order No. 142.
- As you all know, Governor Pataki signed EO 142 on November 21, 2005. The Order directs State agencies and authorities to diversify transportation, fuel and heating oil supplies through the use of bio-fuels in State vehicles and buildings.
- The Order has three main components – one dealing with ethanol; the second, with biodiesel; and the third, with bio-based heating fuels in State buildings. Executive Order No. 142 continues to move Governor Pataki's environmental initiatives forward in a dramatic way---by requiring State government to use biodiesel as a transportation fuel, as well as on the heating oil side.
- Under the terms of EO 142, State agencies and public authorities will be required to purchase and utilize bio-fuels for use in boilers, heating and cooling plants, and in their motor vehicle fleets.
- Beginning in calendar year 2007, at least 2 percent of fuels used in the State fleet must be biodiesel, with this percentage rising annually to 10 percent by 2012. For State vehicles, the percentage of diesel must be a blended equivalent which results in an overall consumption of B100 in the increasing annual percentages set forth in the Order.
- The Order also directs that biodiesel be used in State buildings in increasing annual percentages, and requires that by 2012, at least 5 percent of the heating fuel used in state buildings will be biodiesel. NYSERDA will be developing a plan to address this portion of the Order.
- On the vehicle side, you'll note that EO 142 contains a provision whereby agencies can substitute biodiesel usage for the alternative fueled vehicle requirements of Executive Order No. 111. Specifically, State agencies and other affected entities may substitute the use of 450 gallons of B100 for acquisition of one AFV. Use of 2,250 gallons of B20 or use of 9,000 gallons of B5 may

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also be substituted for one AFV. However, no more than 50% of a State agency fleet's AFV purchase requirements may be met by substituting B100, B20 or B5 in accordance with this Order.

- EO 142 also contains a waiver provision which basically states that because there has been limited on-road testing of biodiesel in the State's diesel vehicle fleet, it's possible that use of biodiesel in certain vehicles may have unacceptable impacts on the reliable and safe operation of the vehicles, or on the life cycle or warranted performance of certain critical components of such vehicles, and therefore may not be prudent.

- Accordingly, the requirements listed in the Order may be waived, either in whole or in part, by any State agency or authority if the agency commissioner or authority president finds that adherence to such requirement would have the unacceptable impacts that I mentioned a moment ago.

- Any waivers would be in effect no longer than necessary to address the condition, or for a maximum of 60 days from the issuance of the finding, whichever is less. The waivers could be extended for an additional period, with the approval of the president of NYSERDA, after consultation with the Commissioner of DEC.

- Continuing on --- the discussions today will have an educational focus -- we'll hear all the details about biodiesel – how it's used as a transportation fuel, as well as a heating fuel.

- Looking around the room, I'm pleased to see a diversified group that includes not only State agency and authorities, but also industry folks and others who have successfully used biodiesel for both their heating and transportation needs. This is very encouraging, and I feel confident that with all of us cooperatively together, we'll achieve the goals set forth in Executive Order 142.

- My remarks today will primarily address the requirements placed on the State fleet, and the steps that the Governor's Clean Fueled Vehicle Council is taking to ensure that biodiesel will be readily available for State vehicles.

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- I'll talk more about that in a few minutes, but first I'd like to give you a little background on how the Clean Fueled Vehicles Council came about, and what we've been doing to changeover the State fleet to alternative fueled vehicles.
- The State's clean fueled vehicles program was created in 1996 through Governor Pataki's 1.75 billion dollar Clean Water/Clean Air Bond Act.
- The program was created to address a growing awareness of the need to restore, preserve and protect the State's valuable environmental resources.
- Acquiring clean fueled vehicles was identified as an important step toward the immediate reduction of air pollutants; which in turn would help to ensure a clean environment for this and future generations.
- In addition, a compelling factor in the establishment of this program was the nationwide effort to reduce dependence on foreign sources of oil; we can certainly appreciate that this has become considerably more critical, in view of the events of 9/11.
- The program was charged with acquiring clean-fueled vehicles for State use, as well as testing and evaluating new technologies. To approach these responsibilities in a coordinated way, a Clean Fueled Vehicles Council was established in 1998, which includes a total of 18 State agencies, authorities and the State University of New York.
- The Council's first order of business was to develop a strategy to change over the State fleet to alternative fueled vehicles, and develop a comprehensive fueling infrastructure plan to accommodate them.
- The Council performed a detailed analysis of State agencies' five-year projections of AFV acquisition and infrastructure requirements, and came up with an overall statewide plan that would satisfy their needs.
- We adopted a "fuel neutral" approach, taking into consideration the attributes of all the various alternative fuels, and initially focused on compressed natural gas as the most feasible fuel at that time.

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- Through much hard work, we were able to quickly put a fueling infrastructure into place, and I'm proud to say that our network now includes 58 CNG stations across the state. It's very easy to travel from Long Island to Niagara Falls in a CNG vehicle.
- In 2003, we went took an important step to extend CNG availability beyond the State fleet – by entering into a partnership with a private vendor, Clean Energy Fuels, to take over some of our stations and open them to the public.
- You may know that State fueling sites are limited to serving State vehicles only. By having Clean Energy assume operation, the stations are now able to also service local governments, municipalities and the general public. Clean Energy currently operates 11 stations for us, with ten open to the public.
- The size of the state AFV fleet illustrates the Council's success in changing over the State fleet to AFVs. Back in 1995, New York State owned almost no clean fueled vehicles. Today, through dedication and hard work of the Council, we have nearly 5,500 AFVs in the State fleet. The current breakdown includes the following:

CNG	2,269
Electric	102
Ethanol (E85)	1,935
Hybrid	395
Propane	141
Hydrogen	2
Neighborhood Electric	831
- We've exceeded EPA's AFV acquisition requirements for eight consecutive years, we've won numerous awards and recognition, and the Department of Energy considers New York's clean fuel program to be a model for other states.
- It's remarkable that, New York State vehicles have displaced nearly 3.2 million gallons of petroleum over the past five years through use of CNG. CNG usage for 2005 alone was 761,388 gge. Of that quantity, 600,000 gge was dispensed at State-owned sites, and 38% of this volume was dispensed at the 11 Clean Energy stations.
- Currently, CNG usage at the State-operated stations is approximately 26,000 gge per month; and approximately 22,000 gge monthly at the Clean Energy sites.

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- In addition to our CNG station network, we also have six propane stations that the Department of Correctional Services operates at their facilities. DOCS considers propane vehicles to be ideal for perimeter patrols.
- The Council continues to investigate and test new technologies, and with the completion of the CNG station network, we are now turning our focus to incorporating clean, renewable fuels such as ethanol and biodiesel into the State fleet.
- We've already taken steps to add ethanol to our infrastructure network. In 2002, the Thruway Authority opened the first ethanol station out in Buffalo, and has since opened two additional stations in Newburgh and Nyack.
- Two more ethanol stations were recently constructed in Albany – one at the Harriman State Campus, which opened earlier this month, and another at the Thruway Authority's Exit 23 facility, which will open shortly. An additional station is planned for Exit 35 in Syracuse, to serve State flex-fuel vehicles. NYSERDA's funding assistance program helped put these four facilities into place.
- I'd like to give you just a few additional examples of the initiatives we've worked on to keep New York in its clean fuel leadership position.
- DOT's clean fueled snow plow truck project: DOT retrofitted 20 of their trucks with clean-burning engines, in a coordinated effort with NYSERDA, Baker Equipment and Bachman AFV. These trucks use a combination of 80% CNG and 20% diesel fuel.
- Over a seven-year period, each retrofitted truck is expected to emit 3,000 lbs. less nitrogen oxides and 90 lbs. less particulate matter---a reduction of 40% and 95%, respectively. The State can potentially save approximately \$2,800 annually per truck, and reduce diesel fuel use by an estimated 5,410 gallons per year, per truck through the use of these vehicles.
- NYSERDA has funded a number of alternative fuel projects through its grant program, including clean fueled bus initiatives with the Long Beach School District and the MTA Long Island Bus Company, and school bus retrofit initiatives with schools all across the state. They also provided assistance to OGS and DOT in developing our CNG infrastructure, and helped make placement of Clean Energy stations more cost-effective.
- They're also helped several fleets and fuel providers become acquainted with biodiesel. NYSERDA's funding of pilot projects with NOCO Energy, Mirabito Fuels, and SLA Transport demonstrated that biodeisel is a viable transportation fuel, and their support of a B20 heating fuel demonstration is proving that use of the fuel in the heating market has great potential.

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- In November 2004, the Council took a step into the future with American Honda. We're currently in the second year of our demonstration project with Honda to test the cold weather performance of two FCX hydrogen fuel cell vehicles. State agencies have been using the vehicles in their daily operations, and are helping Honda to assess how the vehicles are able to operate in the winters here in the Northeast. New York is the first customer in the U.S. to lease fuel cell vehicles for State operation, and is also the first to demonstrate the vehicles in the Northeast.
- NYSERDA is helping to create a "hydrogen roadmap" that will identify the steps needed to put a hydrogen infrastructure in place in New York, and to educate the public about hydrogen-related energy. They've partnered with RIT to create one of four new hydrogen technology learning centers in the country.
- As I mentioned earlier, the Council is already working together to ensure that biodiesel is readily available to our agencies and authorities.
- We'll be meeting very soon with the largest diesel user agencies to work on a plan that will give us a uniform approach on how we will purchase, allocate, distribute and use biodiesel in our fleet vehicles; and to ensure we choose a biodiesel blend that will yield the required percentages of B100 as called for in 142.
- As a point of reference, New York State agencies use a lot of diesel. In fact, EO 142 states that New York State agencies and authorities annually consume over 48 million gallons of diesel fuel, and 55 million gallons of heating oil.
- We'll also be meeting with the engine manufacturers, fuel producers and distributors to ensure we have a fuel specification in place that will be compatible with engine manufacturers' warranties.
- Later today, you will have the opportunity to ask OGS' procurement officers, Ed Lucier and Russ Patton, any questions you might have about the State contracting process for biodiesel.
- Once again, I appreciate your taking the time to be here today.
- It shows you are really hearing Governor Pataki's message that New York will continue to stay in the forefront of clean fuel technology...and this work we're all doing now on bio-fuels sets the tone for others to follow in this direction.

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- Using renewable fuels really makes a lot of sense – it benefits the State economically as well as environmentally. With all of us working together, we will successfully meet the goals of Executive Order No. 142 to promote agricultural growth, environmental improvement, and energy diversity throughout the State.

- Thank you, and enjoy the rest of the forum.

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