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ExxonMobil
Refining & Supply

November 29, 2010

Environmental Quality Board
Rachel Carson State Office Building
400 Market Street
16th Floor
Harrisburg, PA 17101

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ENVIRONMENTAL QUALITY BOARD

Re: Proposed Rulemaking
25 PA. Code CHS. 121, 123,139
Commercial Fuel Oil Sulfur Limits for Combustion Units

Dear Sirs,

ExxonMobil Downstream Refining and Supply Company, (ExxonMobil) appreciates the opportunity to provide comment on the Proposed Rulemaking "Commercial Fuel Oil Sulfur Limits for Combustion Units" 40 Pa. B. 5456. ExxonMobil is a major supplier of transportation fuels, heating fuels, and lubricants to our customers in Pennsylvania and the contiguous states in the Northeast and Mid-Atlantic States.

ExxonMobil supports the overarching concept of the proposal from the Environmental Quality Board, EQB, to reduce Sulfur limits in commercial fuels. However, the scope of the limits proposed by the EQB and the deadline for compliance has the potential to disrupt the supply for these essential products with little incremental environmental benefit.

The petroleum industry has consistently commented to regulating agencies that significant changes to fuels specifications must allow sufficient lead time to allow refiners and supply infra-structure to make the changes needed to meet the requirements. Under the "Compliance Costs" section of the proposal, the EQB states that the refining industry has the technical capacity to implement this program because motor fuels have had Sulfur limits for many years. This ignores the reality that design, permitting, construction and startup of the equipment to reduce sulfur levels in fuels remains a lengthy process. Refineries that supply heating fuels to Pennsylvania may have to add further capacity for additional sulfur reduction. This additional process equipment construction will take time.

ExxonMobil also suggests that the EQB consider an averaging, banking and trading program that could provide refinery flexibility. This would allow a refiner to average a compliant sulfur content batch of heating oil against a batch that has a slightly higher / barely non-compliant batch. The pipeline distribution systems transport products to and within Pennsylvania such as jet fuel, which has a significantly higher Sulfur content. Sequential pipeline movements of heating oil and jet fuels may result in interface that can not be blended into the jet fuel or the heating oil. A Sulfur limitation phased in over several years similar to the New Jersey rule will allow these pipeline systems and distribution terminals to adjust their facilities and operations to ensure the most efficient operations

ExxonMobil supports a reduction in the Sulfur limit for heating oil when this mandate is phased in over an appropriate time period. New Jersey has chosen to take a two step approach by lowering the fuel oil Sulfur limits for #2 fuel oil (home heating oil) to 500 PPM Sulfur by July 1, 2014 with a second step reduction to 15 PPM Sulfur by July 1, 2016. Heavier fuels, #4, #5, #6 Fuels, have Sulfur limit reductions similar to the EQB proposal but timed to coincide with the 2014 deadline for #2 fuel in New Jersey.

In summary, ExxonMobil does support a reduction in sulfur content of home heating oils (#2 fuel) where it is justified, but this change must be made over an appropriate time period. The phase in period similar to that already adopted in New Jersey would provide for regional fuel delivery consistency and security while meeting the State's desire to reduce sulfur emissions from these important products.

ExxonMobil supports the comments provided by the Associated Petroleum Industries of Pennsylvania and the American Petroleum Institute.

Sincerely,



Dan J. Horton

State Regulations Advisor