

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEES ON SANITATION AND SOLID WASTE MANAGEMENT
AND ENVIRONMENTAL PROTECTION

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January 30, 2013
Start: 1:28 p.m.
Recess: 4:45 p.m.

HELD AT: 250 Broadway
Committee Room, 14th Floor

B E F O R E:

JAMES F. GENNARO
LETITIA JAMES
Chairpersons

COUNCIL MEMBERS:

Maria del Carmen Arroyo
G. Oliver Koppell
Brad Lander
Michael C. Nelson
Peter F. Vallone, Jr.

A P P E A R A N C E S (CONTINUED)

Michael Gilsenan
Assistant Commissioner, Bureau of Environmental
Compliance
New York City Department of Environmental Protection

Geraldine Kelpin
Director of Air and Noise Enforcement and Policy
New York City Department of Environmental Protection

Keith Kerman
Deputy Commissioner and Chief Fleet Officer
Department of Citywide Administrative Services

Rocco DiRico
Deputy Commissioner of Support Services
Department of Sanitation

Shane Terblanche
General Manager, Hybrid Drive Systems Division
Parker Hannifin Corporation

Steven Levy
Sprague Resources

Ray Albrecht
Technical Representative
National Biodiesel Board

Scott Hedderich
Director, Corporate Affairs
Renewable Energy Group

Dehran Duckworth
Tri-State Biodiesel

Isabelle Silverman
Senior Attorney
Environmental Defense Fund

CHAIRPERSON GENNARO: Sergeant, we still off the record? Okay. I don't want to commence yet, I just want use this sort of...

[Pause]

SERGEANT-AT-ARMS: You can start.

CHAIRPERSON GENNARO: Okay. So we're on now, right? Good afternoon, pleasure to have everyone here today. My name is Councilman Jim Gennaro, Chair of the Committee on Environmental Protection. We're joined by the Committee on Sanitation and Solid Waste Management, chaired by my good colleague, Tish James, I'm a proud member of that committee. So two committees coming at you today, get ready, okay?

Today the Committee on Environmental Protection, the Committee on Sanitation and Solid Waste Management will hold an oversight hearing on Local Law 77 and the fleet emissions reduction laws, and there's a whole host of bills that we did in that regard in 2005, plus the status of PlaNYC's goal to further the use of biodiesel in the City's fleet. The fleet emission reduction laws, which I previously referenced, are

Local Laws 38, 39, 40, 41, and 42, all from 2005, as well as the first law I mentioned, Local Law 77, of 2003.

In 2003 and 2005, the Council passed and the mayor signed into law six pieces of legislation pertaining to cleaning emissions from various sectors of various vehicle fleets that operate in the city. In 2003, Local Law 77, which called for the use of ULSD fuel and the Best Available Retrofit Technology, B-A-R-T, BART, to reduce particulate and other pollutants by non-road vehicles in City construction, became law, that was Local Law 77 in 2003.

In 2005, Local Laws 38, which required the City to purchase cleaner vehicles; 39, which aimed to reduce pollution from the City's diesel fleet; Local Law 40, which would reduce pollution from City vehicles transporting waste and recycling; Local Law 41, which aimed to reduce emissions from the site seeing buses; and Local Law 42, which required ULSD and BART on school buses all passed. And, among other things, each of these bills contains reporting requirements regarding its implementation.

1
2 This hearing will include oversight
3 regarding the data that has been reported back to
4 the Council from the City regarding these bills.
5 There's been some back and forth between the
6 Council and DEP regarding these bills and we
7 received a letter the other day, we were happy to
8 get that. So we've got a little bit of a
9 conversation going on compliance with these bills.

10 In addition, we'll also hear from
11 the administration regarding its efforts to meet
12 its stated goal, which we applaud, under PlaNYC to
13 increase the use of biofuels in the City's fleet.
14 The City's been a real leader on that, we've done
15 bio with the fleet, we've done with the heating
16 oil in the city, and we're very pleased what the
17 administration has done so far with, you know,
18 biofuels and where, under PlaNYC the Bloomberg
19 Administration wants to take the city in that
20 regard, so we want to hear more about that.
21 That's the second, that's kind of like the other
22 part of the hearing.

23 And I'm going to bring on Council
24 Member James in a moment to give her opening
25 statement. We're joined, of course, by

1
2 Chairperson James, by Council Members Koppell and
3 Arroyo and Nelson and Vallone. We're happy to
4 have them with us. And I'd like to thank the
5 staff that helped--the staff of both committees
6 that put together this hearing and working with
7 people from the administration to get this hearing
8 together. We didn't precisely have sort of like
9 the two week's notice that we normally do for
10 hearings, so we very appreciate that the
11 administration, you know, was able to get this
12 hearing together, you know, with us in short
13 order.

14 But usually when it has to do with
15 things relating to the environment, we just say
16 environment and the Bloomberg Administration comes
17 running, which we, you know, really appreciate.
18 We've had a great partnership over the years, I
19 just want to, you know, reference the fact that
20 this came together quickly and we thank the
21 administration for that.

22 So without further ado, I'd like to
23 bring on my co-chair for today's hearing,
24 Chairperson James, and listen to her good opening
25 statement.

CHAIRPERSON JAMES: Thank you.

CHAIRPERSON GENNARO: Chairperson James.

CHAIRPERSON JAMES: Thank you.

Good afternoon, and thank all of you for attending today's hearing of the Committees on Environmental Protection and Sanitation, I am Letitia James, Chair of the Committee on Sanitation and Solid Waste Management. We have just been joined by my very good friend, Council Member Brad Lander from the great borough of Brooklyn. I'd like to thank my co-chair, Jim Gennaro, and his staff for sharing the opportunity to join in today's hearing.

As most of you know, issues related to climate change and air quality are often debated at the national, and even international, level, but as New Yorkers, we also know that the rubber meets the proverbial road at the local level. We can see this point illustrated both in positive and negative terms.

On the negative side, we all know the profound impacts that Superstorm Sandy had on our city and region. We also know that asthma

1
2 rates continue to disproportionately impact inner-
3 city youth. And, as most of you know, I've been a
4 leader with respect to addressing asthma rates in
5 the city of New York.

6 On the positive side, however, we
7 as a city actually have levers of power that we
8 can control to address our city's carbon footprint
9 and air quality. A significant number of you also
10 know that in downtown Brooklyn, an area that I
11 represent, we are in violation of the Clean Air
12 Act and I have been outspoken with respect to
13 improving the air quality in downtown Brooklyn.

14 The legislation that we are
15 reviewing at today's hearing serves as an example
16 of specific action we can take at the local level
17 to impact climate change and air quality. Local
18 Law 77 of 2003 and Local Laws 38, 39, 40, 41, and
19 42 of 2005 affect a range of factors, including
20 improving the fuel efficiency of the City's fleet
21 of cars, retrofitting engines to reduce
22 particulate matter and other pollution, and
23 burning cleaner fuels in diesel vehicles,
24 including school buses and waste hauling trucks.

25 From the perspective of the

1 Department of Sanitation, the vast majority of our
2 waste is trucked out of the city from transfer
3 stations that, unfortunately, are primarily
4 located in low-income communities. As a result,
5 the trucks that carry our waste out of the city
6 and the emissions they generate have a meaningful
7 impact on those neighborhoods, I would argue an
8 adverse impact on those neighborhoods.
9

10 I believe that it is our obligation
11 to mitigate the negative impacts of these trucks
12 as a way to move past the legacy of injustice
13 caused by our solid waste management system. And
14 I do believe it is worth noting that DOS has made
15 more important strides forward.

16 Last year, Commissioner Dougherty
17 testified that 100% of the agency's fleet utilizes
18 advanced technology engines, including hybrid
19 propulsion, CNG, and pure electric, with more than
20 2,000 of Department of Sanitation trucks which
21 travel on literally every single street in this
22 city to collect waste from every single
23 residential building. Progress on this front is
24 significant. I'd like to use today's hearing to
25 learn more specifics about changes to the DSNY

truck fleet.

In conclusion, I look forward to hearing from the administration on the progress we've made with respect to these bills and how, if at all, we continue to improve our air quality and emissions portfolio going forward.

And let me just apologize, as you all know, you see I'm struggling with my voice and struggling with a very, very bad cold, some say it's worse. I don't want to contaminate my colleagues or staff and so at some point in time I'm going to have to excuse myself, otherwise I will be coughing all throughout this hearing. But I thank God it's being recorded and I can always check in.

Thank you, Mr. Chair.

CHAIRPERSON GENNARO: Thank you, Chair James. Just you made mention of the Sanitation fleet, as it has not gone unnoticed by this committee of all the awards that the Department of Sanitation has gotten with regard to EPA and others on all the wonderful things that they've done with their fleet. So that is certainly duly noted.

1
2 yeah, yeah, yeah, yeah. And he got the memo
3 regarding the green shirt, so good for you, Brad.
4 Green hearing, green shirt, green clothing, we
5 like that.

6 CHAIRPERSON JAMES: Oh, I didn't
7 get that memo.

8 CHAIRPERSON GENNARO: Green sheet,
9 whatever this is, right, Committee? Okay. It's a
10 green sheet, it says green sheet on it, and
11 certainly it's a green sheet, there you go.

12 Okay. Let me get down to business.
13 So from the administration, we have DEP Assistant
14 Commissioner Michael Gilsenan, it's a pleasure to
15 see you, Mike. We have Mike's colleague, Gerry
16 Kelpin, always a pleasure to see Gerry. Rocco
17 DiRico from Sanitation--

18 CHAIRPERSON JAMES: It's a great
19 name.

20 CHAIRPERSON GENNARO: Yeah, just
21 absolutely. And from DCAS, I apologize, I can't--
22 is it Kenneth T something?

23 KEITH KERMAN: Keith Kerman.

24 CHAIRPERSON GENNARO: Pardon?

25 KEITH KERMAN: Keith Kerman.

CHAIRPERSON GENNARO: Oh, Kerman,
K-E-R-M-A-N, okay, great. Okay, I got that. And
as is the practice in this committee, I'll call
upon the counsel to the committee to swear in this
panel and the other panels that will come before
us today. I welcome you all for being here. And
after the panel is duly sworn--

[background noise]

CHAIRPERSON GENNARO: --going to
testify on behalf of the administration can state
your name for the record and those people who are
on the panel, and then proceed with your good
testimony. And I will make a note to staff that I
don't have the testimony of this panel, so if
there's testimony floating around from this panel...
Oh, here it is, right in front of me, sorry about
that. Thank you, Chair James. And so I'll ask
Samara to swear the panel, then you can proceed.
Thank you.

SAMARA SWANSTON: Please raise your
right hands. Do you swear or affirm to tell the
truth, the whole truth, and nothing but the truth
today?

[Off mic]

CHAIRPERSON GENNARO: Great. Thank you, thank you, and, once again, welcome, and please proceed.

MICHAEL GILSENAN: Good afternoon. Is it on? There we go.

CHAIRPERSON GENNARO: Yeah, you got to talk right into it.

MICHAEL GILSENAN: I got it. Good afternoon, Chairwoman James, Chairman Gennaro and members, I am Michael Gilsenan, Assistant Commissioner of the Bureau of Environmental Compliance in the New York City Department of Environmental Protection. Thank you for the opportunity to testify today at this oversight hearing on New York City's clean fleet laws. I am joined today by Geraldine Kelpin, Director of Air and Noise Enforcement and Policy at DEP; Keith Kerman, Deputy Commissioner and the City's Chief Fleet Officer in the Department of Citywide Administrative Services; and Rocco DiRico, Deputy Commissioner of the Support Services in the Department of Sanitation.

Before beginning my testimony, I'd like to take a moment to recognize the leadership

1 that these committees have shown on air quality
2 and sustainability issues over the past decade.
3 Beginning with the passage of Local Law 77 in
4 2003, the Council has put forward a series of
5 successful legislations to improve the
6 environmental performance of the City's fleet,
7 which has set the bar for municipalities across
8 the country.
9

10 In 2007, with the release of
11 PlaNYC, Mayor Bloomberg built on these past
12 efforts by setting the ambitious goal of making
13 our air quality the cleanest of any major city in
14 the U.S. PlaNYC included initiative to retrofit
15 and replace older vehicles, rightsize vehicles,
16 and pilot the use of cleaner fuels and
17 technologies in the City's fleet. In my testimony
18 this afternoon, I will detail the City's efforts
19 to comply with the clean fleet laws that this
20 Council shaped and to implement the PlaNYC
21 initiatives which, together, have made our
22 municipal fleet the greenest in the United States.

23 The Bloomberg Administration is
24 firmly committed to pursuing strategies to make
25 existing diesel engines cleaner through the use of

Ultra Low Sulfur fuel and installation of emission and control devices. City agency fleet managers are committed to aggressively pursuing emission reduction strategies for their diesel fleets through use the Best Available Control Technology, BACT, the use of cleaner burning diesel engines, and purchasing the lowest emitting vehicles with the highest fuel economy.

In addition, DEP, as part of the revisions to the air code, is proposing stricter standards on the City fleet, including increasing the fuel economy percentages, requiring use of biodiesel, and requiring that vehicles that cannot install retrofit technology after receiving a three-year waiver must retire that vehicle from service or select or purchase another vehicle that can meet emission standards.

New York City operates one of the greenest, most sustainable fleets in the country and continues to invest each year in technologies to reduce emissions. The local laws under review today have greatly advanced this effort. In the City's fleet, there are 24,958 vehicles; of these, 10,100, or 40%, utilize some type of alternative

fuel or technology, with thousands of vehicles employing more than one emissions-reducing approach. From FY '11 to FY '12, the City reduced total fuel use for these fleets by 11%, from 30.8 million gallons to 27.5 million.

Local Law 38 requires the City to procure the most fuel-efficient vehicles available for light and medium duty for the least 95%--for at least 95% of new non-emergency procurements. The City reports regularly on this in the Mayor's Management Report as required and exceeded the target in FY '11 and FY '12 with 98% compliance each year, and as is the case in most years since the law's implementation. Since the law was passed, the City has purchased over 5,600 vehicles in compliance with the law. The City now operates 4,693 hybrid gas-electric light-duty fleet vehicles, one of the largest hybrid fleets in the United States.

Based on the manufacturer listed miles per gallon, we have improved fuel economy for our newly procured light and medium-duty fleets by 18%. Actual fuel economy for our City vehicles is even better. A study by the

1
2 Department of Parks and Recreation found that
3 actual fuel economy for its City-owned hybrid
4 sedans and SUVs was more than 50% better with the
5 non-hybrid versions. DPR and the New York Police
6 Department operate modern fuel tracking systems to
7 monitor and report on fuel use by car, driver, and
8 site. The City is now installing these units at
9 all other agency fuel sites.

10 We are now taking the next steps to
11 advance from a hybrid electric fleet to a plug-in
12 electric fleet. The City currently operates 448
13 plug-in vehicles, including 100 GM Volts, one of
14 the largest Volt fleets in the country. These
15 vehicles do have small backup tanks, gas tanks.
16 We also operate over 200 smaller GEM electric
17 transport vehicles, mostly at DPR.

18 This month, the City registered its
19 first citywide requirements contract for a full
20 use-all electric compact sedan--the Ford Focus EV.
21 We will receive the first Focus EV sedans this
22 spring and will soon add a medium-sized EV to the
23 contract. The City currently operates over 100
24 electric charging stations at City-owned garage
25 and parking facilities citywide.

We are also rightsizing and downsizing fleet units wherever possible through our Clean Fleet Transition Plan. For example, we rightsized 125 Ford 250s or 350 pickups, replacing them with smaller Ford Ranger or F150 units. These smaller vehicles are more fuel efficient and are able to fulfill our operational needs. We are currently downsizing 22 utility vehicles to sedans at Department of Sanitation, which will further reduce emissions. Working with our Clean Fleet Transition Plan, NYPD has also made a substantial investment in alternative fuel vehicles and currently operates over 1,000 hybrids. Finally, we recently completed a fleet reduction over 400 light-duty vehicles.

Local Laws 39 and 77 require that retrofitting of City on-road and off-road diesel equipment, respectively, with best available technology, BAT, to reduce emissions. Technological solutions to tailpipe emissions include: Diesel oxidation catalysts, DOCs, which are essentially exhaust mufflers; diesel particulate filters, DPFs, which require--which capture harmful particulate matter; and selective

1 catalytic reductions, SCRs, which adds fluid to
2 the DPF units to further capture nitrogen oxide
3 emissions.
4

5 DEP monitors seat [phonetic] fleet
6 compliance with these laws and annual reports as
7 required. Since 2007, federal law has required
8 BAT for newly manufactured vehicles. The City
9 currently operates 5,656 fleet vehicles that are
10 governed by Local Law 39. Of these, 95% are now
11 in compliance, including 1,788 retrofits completed
12 by City agencies. The only vehicles remaining are
13 270 in the Department of Sanitation that are
14 currently being retrofitted or assessed for
15 salvage.

16 The City owns or leases 911 off-
17 road vehicles that are governed by Local Law 77.
18 Of these, 825, or 91%, are in compliance, with 86
19 remaining--mostly highly specialized equipment
20 pieces at the Department of Transportation. In
21 addition, contractors for the Department of Design
22 and Construction use 297 off-road leased vehicles,
23 of which 186 remain to be retrofitted. DDC has
24 improved its compliance from 18%, 47 of 266
25 vehicles, in FY '11 to 37%, or 111 of 297, and

continues to focus on resolving the remaining issues.

Local Law 77 is the only clean fleet legislation that affects contractors who perform construction work for City agencies. As a result, compliance with Local Law 77 has proven to be more challenging compared to the other clean fleet bills. Local Law 77 requires that any diesel-powered off-road vehicle used by City--used by the City use Ultra Low Sulfur Diesel. As mentioned, it also requires these vehicles to be retrofitted with an emissions control device to reduce the release of harmful pollutants. Federal regulations required Ultra Low Sulfur Diesel in on-road diesel vehicles by July 1st, 2006, and in off-road diesel vehicles by 2010.

To meet these nationwide requirements, DEP and other City agencies have worked to improve air quality by going beyond the emission requirements in Local Law 77. DPR, DSNY, and DOT, the Department of Corrections, and DEP have been using Ultra Low Sulfur Diesel alone and in combination with biodiesel blends and emission control devices well in advance of the effective

1
2 dates of Local Law 77. DEP as a voluntary measure
3 has been using this fuel, and these devices at the
4 Croton water filtration plant construction site.

5 The City has now achieved 91%
6 compliance for the City off-road fleet and is
7 working to resolve contractor issues. While we
8 have remaining work to do, the City has made major
9 strides towards full compliance, despite
10 challenging implementation barriers. Unlike for
11 on-road vehicles, it took time for the industry to
12 standardize best available emission control
13 equipment for off-road vehicles and the process
14 necessary to comply with this Local Law. This
15 industry delay, in turn, caused delays in the
16 implementation of the law's measures. As
17 technology improves and the universe of devices
18 increases, there have been fewer operational
19 issues with implementing this law and more
20 agencies are coming into compliance. The
21 contracting aspect of Local Law 77 is also unique
22 as it is often difficult to know the type of BAT
23 that is needed and then ensure that the contract
24 adequately provides for the funding needed to
25 allow for the appropriate best available

technology to be installed.

While both Local Laws 39 and 77 require the use of Ultra Low Sulfur Diesel, New York City is also a national leader in using biodiesel. We operate 9,074 diesel fleet vehicles in total, including emergency vehicles which are not governed by these Local Laws. We currently use biodiesel blends in 68% of the fleet and over 6,100 vehicles. The City is on track to use more than 10 million gallons of biodiesel blends for City vehicles in fiscal year 2013. The blends are B5 or B20, that is 5 or 20% biodiesel respectively.

We have also piloted B50 and B100 at the Department of Parks and Recreation. The percent of the diesel fleet that is blended continues to rise and is now at 73%. We anticipate increasing this further in 2014 with the expanded use of B20 blends starting in April 2013. Currently, biodiesel is used for all diesel equipment, except for emergency service and selected off-road vehicles due to design or warranty issues. In 2011, New York City, in recognition primarily of the efforts of DPR and

DSNY, received national recognition for its leadership in biodiesel implementation from the National Biodiesel Board.

The City is also investing in hybrid diesel electric technology in addition to its major investment in hybrid gas technology.

DSNY is continuing to test heavy-duty hybrid electric technology on its refuse fleet.

Currently in service are five second-generation HEV trucks with promising results. In addition, DSNY is currently operating 17 second-generation hybrid hydraulic refuse trucks, with 28 more expected in 2013. Results of this technology are under review.

Through DSNY's efforts we have invested in 43 heavy-duty trucks that operate Eaton hybrid systems, mostly at DSNY, DPR, and DOT. In fact, these trucks combined use of hybrid diesel-electric technology with the biodiesel and selective catalytic reduction at the tailpipe to reduce fleet emissions with multiple technologies. Also, all medium and heavy-duty trucks purchased from 2010 utilize selective catalytic reduction to reduce NOx, NOx.

Finally, the City also operates three compressed natural gas stations, two at DPR and one at DSNY. These stations support 128 CNG vehicles at these two agencies. In addition, last year, the Department of Sanitation, in collaboration with General Motors and Shell Oil Company, completed a one-year pilot program that successfully determined that hydrogen-powered vehicles are a viable future option for zero emission transportation if costs come down.

So with respect to Local Law 38, we have exceeded the goal of purchasing 95% of the City's fleet in the lowest polluting class by both purchasing over 98% of the fleet and meeting the mandated 15% increase in fuel economy for light-duty vehicles in FY '11.

Our success can also be measured by Local Law 39. As of FY '12, 95% of all City-owned and operated diesel-powered vehicles greater than 8,500 pounds, such as garbage collection trucks and DEP's trucks fleet, use ULSD and BAT to reduce pollutants.

Local Law 38 of 2005 requires the Sanitation, the Department of Sanitation to

1
2 conduct an evaluation of alternative fuel street
3 sweeping vehicles. The department has
4 discontinued the evaluation pilot study of
5 compressed natural gas sweepers because no
6 manufacturer makes a CNG engine of the size needed
7 for the Department of Sanitation street sweepers
8 that meets the EPA 2010 air emission standard for
9 NOx. Further, the Department of Sanitation found
10 that CNG sweepers no longer offer substantial
11 benefits compared to new clean diesel sleepers.

12 Local Laws 40, 41, and 42 were also
13 passed in 2005. Similar to Local Laws 38 and 39,
14 the aggressive work performed by the Department of
15 Sanitation, the Department of Consumer Affairs,
16 and the Department of Education, with the
17 assistance of the Department of Environmental
18 Protection, has resulted in substantial compliance
19 with the mandates of each law. Local Law 40 of
20 2005 requires that all solid waste and recyclable
21 materials--material contractors meet the stringent
22 2007 U.S. EPA emission standards or utilize BART
23 for all diesel fuel-powered motor vehicles and
24 meet the phase-in requirements of 2004 EPA rules
25 for new diesel fuel-powered off-road vehicles used

in the performance of such contracts, which operate primarily within the New York City. For 2012, all of the Department of Sanitation solid waste and recyclable materials contractors complied with this mandate.

Local Law 41 requires all City-licensed sightseeing buses to use ULSD to reduce pollutants. In addition, to the lower emissions of harmful pollutants, these vehicles must install emission reduction devices. As of FY '11, 100% of the required vehicles use Best Available Retrofit Technology. Also, all diesel vehicles are powered by ULSD.

Local Law 42 required that by September 1, 2006, certain general education diesel fuel-powered school buses be powered by ULSD. In addition, Local Law 42 required that by September 1st, 2007, all of the school buses must use Best Available Retrofit Technology to reduce emissions. As of FY '11, DOE, the Department of Education, was using ULSD for their fleet of school buses in vehicles manufactured after 2001. DOE is also going beyond the scope of the requirements of the legislation to reduce the

emission of pollutants from Type C and D general education school buses by retrofitting special education buses with BART. Of DOE's total fleet, 96% are using emission control devices, with 43% using the best available device.

The Department of Sanitation's clean fleet program involves acquiring new clean diesel trucks as the fleet turns over and retrofitting its pre-2007 fleet with new emission control equipment, Best Available Retrofit Technology, as required by Local Law 39. Overall, diesel fleet emissions to date have been reduced by approximately 85% for particulate matter and by greater than 50% for nitrogen oxides compared with levels in 2005. The Department of Sanitation uses ULSD exclusively with 5% biodiesel content across its entire fleet, which achieves even greater emissions reductions and has installed BART devices, such as particulate filters on most of its pre-2007 trucks. Currently, approximately 90% of the Department of Sanitation's on-road diesel fleet is equipped with BART or has factory installed controls, meeting the stringent 2007 and 2010 EPA emission standards. Of the remaining

1 approximately 400 vehicles, about one-third are
2 slated to be replaced within the next year with
3 clean diesel models with factory installed
4 controls, therefore, retrofits are not required.
5 The remaining trucks are not standard rear-loading
6 collection vehicles or street sweepers, but have
7 specialized uses and are more complex to retrofit.
8 They are currently being evaluated for appropriate
9 retrofits as per the latest BART rules.
10

11 Lastly, with regard to Local Law
12 77, the Department of Sanitation has equipped 98%
13 of its off-road fleet with BART. The meaning five
14 units, small skid-steers, could be made compliant
15 with diesel oxidation catalysts.

16 New York City's fleet has made
17 enormous progress in reducing fuel use and its
18 emissions impact. The City is recognized
19 nationwide among both private and public fleet
20 operators as a leader in fleet sustainability.
21 Working together with the City Council, all the
22 major fleet agencies, the Office of Management and
23 Budget, the Mayor's Office of Operations, and
24 Long-Term Planning and Sustainability,
25 intergovernmental partners, including the New York

Power Authority, Clean Cities, and the EPA, and our vehicle equipment and fuel suppliers, we continue to pursue additional sustainable approaches on multiple fronts.

Thank you for the opportunity to testify. We'd be glad to answer any questions. Thank you.

CHAIRPERSON GENNARO: Thank you, Mike. Thanks for your statement and all the work it took on behalf of the administration to bring all this information together. And for more detailed submission that was sent to Speaker Quinn and myself, I guess a week ago, January 23rd, where some of this was gone over, and we got that response from Carter Strickland directly.

And I made some notes as I went through your statement, I think I'll start there in terms of questions. Might just chat with Council for a second.

I just wanted to give my colleagues a chance to go first before I get going, you know? And with regard to, Commissioner, on page three, you were saying how the Parks department and the police department are--well let me kind of give

1 place for like the retrofit thing, you know? I
2 mean, perhaps we can refresh some of these laws,
3 and maybe add in biodiesel like mandates rather
4 than like policies or somehow bring up the kinds
5 of, you know, technologies that we think might
6 work forward. And so basically we want to create
7 a lot of work for the next administration to do,
8 you know? And so wouldn't that be nice to do as
9 we're leaving, you know.

11 And so laws that relate to air
12 quality or whatever have to be refreshed. And I
13 was happy to be able to work on the City's first
14 round of--or its first Clean Air law regarding
15 vehicles, which was, I think 1991, and so the 2005
16 laws were kind of like the successor to like the
17 1991 law. And so as time goes on, we want to
18 update, so any kinds of inspirations that this
19 panel or other panels may have to give the Council
20 some idea as to how we can refresh some of these
21 laws would be greatly appreciated.

22 But so that's like the overview of
23 where we want to go with the hearing and with
24 these laws, perhaps they need to be updated.

25 With regard to the top of page

1 three, you talked about these modern fuel tracking
2 systems to monitor or report on fuel use by car--
3 I'm reading--driver, and site. It seems like the
4 City has gotten some utility out of this and is
5 now installing these units at all other agency
6 fuel sites. You know, it sounds intriguing, why
7 don't you just tell me a little bit more about
8 that? And I'm also asking staff to pay close
9 attention to things that we may want to require
10 the City to do in sort of future legislations
11 there. So do you want to just tell me a little
12 bit about that? It seems to make a big deal.

14 MICHAEL GILSENAN: Okay. Keith
15 will answer that question, but just--

16 CHAIRPERSON GENNARO: Sure.

17 MICHAEL GILSENAN: --getting back
18 to your overarching statement, as you know, we're
19 planning to redo the air code, so a lot of what
20 you were stating, we're planning to do in the air
21 code. So we're looking forward to working again--

22 CHAIRPERSON GENNARO: Yeah.

23 MICHAEL GILSENAN: --with you and--
24 [Crosstalk]

25 CHAIRPERSON GENNARO: [Interposing]

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That would be a great partnership--

MICHAEL GILSENAN: Right.

CHAIRPERSON GENNARO: --we could
clearly--

MICHAEL GILSENAN: Right. Just so-
-

CHAIRPERSON GENNARO: --you know,
do it there, we've already had a preliminary
meeting on that, it went into a host of different
areas and--

MICHAEL GILSENAN: [Interposing]
But just so you know, we're thinking on this--

CHAIRPERSON GENNARO: Yeah, sure--

MICHAEL GILSENAN: --along the same
lines.

CHAIRPERSON GENNARO: --sure, sure,
sure, yeah, just we make the next guys work hard,
yeah, I'm certainly for that, yep.

MICHAEL GILSENAN: Thank you. I'll
let Keith--

CHAIRPERSON GENNARO: Sure.

MICHAEL GILSENAN: --answer your
second--

[Crosstalk]

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CHAIRPERSON GENNARO: [Interposing]

Sure, and if he--

[Crosstalk]

KEITH KERMAN: [Interposing] Sure,

Keith Kerman--

CHAIRPERSON GENNARO: --your name

for the record before you--

KEITH KERMAN: --Keith Kerman and

the City's Chief Fleet Officer--

CHAIRPERSON GENNARO: Sure.

KEITH KERMAN: --at DCAS.. So the

City operates 200 in-ground fueling sites that we

own for City official vehicles. And this is an

infrastructure that was incredibly important

during Sandy, 'cause it was a reliable source of

fuel for emergency vehicles and for the heavy

equipment out of Sanitation, DEP, Parks.

CHAIRPERSON GENNARO: Just try to

speak up a little bit and right into the mic--

KEITH KERMAN: Sure.

CHAIRPERSON GENNARO: --so

everybody can hear, yeah.

KEITH KERMAN: And so at Parks and

police--and I spent a long time at the Parks

department before moving to DCAS--we had installed these automated fuel tracking units, and it's basically a terminal that you put up at every fuel site and it's something called a CANceiver, which actually goes into the vehicle or car and it allows you to track fuel use in a very granular way every day, real-time. So a truck, you know, in the olden days, a truck goes up to a fuel site, there is a pad and paper, someone fills out to get some gas, they put in the nozzle, if they have to type in the mileage and odometer, if they type that wrong, you get bad information, it's a manual process. We have no kind of real good metrics about what's going on. With these systems, it's all automated, truck rolls up, you put in your pin number, the CANceiver will automatically deliver the information about the odometer reading for the car, engine information about the car, utilization of the car, automatic information, driver doesn't do anything. All that engine and computer information goes straight into the fuel terminal and straight into the City's information base. It allows for real kind of day-to-day tracking of actual fuel economy. You know, we mentioned in

1 the testimony, so to give an example in Parks, you
2 know, usually when you talk about fuel economy,
3 and in the Local Laws, you work by listed
4 manufacturer kind what's on the sticker, but
5 what's on the sticker is never reality. You know,
6 when they do sticker miles per gallon, it doesn't
7 take into account where that vehicle operates, is
8 it city, is it off-road, weather, air
9 conditioning, heating, stop-and-go.
10

11 So we are finding through--you
12 know, and we did this analysis at Parks--that with
13 the hybrid technology, when you really study it,
14 the hybrids are actually better than their listed
15 rate, which was an interesting, you know... They
16 weren't, you know, kind of thinking about the
17 investment of whether this all made sense. In
18 fact, we were getting 50 to 100% fuel economy.
19 When we actually looked what really happened in
20 the City's fleet applications with all the things
21 that really go on, they were a better solution
22 than what we listed in the MMR at 18%. But we
23 only knew that 'cause we put in this investment.

24 So we are rolling these out,
25 they're already operating at 70 of the 200 fueling

1 sites, we already have a capital program moving
2 forward, a contract that should be done within a
3 month, and by the end of the year, this will be
4 universal.

5
6 It will also do another thing which
7 was very helpful at Sandy, it will allow anybody
8 who operates an official vehicle to fuel up easily
9 at any of the City's fueling sites. So any agency
10 will be able to recognize any car in the 27,000
11 City vehicles, reimburse them, you know, get some
12 reimbursement. So it'll create fuel share so
13 basically the--

14 [Crosstalk]

15 CHAIRPERSON GENNARO: [Interposing]
16 Right, and that's a real savings right there
17 because rather than to go all the way back to
18 Borough X and you're in borough Y, you can fill up
19 there and everything is--

20 KEITH KERMAN: [Interposing]
21 Absolutely, right.

22 CHAIRPERSON GENNARO: --everything
23 comes out in the wash.

24 KEITH KERMAN: You know, and this
25 is true for anyone who operates an official

1 vehicle. Agencies will have some restricted
2 hours--

3 CHAIRPERSON GENNARO: Right.

4 KEITH KERMAN: --so based on when
5 they fuel there. But, basically, the 200 sites,
6 which now really are for each agency
7 independently--

8 CHAIRPERSON GENNARO: Right.

9 KEITH KERMAN: --by the end of the
10 year, that should be kind of a fuel shared
11 universal fueling program for City government.

12 CHAIRPERSON GENNARO: And this is a
13 system that pays for itself in short order because
14 of all the efficiencies that you're able to build
15 in as a result of this--

16 [Crosstalk]

17 KEITH KERMAN: [Interposing] In a
18 year. Parks and police have documented
19 substantial reductions in fuel use through this
20 introduction, and it really allows us to manage
21 this resource. It's a--

22 CHAIRPERSON GENNARO: Right.

23 MICHAEL GILSENAN: --\$100 million
24 expenditure a year for the City of New York and
25

1
2 this gives us, you know, an ability in real-time
3 with the really good information to manage it. So
4 we've seen tremendous success, I mean, it's pretty
5 easy to study--

6 [background noise]

7 KEITH KERMAN: --you know you're
8 using less fuel, and the bills are going down,
9 which absolutely is happening, and then that's why
10 we're rolling it out.

11 CHAIRPERSON GENNARO: Right. Thank
12 you. And further on down the page on page three,
13 third paragraph, working with the Clean Fleet
14 Transition Plan, NYPD has also made a substantial
15 investment in alternative fuel vehicles and
16 currently operates over 1,000 hybrids. And I
17 think this is important to note 'cause, as I
18 recall, I'm not sure that NYPD vehicles were even
19 part of the law, right? Is that--

20 KEITH KERMAN: The NYPD is not
21 required--

22 CHAIRPERSON GENNARO: Right.

23 KEITH KERMAN: --as part of the
24 laws, nor is the fire department or the sheriff's
25 office to introduce these technologies.

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CHAIRPERSON GENNARO: Right.

KEITH KERMAN: In respect to, you know, there's a higher bar of assessment before you put these into a law enforcement application.

CHAIRPERSON GENNARO: [Interposing]
Sure, of course.

KEITH KERMAN: That said, the police has been incredible--obviously, with the Department of Sanitation, with--

CHAIRPERSON GENNARO: Yeah.

KEITH KERMAN: --Parks, with DEP, an incredibly aggressive implementer of these so--

CHAIRPERSON GENNARO: [Interposing]
Right, I just wanted to kind of note that that PD technically was not covered by--

[Crosstalk]

KEITH KERMAN: [Interposing] Well they've been--

CHAIRPERSON GENNARO: --law.

KEITH KERMAN: --doing it because they want to do that--

CHAIRPERSON GENNARO: Right.

KEITH KERMAN: --and the leadership at the--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]

I just thought it was a good thing to recognize. Now getting to Local Law 77, which is the oldest of all the laws that we're talking about, it mentions here in the statement that the compliance has gone from 18% in FY '11 to 37% and, you know, this is almost a decade down the road, and you mentioned some of the issues in coming into compliance with that. But I just want to hear a little more about what are the obstacles that so many years down the road we seem to be grappling with here.

KEITH KERMAN: Well let me clarify.

So for the City fleet, the City-owned and leased fleet, when City employees operate, we've actually now reached 89%. And we've made a lot of progress since the fiscal year--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]

Wait, no, no, this is very specifically about the off-road leased vehicles. So, yeah, we're not talking about the ones owned by the city.

KEITH KERMAN: Right. Actually,

1
2 what you're referring to is a very specific
3 smaller fleet that is operated by the Department
4 of Design and Construction so there is about 297
5 vehicles that are contractor construction leases
6 for DDC, that's what you're--

7 CHAIRPERSON GENNARO: Right.

8 KEITH KERMAN: --referring to and
9 you know, they are--those are all--

10 [Crosstalk]

11 CHAIRPERSON GENNARO: [Interposing]
12 This is what the law what was seeking to get at or
13 does get at in addition to those vehicles that are
14 owned by the City directly.

15 KEITH KERMAN: Absolutely.

16 CHAIRPERSON GENNARO: Right.

17 KEITH KERMAN: So they have made
18 progress--DDC is making progress on it, you know,
19 these are off-road units used by the construction
20 vendors, they are absolutely behind it. And I
21 don't know if Gerry--

22 CHAIRPERSON GENNARO: [Interposing]
23 Yes, I'm happy to let anybody who wants to speak
24 to that. And, again, not being someone who does
25 this for a living, I don't do contracting or

1
2 whatever, but I mean if that becomes part of the--
3 I mean, from sort of like the simple man's view of
4 the world is that if this is like a contract spec,
5 it's a contract spec and... I mean, unless there
6 is something in the law that, you know, gives sort
7 of like an opt-out clause if it's too much or if
8 it's an emergency or costs too much or something.
9 But, you know, I think with someone like myself,
10 it just says well this is a contract spec and this
11 is what the vendor wants to do if he wants the
12 job, and if he can't put in the gizmo, then the
13 guy that puts the gizmo gets the job, and so I'm
14 trying to wrap my head around this.

15 GERALDINE KELPIN: And for these
16 specific--

17 CHAIRPERSON GENNARO: [Interposing]
18 Yeah, and, Gerry, if you can just state your name
19 for the record.

20 GERALDINE KELPIN: I'm sorry,
21 Geraldine Kelpin, DEP. One of the things we've
22 had trouble with with these contracts, you know,
23 are the fact that they are the street contracts,
24 so the type of equipment that comes in, moves
25 around all over the city. And there were some

early issues with whether or not the 20-day exception, you know, implied in there, the contracts or if the--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
What's the 20-day exception, what is that?

GERALDINE KELPIN: If the equipment is only going to be used at a site for 20 days, it doesn't have to be retrofitted.

CHAIRPERSON GENNARO: That's in the law presumably. Or--

GERALDINE KELPIN: It is--

CHAIRPERSON GENNARO: --like in the rules pursuant to the--

GERALDINE KELPIN: --no, it's in the law, it is--

CHAIRPERSON GENNARO: It's in the law, okay.

GERALDINE KELPIN: --an exception in the law. Early on, this was misinterpreted, so it took us a little while to get that straightened out, and a lot of the contracts are let for more than one year so they--in renewing them, we had these issues with the cost was not properly

1
2 assessed on all of them. Some of the equipment
3 was--I'm sorry, some of these contracts were like
4 five year--let for, you know, a number of years.

5 CHAIRPERSON GENNARO: Right.

6 GERALDINE KELPIN: So--

7 CHAIRPERSON GENNARO: You're like
8 in the middle of a contract.

9 GERALDINE KELPIN: Right. So we
10 had some issues with whether they should be
11 retrofitted or not. So what we finally did was we
12 started to work very closely with DDC and their
13 contractors to educate them and to get the
14 equipment when they could retrofitted before they
15 came on site. Part of it is that they did these
16 contracts and they're not sure exactly what's
17 going to be used so it's hard to predict the cost
18 and the retrofit. So we've gone through, now that
19 we're better at it because of this timeframe, we
20 are on a much faster track to have the equipment
21 either retrofitted, or actually it's now available
22 with retrofits on it because we've been doing this
23 for awhile. So we are seeing, you know, more of
24 it come into play, and we expect that these
25 numbers to jump, you know, dramatically in the

1
2 next year.

3 You know, the other issue is there
4 is a little bit of a time delay on these contracts
5 because the projects change, new contracts come
6 in, so, depending on where we are exactly in the
7 year, some stuff may be in process so it doesn't
8 show up here as being done yet.

9 CHAIRPERSON GENNARO: Yeah, but I
10 think my--in the, you know, general concept is if
11 there is some real problem with like the
12 workability of the law, I mean, we don't want to
13 be unreasonable and if we need opt-out clauses or
14 whatever... I just think that we have to do better
15 at getting compliance, and if they're good
16 practical contracting and other kinds of reasons
17 why Local Law 77 couldn't be realized in full, I
18 mean, I think there is a--I mean, I'd be--would've
19 been open to reasonable tweaks or some kind of
20 exceptions. But, you know, just to--and that
21 would always be preferable than the law not being
22 like fully complied with. I mean, we want to do
23 what's possible, but we don't want to ask people
24 to do the impossible. It just seems like this is
25 sort of like a pretty low compliance number for a

1
2 year, particularly when these are people that are
3 taking our--you know, that we're letting contracts
4 to, right? I mean, it's just the City pays a lot
5 in contracts and I just think there is...

6 So why don't we--I mean, I think we
7 have to put Local Law 77 or this aspect of it
8 that's slow to come along on some sort of, you
9 know, on like some sort of like monitoring track,
10 staff, you know. And so, I mean, we'd like to ask
11 you to sort of more fully document like the
12 problems that you're having with Local Law 77 and
13 check in with us in six months. I think that
14 seems fair, you know.

15 And, otherwise, just like the whole
16 purpose of the law, it's just, you know, like the
17 trucks are going to come--you know, we're just
18 going to get into a new era where like all the
19 trucks have this kind of retro--or they're meeting
20 a certain standard or this is something so we got
21 to--

22 GERALDINE KELPIN: [Interposing]
23 And one of the change--I'm sorry--one of the
24 changes that we definitely--well we tried to do is
25 actually Local Law 77 never--'cause at the time,

the EPA's standards for off-road weren't quite in place yet. So if you recall, in the 2005 versions, there was a provision--

CHAIRPERSON GENNARO: [Interposing]
I can't recall 2005, it was like--

[Crosstalk]

GERALDINE KELPIN: [Interposing]
I'll just remind you then. In the 2005 laws, there was a provision to say that it could be equivalent to the EPA standards, to the most current EPA standard, where they--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
That was in 2005.

GERALDINE KELPIN: For 2005, but it wasn't put into the 77.

CHAIRPERSON GENNARO: Right.

GERALDINE KELPIN: At the time.
And we've now sort of allowed, through a rulemaking, the recognition that off-road that's compliant with the more stringent EPA doesn't have to retrofit, so that's helped with new vehicles coming in.

But you're right, one of the issues

1
2 that we had early on with 77 was there was no
3 really period to allow--it was always presumed
4 that these vehicles could be retrofitted prior to
5 their coming to the site--

6 CHAIRPERSON GENNARO: Right.

7 GERALDINE KELPIN: --and we found
8 that that actually was not a practical approach.
9 So we tried to work with it, but, you're right,
10 the legislation we should have thought about, you
11 know, modifying the legislation to give that time,
12 you know--

13 CHAIRPERSON GENNARO: [Interposing]
14 Yeah, I mean, that--

15 GERALDINE KELPIN: --early on so
16 that--

17 [Crosstalk]

18 CHAIRPERSON GENNARO: --that's
19 something that we do because, I mean, we write the
20 laws and, again, we write them from our ivory
21 tower and the people from the administration that
22 negotiate these laws are, in some degree, you
23 know, in kind of like an ivory tower situation
24 also, and so sometimes the things that are
25 conceived that--that get conceived in the ivory

1 tower don't work out like on the site, you know.
2 And so, yeah, I mean, again, I don't think anybody
3 has issues with sort of like the environmental
4 posture of the Bloomberg Administration, like, are
5 you kidding me. You know, it's a wonderful record
6 of accomplishment.
7

8 But, you know, a law's a law so we
9 got to figure out either how to work in good faith
10 to get it complied with or just change it so that
11 it works a little better, and that would have been
12 fine with me.

13 GERALDINE KELPIN: Well and we're
14 proposing some ways of tweaking it, or that we
15 want the Council to consider, but we certainly
16 will look at, you know, these contracts because in
17 the other agencies, we've been able to sort of
18 handle it so we've--we're looking with DCAS on--

19 [Crosstalk]

20 CHAIRPERSON GENNARO: Right, right.

21 GERALDINE KELPIN: --DDC on ways to
22 do this.

23 CHAIRPERSON GENNARO: That's fine.

24 [Crosstalk]

25 CHAIRPERSON GENNARO: I mean, you

1
2 have full license from me to go to DDC and say
3 like the Council passed this law, and, by the way,
4 like they really mean it, you know what I mean?
5 So you can tell them that, you could tell them
6 that, you can--

7 GERALDINE KELPIN: [Interposing]

8 That's how we got the first jump--

9 [Crosstalk]

10 CHAIRPERSON GENNARO: [Interposing]

11 We should have put that in the first law that we
12 really--

13 GERALDINE KELPIN: [Interposing] We
14 actually did send the letter something to that
15 saying DEP would be enforcing against the
16 contractors, and that's how we got the bump up.
17 So we're--

18 CHAIRPERSON GENNARO: [Interposing]

19 That's fine, yeah, I have no problem--

20 [Crosstalk]

21 CHAIRPERSON GENNARO: --with DEP
22 flexing on people, I--

23 GERALDINE KELPIN: [Interposing] I
24 think there are some new mechanisms in place where
25 we will see pretty quickly a much higher degree of

compliance.

CHAIRPERSON GENNARO: Fine. So again, this is--I'm just giving a note to counsel, so let the record reflect that they're going to go back and, you know, that is the administration, and they're going to report to us in six months on how it's going, and, hopefully, the rate of compliance will go up. But we really either want it complied with or changed, you know, we're not unreasonable, we've done so much stuff together, went to it--we're not unreasonable.

And so that was the tough part of the hearing that we just did, so that's, you know... That wasn't too bad, you know? Yeah, what's that?

COUNCIL MEMBER LANDER: I was--

[Crosstalk]

COUNCIL MEMBER LANDER: --in the hall, I missed the tough part of the--

[Crosstalk]

CHAIRPERSON GENNARO: Oh, Brad, you missed the whole--yeah, yeah, yeah, yeah. Oh, I was--

COUNCIL MEMBER LANDER: Wild.

CHAIRPERSON GENNARO: Yeah, let's

1 tell Brad that I was banging--

2 [Crosstalk]

3 COUNCIL MEMBER LANDER: --on the
4 table.

5 CHAIRPERSON GENNARO: Yeah, I was
6 banging my fist, I took my jacket off, yeah, I
7 stood up, no--

8 [Crosstalk]

9 CHAIRPERSON GENNARO: It was, yeah,
10 it was, yeah. You missed the whole thing, you
11 missed it.

12 And I made a... Now and on page five
13 of the statement, third paragraph, the
14 administration kind of opens the door to talking
15 about Local Laws 39 and 77 regarding the use of
16 ULSD, which is kind of like old hat now. And then
17 the administration opens the door to talking about
18 it is being a national leader in using biodiesel,
19 which is, you know, really terrific. And it talks
20 about B5, B20, and so on, and there have been
21 pilots of B50 and B100. And it's been wonderful
22 to see everything that the administration has done
23 with biodiesel, none of which was legislated,
24 right? This is all just you see an environmental
25

1
2 opportunity, you want to make it happen, B5 and so
3 one agency says I'll see you B5 and I'll raise you
4 to B20, and so someone says B50, and someone says,
5 no, like B100, and I'm waiting for the guy who
6 wants to do like B150, so that would be
7 interesting. And there is no B150, you know, so I
8 [off mic].

9 So one thing that we're, you know,
10 that I'm thinking about as chair to is to see what
11 we can do to legislate if it makes sense kind of
12 some sort of mandate for biodiesel with truck
13 fleets. I mean, 'cause we can't guarantee that
14 future administrations are going to have the same
15 love affair with biofuels that this administration
16 has. I mean, how do we know? And the Bloomberg
17 Administration is a very green administration, and
18 I would suspect that future administrations would
19 also be very green, but I think it's important
20 that we perhaps do something here, and this is
21 what I'm thinking in terms of refreshing some of
22 these laws that were once upon a time in early or
23 mid last decade we were talking about ULSD, you
24 know, I think we're in like biodiesel world now.

25 And, you know, you don't

1 necessarily have to comment on what we may do here
2 to try to crystallize this to some kind of
3 statute, but I think it's fair to say that we're
4 going to be talking about that and I think you're
5 going to see that coming. If anybody wants to
6 comment on that, you're fine to do that. Or you
7 could put it in the context of what kind of good
8 experience you've had with it and then you don't
9 have to get yourself in the hot water by saying,
10 you know, you went to some hearing and then you
11 told the chairman to do X, Y, and Z and now he's
12 going to go do it and, you know, what are you
13 doing. So--

14
15 KEITH KERMAN: [Interposing] Not an
16 area we'd get in hot water, I'm sure--

17 [Crosstalk]

18 KEITH KERMAN: --I'm sure there are
19 other areas we could get ourselves in trouble,
20 but--

21 CHAIRPERSON GENNARO: Right.

22 KEITH KERMAN: --biodiesel for--

23 CHAIRPERSON GENNARO: Okay.

24 KEITH KERMAN: --fleet's not one of
25 them. So, yeah, so the City--

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CHAIRPERSON GENNARO: [Interposing]

Yeah, tell me a little more about like the good experience of biofuels.

KEITH KERMAN: Sure, and, of course, it should be mentioned that you were also recognized by the National Biodiesel Board, not just the Department of Sanitation and Parks.

CHAIRPERSON GENNARO: But they're just recognizing that they knew who I was, they just said, like--

[Crosstalk]

CHAIRPERSON GENNARO: --who is this guy, yes, we know him; but in you, they made a whole big thing, so that's all.

KEITH KERMAN: [Interposing] I remember them calling out your name--

CHAIRPERSON GENNARO: Okay, all right.

KEITH KERMAN: --very generously so--

[Crosstalk]

KEITH KERMAN: All right, so the City has been using biodiesel in fleets now for about seven years, the two agencies that led this

were the Parks department and Department of Sanitation, which is why they let us--

CHAIRPERSON GENNARO: Right.

KEITH KERMAN: --come up and sit and talk to you today. So Parks and Sanitation used Biodiesel 5 basically as an exclusive fuel, and still do. So B5 was for many years, the Sanitation, Parks exclusive fuel. It is now the exclusive fuel for all public works fleets in the city, so DOT, DEP, the Department of Corrections, which is also not governed by these laws.

CHAIRPERSON GENNARO: Right.

KEITH KERMAN: Sanitation, Parks use only B5. We are working on the emergency services front, again, there's a higher bar of caution--

CHAIRPERSON GENNARO: Right.

KEITH KERMAN: --there, but we are working with the fire department and the police department to introduce in whole or part B5 as well into their fleets and to make sure--and we're going through the kind of more technical assessment to make sure that there is not going to be any negative impact to fire trucks and the ESU

trucks.

In addition--and this has gone for a while now--in addition, Biodiesel 20, which is really the highest level of biodiesel use that manufacture--vehicle manufactures will warranty. So when we started this seven, eight years ago, vehicle manufacturers warranties--

CHAIRPERSON GENNARO: [Interposing]
Were not going to B20.

KEITH KERMAN: They were not necessarily going to B5.

CHAIRPERSON GENNARO: Right.

KEITH KERMAN: But we've seen an enormous change, 70% of all the vehicle manufacturers now will warranty B20, many of them advertise, Ford now advertises the new Ford diesel pickup trucks have a B20 logo right on the side--

CHAIRPERSON GENNARO: Right.

[Crosstalk]

CHAIRPERSON GENNARO: And, of course, the B20 has to meet all the various specs and all that and the whole thing--

[Crosstalk]

KEITH KERMAN: [Interposing] Sure,

absolutely, and their quality control--

CHAIRPERSON GENNARO: Right.

KEITH KERMAN: --that are part of the City specs for the contracts. So we've been using B20, it's the exclusive fuel of the Parks department, Sanitation, and Rocky have been using it extensively in the Sanitation fleets, and our intention is to go this April to a public works mandate eight months a year to B20. So we would become eight months a year B20, and then in the winter--'cause biodiesel--

CHAIRPERSON GENNARO: Right.

KEITH KERMAN: --does have, as you know, some cold impacts, we would go to B5. And so that's the program, it's a very aggressive program. We meet regularly with the National Biodiesel Board and a lot of the suppliers, and I know Sprague is here today. This is about as aggressive as anybody in the country is doing, but the product works. We've been running it in trucks every single day to the tune of thousands of trucks for six, seven years. If anything, the vehicles run better and cleaner on this product, and it's not just cleaner at the tailpipe, but EPA

1
2 rates this at 57% in terms of greenhouse gas
3 reduction so you're getting that benefit. And at
4 most, you're talking about a penny per gallon,
5 you're also talking about something that is cost
6 neutral.

7 So it's a great approach, we've had
8 great success with it, and we're certainly open to
9 institutionalizing it through your--

10 CHAIRPERSON GENNARO: [Interposing]
11 Yeah, and that would be great and, just as a side
12 note to staff, we're looking at every kind of way
13 that we can come up with to meet the 2007 climate
14 protection greenhouse gas reduction of 30% in the
15 City government sector by 2017, 30% in the city
16 overall by 2030 and it looks like we can do some
17 pretty impressive greenhouse gas reduction numbers
18 by doing this. So not only do we have to get this
19 done from like a clean air point of view, but we
20 have a real mandate that we have to get done in
21 terms of greenhouse gas reduction. Overall, this
22 looks like an excellent way to do that, so a note
23 to staff, we should work with the administration
24 to come up with something that we can reduce to
25 law. And it's nothing wrong with writing a law

that just kind of like memorializes or legislatively institutionalizes good efforts of an administration, and that should certainly carry forward. And policy is great, but sometimes law can be better, you know? So that's a wonderful report.

If I could just ask Mr. DiRico to talk about 'cause I think your agency has the most number of trucks on the road and to speak to the performance of the fuel, you know, any kind of cold weather issues or, you know. But I take you as a great authority on this and you probably have, you know--

ROCCO DIRICO: Sure.

CHAIRPERSON GENNARO: --you're one of the biggest fleet managers in the country that uses this and EPA is not giving you Clean Air awards for nothing, and so--

ROCCO DIRICO: Well we appreciate--

[Crosstalk]

CHAIRPERSON GENNARO: --just a few
[off mic] just try to--

ROCCO DIRICO: Okay.

CHAIRPERSON GENNARO: --give us an

overall view of how this has gone at the
Department of Sanitation.

ROCCO DIRICO: Sure. And, of
course, in our case, yes, as Keith mentioned,
we've been doing this for quite some times, for
many years, B5 citywide for six or seven years.
Not a hiccough, not one hiccough--

CHAIRPERSON GENNARO: [Interposing]
I would just--

ROCCO DIRICO: I'm sorry.

CHAIRPERSON GENNARO: --momentarily
distracted.

ROCCO DIRICO: Okay. So we've been
doing this for quite a while, yes, five, six,
seven years citywide, B5 minimum. Have had
absolutely nothing in the way of performance
issues or storage issues or shelf-life or... We've
also tested B20 in very cold, obviously, cold
weather applications, we have a lot, as you
probably know, we have a lot of vehicles, some of
our Community Board districts are outside parking--
-

CHAIRPERSON GENNARO: Yes.

ROCCO DIRICO: --exclusively. And

1 we've gone through a couple of winters, really bad
2 winters--well last year wasn't so bad, but a
3 couple of years back, and we've been able to
4 sustain perfect performance, no issues whatsoever.
5 Manufacturers are very supportive, frontline and
6 otherwise. I'm anxious to move on to a citywide
7 application of B20, can't happen soon enough for
8 me. You know, it's cleaner, obviously you get the
9 greenhouse gas reduction, we're in favor of it,
10 and we'd love to see it, you know, become law.
11 I'm sure there are some obstacles that we might
12 face as we pursue executing the law, but whatever
13 they may be, collectively, I'm sure we could
14 overcome them. There is absolutely no reason not
15 to pursue it.

16
17 So I've actually even tested B50
18 but a very, very limited basis.

19 CHAIRPERSON GENNARO: Right.

20 ROCCO DIRICO: So, yeah, we're
21 completely embracing it, B20 in particular.

22 CHAIRPERSON GENNARO: Right.

23 ROCCO DIRICO: Mack corporate
24 initially, just to echo what Keith had said
25 earlier, early on, I mean, as you know, we have

about 4,000 heavy-duty vehicles, many of them Mack trucks, early on, they wanted input from us, they were afraid of bio.

CHAIRPERSON GENNARO: Right.

ROCCO DIRICO: So we did some partnership testing and the B5 went off without a hitch and then the B20 went off--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
Oh, I see, so you got the manufacturer and you're like a laboratory--

ROCCO DIRICO: Absolutely.

CHAIRPERSON GENNARO: --and they said I'll tell you what, I mean we haven't spec this engine for B20, but--

[Crosstalk]

CHAIRPERSON GENNARO: --we'll give you a pass on like the warranties and everything else if you'll use it and then like this information will flow back to the company and then like you'll be sort of like a testing entity for--

ROCCO DIRICO: Yes, yeah.

CHAIRPERSON GENNARO: --Mack. And in exchange, you're going outside like the

warranty parameters and they gave you permission to do so.

ROCCO DIRICO: Exactly--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]

So it was a mutually beneficial thing.

ROCCO DIRICO: It was a collaboration, yes, it went great. And, in fact, Mack truck is owned by Volvo AB, as you may well now, we may--

[Crosstalk]

CHAIRPERSON GENNARO: No, no.

ROCCO DIRICO: Volvo AB is a worldwide company. Volvo had to embrace it as well because they're Europe--you know, they're based in Europe and they readily embraced it as well. So there was some obstacles, we thought there were going to be some obstacles because of the size of Mack and the size of Volvo and it was--it went without a hitch so...

CHAIRPERSON GENNARO: Well the size of New York City, there's something to be said for our fleet and how we do things, and so--

ROCCO DIRICO: [Interposing] And we

1 still have about, I think, 20, 18 to 20 districts
2 that have--the majority of their parking is
3 outdoors, and sometimes by the water, as you know.
4 I mean, those conditions have, you know, pretty
5 abrasive and we've had no problems. So by all
6 means, you know, we applaud it and we'd like to
7 move ahead.

8
9 CHAIRPERSON GENNARO: Great, great,
10 that's wonderful to hear and many of the good
11 ideas we come up with at the Council are just, you
12 know, are just to affirm good things that the
13 administration is doing, and I think that's always
14 a good idea to do that. Thank you, thank you.

15 ROCCO DIRICO: You're welcome.

16 CHAIRPERSON GENNARO: And--

17 COUNCIL MEMBER LEVIN: Mr.

18 Chairman--

19 [Off mic]

20 CHAIRPERSON GENNARO: Oh, yes, of
21 course, yeah, let me--

22 CHAIRPERSON JAMES: Levin.

23 CHAIRPERSON GENNARO: --give an
24 opportunity, let me just--

25 [Crosstalk]

1

2

MALE VOICE: --just go first?

3

CHAIRPERSON GENNARO: Well--

4

[Off mic]

5

CHAIRPERSON GENNARO: Okay. So

6

we're--

7

[Crosstalk]

8

MALE VOICE: Brad has to go first.

9

CHAIRPERSON GENNARO: --we have a

10

situation where Council Member Levin asked first,

11

but he wants Brad Lander to go first so this is

12

all like the courteousness and, like the gentleman

13

from the other part of Brooklyn, the gentleman--

14

this is like we don't use a, you know... You're on

15

the congress like the gentleman from so-and-so

16

that whatever and... So people are--

17

COUNCIL MEMBER LANDER: Deferred.

18

CHAIRPERSON GENNARO: --yeah,

19

deferring so--

20

[Crosstalk]

21

COUNCIL MEMBER LANDER: Brooklyn, I

22

don't know--

23

[Crosstalk]

24

CHAIRPERSON GENNARO: --and so I'm

25

happy to recognize Council Member Lander for a

1
2 question or questions, to be followed by Council
3 Member Levin. I just have to step out for a
4 moment anyway, then I'll finish up my questioning
5 when Steve and Brad are done. So I recognize
6 Council Member Lander.

7 COUNCIL MEMBER LANDER: Thank you
8 very much to the chairman and to the gentleman
9 from Greenpoint. Now I'm tempted really to ask
10 for the video of the downsizing of the 22 utility
11 vehicles to sedans at the Department of
12 Sanitation, I don't know if you like a big
13 crushing machine that smashes this anyway... But I
14 won't ask for that video.

15 What I really want to do is ask a
16 little bit about what we're learning about plug-
17 ins and what that might mean more broadly, not
18 just for the fleet, but for the City since,
19 obviously, a lot of the questions related to
20 having the infrastructure needed for City vehicles
21 to be able to do that would also be what would
22 make it possible for more New Yorkers to consider
23 these vehicles. And as cost starts to come down,
24 technology improves, and the infrastructure is
25 figured out, you know, I guess it seems to me

1 that, in many ways, the jury is still out. You
2 know, Jim talked about the--the chair talked about
3 the ways in which we're making some of these great
4 transformations and I think it's wonderful. And
5 so to the fuel used I think as we look even
6 further forward, hopefully, we'll be at a point
7 where we've got a lot more electric powered
8 vehicles, and now you guys probably have one of
9 the bigger programs in thinking about how they
10 work and what infrastructure is needed. So I
11 wonder if you can just tell us a little how that
12 is going; what you see as the opportunities for
13 this city; and also, to the extent that you can
14 start to build on those lessons and think forward
15 to what the City would have to do to be a electric
16 car friendly city for consumers and, hopefully,
17 build upon kind of what the City has done to start
18 imagining what the network would look like, I
19 would love to hear that.
20

21 KEITH KERMAN: Sure. Okay. So the
22 City operates 500 plug-ins right now, and we
23 mentioned that in the testimony--

24 COUNCIL MEMBER LANDER: Right--

25 [Crosstalk]

1
2 KEITH KERMAN: About 300 of them
3 are actually unlimited use vehicles, they are
4 licensed but they're the GEM electric carts that
5 you see in parks, they have that bubble, they're
6 safe, they're quiet, but you're not going to see
7 those on the streets, you're going to see those
8 off-road. The most substantial kind of on-street
9 fleet is we invested in 100 GM Volts, which are
10 plug-in vehicles, but they do have a gas assist,
11 and, you know, that's one of the largest fleets,
12 it actually was the second largest fleet in the
13 United States of Volts, second only to General
14 Electric, but if you follow the press, the U.S.
15 military is now going to have the largest
16 operating Volt fleet in the country.

17 Our experience with the Volt has
18 been very positive. You know, they've been a very
19 reliable car, we have not had safety issues.
20 They're operating in multiple agencies--
21 Sanitation, Parks, DOT, as well as the police
22 department in certain applications. One thing
23 about the Volt, though, and you do have to have
24 chargers for the Volts. You know, if you've been
25 on the east drive of Central Park, you know we

1
2 have three chargers right on 59th Street that are
3 in public view and it's a nice, kind of, early
4 public viewing of what chargers out would look
5 like, and I recommend you all, next time you're on
6 the east drive going in the park, just take a look
7 to the right and you'll see three charging
8 stations.

9 One thing about the Volt which is
10 true though is that you do have to manage the
11 utilization. It is possible to run the Volt as a
12 pretty expensive gas vehicle. If you're not
13 utilizing the electric and if you get a little
14 bit, you know, off focused, you're not going to
15 achieve the miles per gallon. So in some of the
16 Volts, we're getting 100 plus miles per gallon,
17 it's basically an electric car and it's great.
18 But there are some Volts that we need--we are
19 working and we're managing this, but where we're
20 not getting the same miles per gallon because the
21 consistency of charging isn't the same.

22 One thing that is kind of exciting
23 that just happened, we've just registered in the
24 last week the first requirement contract for an
25 all-electric, no gas, Ford Focus EV, which is a

1 compact sedan, it's a small car, but it is all
2 electric, it's rated about, I think about 70 miles
3 per gallon on range, and that is the first full-
4 use all-electric vehicle that will be a general
5 vehicle for the City fleet. Very soon we'll have
6 two more options--we'll have a midsize and a
7 larger size sedan options.
8

9 One thing I'll tell you is there
10 isn't a very viable SUV option yet. We are
11 trying. The Toyota RAV4 has a very early rollout,
12 we're getting a sample to kind of drive and test
13 and we hope--we're working on finalizing a
14 contract to have a sample from Toyota very soon.

15 COUNCIL MEMBER LANDER: Maybe we
16 could have a Council test drive--

17 [Crosstalk]

18 KEITH KERMAN: [Interposing]
19 Absolutely, and please come to the Parks
20 department, you know, the City runs a fleet show
21 every May at Flushing Meadow Park and we show out
22 all that stuff and you can get in and drive along,
23 and if we forget where you are, you can just take
24 the car. The benefit of not owning them yet.

25 So but that's limited in

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availability, so we're starting with the sedans--

COUNCIL MEMBER LANDER: Yeah.

KEITH KERMAN: --where we're starting to see some viable models, we have our first contracts rolling out and a first contract in place, we should have more. I mean, in terms of the larger issues, you know, there is kind of an economy of scale issue on chargers.

COUNCIL MEMBER LANDER: Yeah.

KEITH KERMAN: You know, we have 100 operating chargers right now within the city, we are rolling out another 20 to support this additional EV rollout. These are not open to the public and, because of the nature of city sites, it's hard to do that. You know, there's been a lot of interest, why can't we open them up to the public as well, but it's hard to kind of have general fueling at a Sanitation garage or at a firehouse. That's just not really a viable option.

And there is range issues, you know? You have 70-mile range before you have to plug in and a plug in can take three to eight hours, depending on the charger. So, you know--

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COUNCIL MEMBER LANDER:

[Interposing] Are there compatibility issues as well in terms of a charger only charging certain kinds of these vehicles and other vehicles, or is there relatively decent standard for...?

KEITH KERMAN: There is Level 1, 2, and 3 chargers, so only a very small number of EVs can do what's called fast charging, which could be, you know--and even fast charging might be 30 minutes so it's not like you're going to a gas station and you're in and out in a couple minutes. But 1 and 2 chargers, the normal charging for a 120 or a 220 outlet--or 110 or 220 outlet is going to take you three to eight hours. And so, depending on your fleet application, if you're using a vehicle, like most people do, and you're going 40 or 50 miles a day and then you're not going to use it night, it's perfect. But if you need a vehicle two shifts a day, so in Sanitation or police, where you have multiple shifts every day, an EV is not going to work because that second shift is not going to be able to use that car.

COUNCIL MEMBER LANDER: Right.

1
2 KEITH KERMAN: So we are still in
3 the early stages so we can find applications and
4 we can find locations to charge. If we try and go
5 to a much broader electric rollout, if we want to
6 go from hundreds to thousands, then there are
7 going to be two issues: The speed of the charge,
8 the--well three issues--the range, you know, and
9 how many miles we can get and the more range, the
10 more operational capacity to use them; the speed
11 of the charge, the quicker the charge, the more
12 operational capacity to use them; and then it's
13 the infrastructure. You know, right now, we are
14 not doing major capital projects to install the
15 chargers. The chargers cost maybe 1,500, \$2,000.
16 City electricians install them, it takes a few
17 hours. If you went to thousands of units, then
18 you would have to be doing major capital projects
19 where you're really building large infrastructure
20 of charging, so that would be another challenge.

21 COUNCIL MEMBER LANDER: So I mean,
22 it's one thing I would like to think about
23 exploring--this is sort of in the same vein as the
24 chair talked about, sort of what we're going to
25 try to get done between now and the end of the

1 administration and with the hope and assumption
2 the next administration is just as enthusiastic,
3 but without certainty, we're not going to build
4 out a big infrastructure of chargers between now
5 and December, but I wonder if it might not be a
6 bad idea to do some study or plan for how we
7 should start to think about the public
8 infrastructure of charging and how that relates to
9 parking and how that relates to Bike Share and how
10 that relates to where the light poles are. So let
11 me maybe actually ask the Council, maybe I could
12 LS, or go ahead and put it in, but I guess I'd
13 like to LS a study, some kind of planning study
14 that starts to think through the infrastructure of
15 charging for the City's fleet, but also for the
16 city's users. And if you guys could think about
17 whether by Local Law or just as something that you
18 are thinking about that now that we've got some
19 experience and are building on it, we could take
20 advantage of the opportunity before the end of the
21 administration to look long-term toward what it
22 will take to get us more fully to electric to
23 plug-ins and electric.

24
25 So thank you very much. Thank you,

again, to the chair and to my colleague for the time.

CHAIRPERSON GENNARO: Thank you, Council Member Lander. I recognize Council Member Levin.

COUNCIL MEMBER LEVIN: Thank you very much, Mr. Chairman, and thank you all for coming in today and for your testimony and for all of your hard work and your collaboration with this committee and with the chairman and the Council on all of these efforts and initiatives.

Actually, I want to ask a little bit about biodiesel. I represent Greenpoint, which is the home of one of the larger biodiesel producers in the city, which Metro Fuel. And they've had--it hasn't been an easy go for them, it's been they did a lot of capital upgrades to be able to produce, and it hasn't been immensely profitable for them because, I think, of all the capital upgrades coupled with a warm winter last year--'cause they do a lot of home heating oil. I'm wondering--and so that just kind of put the issue on my radar.

I just wanted to ask a little bit

1
2 about sourcing. So is the biodiesel production
3 that City fleets are using, is that being sourced
4 from New York City, is it being produced in New
5 York City? And then I wanted to ask a follow-up
6 about maybe some of the materials that it's being
7 derived from.

8 CHAIRPERSON GENNARO: Yeah, and
9 also, if I could, I just want to jump in and
10 indicate that we're going to have people from the
11 industry who are can also speak to this question,
12 so this may be a question we may even want to
13 repeat to the National Biodiesel Board they'll
14 have additional insight as well. So I wanted to
15 let the NBB people be very mindful of Council
16 Member Levin's question. But I don't want to get
17 in the way of the administration giving their
18 answer, so please proceed.

19 KEITH KERMAN: Okay. So all fuel
20 is bid through the Department of Citywide
21 Administrative Services, through DCAS, through
22 citywide requirement contracts, so basically DCAS
23 bids contracts on behalf of all City agencies, and
24 that's for aviation fuel, heating fuel, vehicle
25 fuel, for all purposes. You know, it's a

1 competitive bidding process. Biodiesel specs are
2 in these contracts, we are bidding very
3 specifically for biodiesel for heating and for
4 vehicles.
5

6 You know, I'll let others talk
7 about the nature of the [off mic], but it's a
8 competitive bidding process. Metro has absolutely
9 been and is a supplier of biodiesel to the city,
10 as are others who are in this room. And so it's a
11 competitive bidding process, it's open to
12 suppliers. I think the majority of our suppliers
13 are based in New York City or close to, and
14 biodiesel is a core part of our specs.

15 COUNCIL MEMBER LEVIN: Does the
16 City kind of have--has the City been encouraging
17 to producers to make capital upgrades or how is
18 that--can you maybe shed some light on the
19 dialogue between the City and producers? Because,
20 I mean, it's obvious it's a good thing all around
21 that we have a competitive--you know, that there
22 is competition among providers and it's a good
23 thing for all of the citizens of New York City
24 that it's out there. I'm just wondering has there
25 been incentive programs; what type of relationship

1
2 does DEP have with the industry?

3 KEITH KERMAN: In terms of the
4 bidding--

5 COUNCIL MEMBER LEVIN:
6 [Interposing] Outside of the contracting.

7 KEITH KERMAN: Right, there are--
8 you know, DCAS is not providing incentive
9 programs, there are incentive programs in the
10 industry that others could probably speak to more
11 at the federal level and at other levels. What I
12 can tell you is we actively communicate with all
13 of the major fuel providers, there is a lot of
14 communication--and with the National Biodiesel
15 Board, which has been a tremendous, almost decade-
16 old partner in this endeavor. And I would say the
17 fleet's incentive program is they know we are
18 going to buy this product and buy it in huge
19 quantities and invest in it, and I think we're
20 pretty unambiguous about that, so we're offering
21 guaranteed business in biodiesel right now and
22 encouraging the vendors to invest so they can
23 compete for our business. And it's always
24 competitive bidding, though, that--

25 COUNCIL MEMBER LEVIN: Sure.

CHAIRPERSON GENNARO: And also, if I could, I think not only the Bloomberg Administration but the mayor himself has been a cheerleader for biofuels by virtue of his presence, and we were there at the Metro terminal, like he--

COUNCIL MEMBER LEVIN: Right.

CHAIRPERSON GENNARO: --showed up himself.

COUNCIL MEMBER LEVIN: Right.

CHAIRPERSON GENNARO: And so not every business gets the mayor of the City of New York put out the big podium and like the big 'atta boy, you know, which the mayor did. So I mean he's, again, he's been a real cheerleader for biofuels generally and biodiesel specifically. And, yeah, he showed up at Metro so that's...

MALE VOICE: Yeah.

COUNCIL MEMBER LEVIN: Actually, he came out again after the hurricane 'cause they suffered some--

[background noise]

COUNCIL MEMBER LEVIN: --Newtown Creek as well. So, right, I definitely applaud

the City's efforts here, it's been significant and very impactful.

Just in terms of the future of biodiesel, or in terms of like organic matter that can be used to produce it, or is that part of the science looking forward or can you maybe talk a little bit about that, with plant and biomass, kitchen oil, those types of things? Is any of that kind of on the horizon?

KEITH KERMAN: Yeah, I mean, we are very open, excited about seeing additional... You know, currently, the biodiesel that we utilize is mostly virgin soy, but we are not specifying per se a source, we are specifying specific operational ability and quality for the fuel. We would love to have--and of course we're specifying a volume supplier. So you need to be able to both provide that high quality fuel that guarantees we don't have problems in our vehicles because, you know, one bad batch of biodiesel could undermine this effort, substantially, and also you have to be able to provide in volume, 'cause we're a big user of biodiesel. That said, we're incredibly excited, and I think between Rocky and I and

1
2 others, we are--and DEP--constantly in
3 communication with recycled biodiesel suppliers
4 looking at these early efforts to try and find
5 source from switch grass and other types of
6 whether it's other types of sources. So we are
7 very open to that, I don't think there's--I think
8 all of our doors are open to anybody who has an
9 idea about providing a more sustainable, less
10 expensive, more renewable biodiesel. But we'll
11 always say the same thing, it's got to be that
12 high quality. You know, it doesn't help any of us
13 if we experiment with something and a bunch of
14 sanitation trucks start breaking down and suddenly
15 there's a non-positive spin. And, of course, we
16 are a volume buyer, so if you're going to get in
17 our business, we need a certain amount of volume.

18 But that said, we are absolutely
19 open about it and we hope, hey, I'd love to see
20 whether--you know, I'm always pitching my next
21 park sky so I need somebody to find a way to take
22 all those wood chips and make them into biodiesel.

23 COUNCIL MEMBER LEVIN: Thank you
24 very much. Thank you, Mr. Chairman.

25 CHAIRPERSON GENNARO: Thank you,

1 Council Member Levin, I certainly appreciate all
2 your questions. And I think we'll hear more of
3 this from the National Biodiesel Board with regard
4 to efforts to constantly increase sustainability
5 and sources. And I always like to say about New
6 York City that used cooking oil is our--

7 [Crosstalk]

8 FEMALE VOICE: --question.

9 CHAIRPERSON GENNARO: --is our crop
10 so to speak, and this is what we grow here in New
11 York City, we grow used cooking oil. And I'm told
12 that Council Member Levin has one more question.

13 COUNCIL MEMBER LEVIN: Sorry, one
14 more last question 'cause this was something that
15 I had actually spoken to some folks at EPA about.
16 So out in the Rockaways right now, the City is
17 apparently incinerating a lot of the wood that's
18 been--that's the refuse wood from Hurricane Sandy.
19 Is it possible to look at using any of that for
20 sourcing it for, you mentioned wood chips, that's
21 what brought this to my mind, and there's an awful
22 lot of wood chips out there that are being
23 incinerated and not recycled in any way. So are
24 you looking at that, are you looking at ways to
25

address that?

MICHAEL GILSENAN: We're not--

CHAIRPERSON GENNARO: [Interposing]

What I'll do is just to kind of set up the answer for the administration, this is something that I've been up to my elbows since the storm. The U.S. Army Corps of Engineers, in combination with their various contractors, has already successfully and beneficially reused approximately 300,000 cubic yards of the 400,000 cubic yards of wood waste, and then it's this issue of what we do with the remaining 100,000 cubic yards. And this led to a variance being issued by DEP and by DEC to the Army Corps contractor that would allow this air curtain burning type of incineration, it was going to be up to four units that were going to operate at Floyd Bennett Field, now it's only going to be two. And there has been this process that started on January 11 to issue a request for proposal from various vendors that deal with the wood waste. That was issued on the 11th, and then it was closed on the 18th, and then they reissued, and there has been, like, a lot of activity. Matter of fact, I went just back and forth with

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2 the DEP commissioner today because DEP has been
3 good enough to get me information on what's going
4 on regarding the air curtain burn as well as the
5 status of the procurement efforts of the Army
6 Corps on how they're trying to cultivate people
7 who come forward and deal with this wood waste in
8 a beneficial way.

9 And it's delicate for DEP to be
10 sort of like the Army Corps contracting police,
11 that's not what DEP is. And the Army Corps has
12 its own kind of way of doing things, but yet DEP's
13 signature is on a piece of paper giving them like
14 the variance to--will allow to burn, but also
15 mandates that the Army Corps look assiduously at
16 beneficial opportunities. And, of course, the
17 Army Corps is saying, hey, man, we already
18 beneficially reused 300,000 out of 400,000, like
19 what do you want, you know? And of course, DEP,
20 the City wants, we want it all we want as much
21 beneficial reuse as you can get. But it's like
22 this delicate sort of ongoing balance on how we
23 can do the absolute best we can in terms of
24 beneficial reuse.

25 And to the Army Corps' credit, even

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you. As the chair said, we're following this. Over 300,000 cubic yards have been. I think the most important point to note here is that early on we made a determination that these wood chips could not be burned, it's just not--the only thing that's being burned out there is what we call whole woody debris, which would be large tree stumps and all.

To follow up what the chair said,
there was a contractor out there now who is
chipping away and he--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
Right, the guy from the 24th, he was put out
there--

[Crosstalk]

MICHAEL GILSENAN: [Interposing]

Yes, he'll probably be there until Thursday, and he's probably going to go through about 15,000 cubic yards of chipping material. The Army Corps has tentatively selected another vendor to do the rest of the chipping, which is about, I believe, 45,000--don't quote me on the numbers, I'm just--the numbers are always changing--about 45,000.

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2 There's a couple issues that they have to finish
3 up with contractual issues. So we're getting
4 closer.

5 The air curtain burner, we watched,
6 Gerry and I. In addition to being the police,
7 we've also become weathermen so we watch the
8 weather, we curtail when a burning is going on,
9 like for the last couple of days with the [off
10 mic] we've had, they have just been keeping it
11 just very, very minimally hot. So we've been
12 doing a lot of that stuff.

13 But for beneficial reuse as
14 biofuel, I don't think we're there yet, but it's
15 being used beneficially for other things
16 throughout the city, state. That's where we are.
17 Thank you.

18 COUNCIL MEMBER LEVIN: Thank you,
19 thanks.

20 CHAIRPERSON GENNARO: Yeah.

21 COUNCIL MEMBER LEVIN: Thank you,
22 Mr. Chairman.

23 CHAIRPERSON GENNARO: Thank you.
24 Yeah, but it's been a very delicate situation, but
25 once they chip the stuff, it can't be burned, so

1
2 that's... And I think that's to DEP's credit that
3 they've really been pushing to try to make that
4 happen, and I'm grateful for that.

5 So the question that the Army Corps
6 is asking is like, who's this guy Gennaro, like
7 what's his deal, you know. Like, let him get rid
8 of the whole pile of wood so... That's--

9 MICHAEL GILSENAN: [Interposing]
10 Actually, Chairman, that's how I've gotten a lot
11 of things done, I just use your name.

12 [Laughter]

13 CHAIRPERSON GENNARO: Yeah, just
14 like what is with this guy, man. But, yeah, yeah,
15 because, again, I digress when it was talked about
16 300,000 yards have been beneficial reused and we
17 only have 100,000 cubic yards left, then it's just
18 like, well like 100,000 cubic yards in 20 cubic
19 yard rolloffs, which most people might see like in
20 a residential community, and if you took 100,000
21 cubic yards of wood and put it in 20 cubic yard
22 rolloffs end to end, that would stretch from Floyd
23 Bennett Field 20.8 miles to Port Washington, New
24 York. And so the Army Corps knows that they're
25 dealing with a guy who's got nothing better to do

1
2 than to sort of figure out how many thousands of
3 dumpsters that would be and how long it would
4 stretch, and this guy's telling us it's 20.8 miles
5 of dumpsters, it's like where did we get him.
6 Like who elected him, you know what I mean? If
7 this is what's he's doing with his time.

8 But I think the visual is a good
9 one, right? It's just like 100,000 cubic yards,
10 even though the 300,000 would go all the way to
11 like to New Haven or something. But 100,000 cubic
12 yards is 100,000 cubic yards and let's give it our
13 best effort, you know. And so this is what's
14 going on.

15 And I didn't set him up to ask that
16 question, you know? I mean, I just [off mic]
17 people are going to think that Jim gave him a cup
18 of coffee to like set up that question, and I
19 didn't.

20 And, yeah, so you know what, I
21 think I'm--you know, I think my other colleagues
22 have covered questions that I was going to ask.
23 And I appreciate everyone being here, all of your-
24 -and all of the work that you've done to bring the
25 administration into compliance with sort of the

1
2 Clean Air laws of what are now yesterday, and
3 perhaps this is going to--I hope this is going to
4 lead us to doing some more Clean Air laws of today
5 and we already have the perfect vehicle to do it,
6 like with regard to the air code stuff that
7 working on with DEP now, and it's very much
8 appreciated.

9 And regarding Local Law 77, we
10 already said what we're going to do, we're going
11 to--we'll try to get that jumpstarted and we'll
12 ask you in six months what's going on, and staff
13 will remember to do that, and then we'll see where
14 we are with that.

15 So with that said, I want to thank
16 this panel for being here, we greatly appreciate
17 all the work that you've done, and we'll see you
18 soon, we'll see you soon.

19 ROCCO DIRICO: Thank you very much.

20 CHAIRPERSON GENNARO: You bet. And
21 now going forward, what I was going to do, because
22 this is a hearing that focuses on the Clean Air
23 laws and also the use of the administration for
24 the biofuel initiative for the administration, we
25 were originally going to have the biodiesel kind

1 of panel come forward, but out of time constraint
2 of another witness who flew in from Ohio and has
3 to get back, we're just going to jump the line a
4 little bit. And we're going to bring forward
5 Shane Terblanche, I hope I'm saying that right,
6 from Parker Hannifin, they're a purveyor of a
7 technology that I think the Department of
8 Sanitation has some interest in, and I wanted to
9 give them the benefit of telling the folks today
10 about their technology. And so the next witness
11 is going to be the representative from Parker
12 Hannifin, and then we're going to have the
13 biodiesel panel, which I will introduce when it's
14 their turn to be introduced. And then last, but
15 certainly not least, Isabelle Silverman from EDF,
16 who is a frequent flyer on all of our hearings
17 that involve this topic. And so that's the
18 lineup, anyone else wishing to be heard can come
19 forward and sign in with the sergeant, but that's
20 our lineup.

21
22 And this is, no doubt, the
23 representative from Parker Hannifin who is before
24 us. Is anyone else going to be joining the panel
25 with you from--okay?

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SHANE TERBLANCHE: No, it's just--

CHAIRPERSON GENNARO: And welcome,
I've had the opportunity to become somewhat
familiar with the technology of Parker Hannifin.
I am really grateful for the--really grateful for
your effort to come here from the great state of
Ohio, you know. People in my business say that
great state of this, great state of that, I'm
looking for the state that isn't great, they're
all great, you know what I mean? But certainly...

And so welcome to you, we look
forward to hearing your views, and but just like
all of the other witnesses, the counsel to the
committee will give you the oath and then you'll
state your name for the record and then you can
proceed with your good testimony. We appreciate
having you here.

SHANE TERBLANCHE: Very good, thank
you.

CHAIRPERSON GENNARO: Okay.

SAMARA SWANSTON: Please raise your
right hand. Do you swear or affirm to tell the
truth, the whole truth, and nothing but the truth
today?

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SHANE TERBLANCHE: I do.

CHAIRPERSON GENNARO: Welcome,
welcome. Thank you, and I have your statement,
and please proceed. And if I could just ask the
sergeant to close the door out there so we won't
get any noise from the hall wandering in? This
gentleman came all the way from Ohio, we want to
hear every word. Okay.

SHANE TERBLANCHE: Well thank you,
good afternoon, Chairman Gennaro, members of the
Sanitation and Environmental Protection
Committees, my name is Shane Terblanche, I'm the
general manager of the Hybrid Drive Systems
Division at Parker Hannifin Corporation.

I want to thank you all for the
opportunity to introduce Parker Hannifin's
Hydraulic Drivetrain Technology known as RunWise.
This technology reduces fuel consumption and
emissions of large refuse trucks, buses, and
parcel delivery vans.

Before I give an overview of the
RunWise system, I want to commend you for having
this oversight hearing regarding clean fleet laws.
Clearly, New York City is a national leader in

1
2 urban environmental planning. These laws are
3 intended to monitor the modernization of vehicle
4 fleets and ensure compliance to emission
5 standards. The goal is to reduce emissions to
6 specific levels by certain dates in order to
7 improve air quality and associated public health
8 benefits. I would also like to commend the
9 Department of Sanitation, and in particular
10 Commissioner DiRico and his team, for engaging
11 with us to learn more about this technology.

12 What is clear from the existing set
13 of clean fleet laws dating back to 2003 is that
14 the science and evolving standards surrounding
15 fuel consumption and emissions is changing
16 rapidly. Parker Hannifin supports your efforts to
17 better align clean fleet laws to emerging
18 technology and new national standards.

19 For those unfamiliar with Parker
20 Hannifin, we are the world's leading diversified
21 manufacturer of motion and control technologies,
22 providing precision-engineered solutions for a
23 wide variety of mobile, industrial, and aerospace
24 markets. The company employs approximately 60,000
25 people in 48 countries worldwide, with 2012 annual

1 sales in excess of \$13 billion. The company was
2 founded in 1918 and is headquartered in Cleveland,
3 Ohio. Our operation is actually in Columbus,
4 Ohio.

5
6 So let me tell you about the
7 RunWise system and how it actually works. Current
8 powertrain systems on most refuse trucks, in fact
9 trucks in general, are very inefficient. Roughly
10 20% of the fuel energy is converted into useful
11 work, such as propelling the truck and providing
12 energy to operate the body implements, such as
13 cranes, snowplows, winches, loading arms, and
14 trash compaction. With a conventional powertrain,
15 the engine really operates in its most efficient
16 speed and load conditions and brake energy
17 recovery is nonexistent.

18 The RunWise system is a self-
19 contained series hybrid drive system that can be
20 implemented as a retrofit or preinstalled by a
21 truck manufacturer. Within the RunWise system,
22 the vehicle's input shaft delivers power from the
23 engine to a Power Drive Unit, which in turn,
24 drives a primary pump that supplies pressure and
25 flow to charge accumulators, or drive to secondary

1 pump motors. The onboard controller determines
2 how and when the pressure is used.

3
4 The hydrostatic motors drive the
5 output shaft through multiple two-speed gear
6 reduction to--I beg your pardon, through a simple
7 two-speed gear reduction either in a low range,
8 zero to 25 miles per hour, or a high range, 26 to
9 45 miles per hour, depending on demand. As the
10 vehicle reaches highway speeds, in excess of 45
11 miles per hour, the drivetrain unit shifts from
12 high hydrostatic to mechanical direct drive. The
13 system optimizes efficiency by matching engine
14 load with vehicle requirements--a unique
15 characteristic of its Series design. All of this
16 is accomplished automatically, providing smooth,
17 seamless power to the driver.

18 An important advantage of the
19 RunWise system is efficiently recovering and
20 storing brake energy for later use. Upon braking,
21 the hybrid drive systems controller commands the
22 hydrostatic motors to function as hydraulic pumps
23 working seamlessly with the refuse vehicle's
24 standard friction brake system to decelerate the
25 vehicle while simultaneously transforming the

vehicle's kinetic energy into stored high pressure potential energy in the system's nitrogen-charged composite accumulators.

This accumulated energy is stored until the vehicle starts moving again. During the refuse collection cycle, accumulated energy is utilized to accelerate the vehicle instead of using conventional power from the diesel engine. And, folks, that's where the fuel consumption reduction comes in. The more stops a vehicle makes during a day, the more efficient the system becomes, relative to a conventional drivetrain.

Because of Parker's proprietary component and system technology employed in the RunWise package, high levels of braking energy, in excess of 70%, can be recaptured and used, compared to an alternative hydraulic or battery electric hybrid approach. It is this ability to transfer significant amounts of power, along with advanced electronic controls and engine decoupling, that enables RunWise to capture a class-leading proportion of braking energy.

A couple of the benefits of the RunWise system, and I'll just give you some

highlights without going into the details, we have actually seen fuel savings in excess of 40% in certain fleet applications, once again, depending on the route, depending on the application, and we have seen similar reductions in emissions, once again, depending on the route and the application.

Another benefit of the RunWise system is the reduced breakaway. Not only do we reduce the maintenance and cost of the breakaway, but we also reduce the amount of brake dust that is discharged into the atmosphere.

And then lastly, significant improved drivability. In customer testimonials where our vehicle is in operation, drivers absolutely love the trucks and, in many cases, won't drive a conventional vehicle.

So in summary, Parker Hannifin is proud to be part of the effort to reduce carbon-based emissions that impose such a negative impact on public health, especially in densely populated urban areas. Clean fleet laws are important because what is counted is measured and what is measured is understood. We cannot get where we want to be in 2030 if we do not correctly monitor

the path we're on now.

Thanks again for allowing me to introduce Parker Hannifin's drivetrain technology and I would be happy to answer any questions.

CHAIRPERSON GENNARO: Thank you very much. It's wonderful to hear once again about your technology, I did have an interest in it. Your representatives were kind enough to come out and meet with me and walk me through it, I certainly do appreciate that.

And for the, I guess for the layman, I certainly would put myself in that category, even though I have a science background, but not with regard to drive systems and engineering and hydraulics and all that. When people think of a traditional battery hybrid kind of thing, the engine runs to power the battery and the battery provides the power for the vehicle. And this would be kind of like an analog to that kind of thing except the engine would run to power the hydraulic system--

SHANE TERBLANCHE: That's correct.

CHAIRPERSON GENNARO: --with the additional benefit of the energy that's captured

from the braking, which the traditional hybrid would not have at all, is that all fair to say?

SHANE TERBLANCHE: That is very fair to say. The other benefit of hydraulics over electrics is that you can capture so much of the energy very, very quickly. So that's why we can claim that we capture 70% of the engine's--of the braking energy. This you cannot do with a battery-powered system, you could probably do it with ultra capacitors, which are hugely expensive.

CHAIRPERSON GENNARO: Right.

SHANE TERBLANCHE: But the significant advantage is the efficiency of our pump motors, as well as the speed at which we can capture energy. So for example, when you're braking a 66,000 pound or 80,000 pound refuse vehicle, we can capture up to 500 horsepower in two or three seconds. That fools the accumulator--

CHAIRPERSON GENNARO: Right.

SHANE TERBLANCHE: --that gives you enough charge to accelerate the vehicle from that particular--

[Crosstalk]

CHAIRPERSON GENNARO: Right. And also, for that size vehicle, not that I want you to speak for like the battery hybrid systems, but are there battery hybrid systems that are even available to a truck that large?

SHANE TERBLANCHE: I believe they are, I'm not very familiar with--

CHAIRPERSON GENNARO: Right.

SHANE TERBLANCHE: --those vehicles, but I believe there are systems available, yeah. The challenge with, once again, with electric vehicles is you need so much battery power so the size of the batteries is probably the limiting factor.

CHAIRPERSON GENNARO: Right.

SHANE TERBLANCHE: Whereas, we size the accumulator for the weight and the amount of stop-starts that you want to do. So we can change the size of the accumulator to adapt to a drive cycle.

CHAIRPERSON GENNARO: Right, and also the larger the vehicle, the larger the amount of energy that would be captured and any braking motion, right?

SHANE TERBLANCHE: Correct,
absolutely.

CHAIRPERSON GENNARO: So it's
almost like hydrostatic judo, where like the
weight of your opponent is sort of like--I just
made that up, you know.

[Laughter]

SHANE TERBLANCHE: That's very
good.

CHAIRPERSON GENNARO: I thought it
was apt, feel free to use it, you know.

SHANE TERBLANCHE: Absolutely.

[Crosstalk]

CHAIRPERSON GENNARO: --
attribution, yeah. Oh, and I see that Rocco is
still here, and I think it's wonderful that the
Department of Sanitation, with all that they have
to do in just moving the amount of refuse that
they have to do every day, they've got a lot on
their plate, but they still have the drive to
figure out how they can do what they do better and
reached out, and reach out to all kinds of new and
different technology. And I think it's fair to
say that the Department of Sanitation has been way

out in front in all kinds of technological innovation and seeing how we can do things better.

Mayor Giuliani was fond of saying that there's no democrat or republican way of picking up the garbage, but there's always a better way of picking up the garbage and certainly a more fuel efficient way. And I'm delighted that you're here today, I was delighted that your people were willing to see me and tell me about your technology, and I certainly encouraged your representatives to meet with the Office of Long-Term Planning and Sustainability, which I understand is happening imminently, and because I wanted this technology on their screen as well, you know.

[Crosstalk]

CHAIRPERSON GENNARO: So because the department, rightfully and justifiably, is looking at this as a better way to reduce costs and to increase efficiency and decrease the amount of brake maintenance and all kinds of other things that have to be done, but the Office of Long-Term Planning and Sustainability has the mission of getting us to the greenhouse gas reduction

mandates, not goals, mandates that we have to reach and we're not going to reach that without being as smart as we possibly can and this certainly sounds very smart to me.

And I wish you well, I'm not involved in procurement, but I think this is precisely the kind of technological innovation that we need. I'm meeting with some other entity about elevators that go up and down and so like when the elevator is going down, why can't we capture that energy like, you know--

[Crosstalk]

CHAIRPERSON GENNARO: --I took physics, like we can do that, and--

SHANE TERBLANCHE: Yep.

CHAIRPERSON GENNARO: --I'm like who's doing that. So when I'm not figuring out how many dumpsters, 100,000 cubic yards of wood waste will fit in them, I'm looking at elevators saying, every time an elevator goes down, we should be able to get that energy. And I go to my staff, like find me who's doing that and they brought a guy in. And so we want to do that too.

Never thought about the truck thing

though, but, you know.

SHANE TERBLANCHE: Yeah, Chairman,
it's exactly the same--

CHAIRPERSON GENNARO: [Interposing]
Just go figure that, like a \$13 billion--

SHANE TERBLANCHE: --it's the same
concept.

CHAIRPERSON GENNARO: --company
would beat me to the punch on that one, it
certainly makes sense.

And a couple years ago we did like
a green tech bill that kind of prompted the City,
although we never really had to prompt the
Department of Sanitation 'cause they're always
very assiduous at sort of going out there and
looking at new things, but I would find that there
were in other agencies difficulties with
receptivities--having receptivity towards new
technologies and new ways of doing things 'cause
government agencies tend to do things the way
they've always done them. And sometimes we'd have
entities bringing good technology to the City's
doorstep and then have difficulty piercing the
veil and being heard and so we developed a Local

1 Law that required the City to create sort of like
2 an interagency task force that would actually go
3 out looking for good ideas. But at a certain--but
4 at a minimum to be welcome to them like when they
5 show up at your doorstep. And for City government
6 use, and the other part of it was for technologies
7 that could be beneficial to consumers within New
8 York City, whether it be like a new kind of
9 rooftop, a windmill or solar panel or something.
10 Sometimes you have these purveyors of good
11 technology who--which could bring benefits to the
12 people of New York City, but City government
13 sometimes would have difficulties, and well we
14 like it but we don't know how to permit it, you
15 know what I mean? 'Cause the Buildings department
16 doesn't like it and the Planning Commission says
17 it's too high and this. So that was kind of a
18 like a two-pronged effort to get the City for its
19 own purposes as a government to sort of reach out
20 to try to find new technologies and to be more
21 welcoming to vendors who had things that could
22 help the populace, but the government was somehow
23 standing in the way. And I think your technology
24 is the perfect example of what we're looking for
25

in world-leading innovation, which we have to have here in New York City if we're going to get to where we want to be.

And so I thank you very much, Mr. Terblanche, right?

SHANE TERBLANCHE: Yep, that's exactly--

[Crosstalk]

CHAIRPERSON GENNARO: And so I congratulate you and the Department of Sanitation for being open to what you have to offer. You know, good luck with the mayor's office, they're a bunch of soft touches over there, so you just-- they're very receptive--

[Crosstalk]

SHANE TERBLANCHE: Very good.

CHAIRPERSON GENNARO: I'm sure you'll do well there. And so thank you very much for being here and I--

SHANE TERBLANCHE: [Interposing]
Excellent, thank you very much, Chairman Gennaro.

CHAIRPERSON GENNARO: You bet, you bet. And next we'll hear from the representatives of the biodiesel community, just these here?

[Crosstalk]

CHAIRPERSON GENNARO: Okay. Looks like Dehran Duckworth of the Tri-State Biodiesel; Ray Albrecht and Steve Levy, Steve Levy certainly a frequent flyer in this committee, of the National Biodiesel Board; Scott Hedderich of the Renewable Energy Group. Renewable Energy Group's another entity that I'm very familiar with.

[Off mic]

CHAIRPERSON GENNARO: Three. Three? Oh, no, four, four. Four, right, 'cause the NBB has Ray and Steve, right? Okay.

Gentlemen, thank you for being here, it's great to--right, yes. I always believed in this industry, I always believed in its promise, and there were naysayers, but I always felt confident that we're certainly in a different place now--we, right? We're certainly in a different place now than we were.

I would ask Samara to swear in this panel, then I'll go on pontificating.

SAMARA SWANSTON: Gentlemen, please raise your right hands. Do you swear or affirm to tell the truth, the whole truth, and nothing but

the truth today?

MALE VOICE: I do.

MALE VOICE: We do.

CHAIRPERSON GENNARO: Yeah, do we have a statement from--oh, we got that? Okay. Okay. And so we have three...

STEVEN LEVY: Mr. Chairman, if it's okay with the committee, I'd like to start it off.

CHAIRPERSON GENNARO: Okay. And you swore them, right? You swear them?

SAMARA SWANSTON: Yes.

CHAIRPERSON GENNARO: Okay. Sure, Steve, yeah, that would be fine. And everyone will get a chance to be heard. And it's been wonderful working with you throughout the years. And, yeah, I think to hear from the--you're signed as a rep of the National Biodiesel Board, and so Ray would be the gentleman on the other--right.

[Crosstalk]

CHAIRPERSON GENNARO: Okay. Yep, yep. And so, sure, Steve, why not? Yeah, always a pleasure to see you.

STEVEN LEVY: Thank you. And I thought it would also be a natural transition

1 since we've talked a lot today about Ultra Low
2 Sulfur Diesel fuel and--

3 CHAIRPERSON GENNARO: Right.

4 STEVEN LEVY: --beginning with
5 Local Law 77, where we started over in City Hall,
6 which was almost a packed room. And presenting
7 biodiesel today and the expansion of it by the
8 City, to some people, creates the same type of
9 paradigm as it was with Ultra Low Sulfur Diesel.
10 So I will try and lead into that and leave the
11 introductions for my fellow--

12 CHAIRPERSON GENNARO: Sure.

13 STEVEN LEVY: --industry men here.

14 CHAIRPERSON GENNARO: And it's
15 important also, as you know, before you start the
16 full [off mic] testimony to state your name for
17 the record for the transcript.

18 STEVEN LEVY: Thank you. My name
19 is Steven Levy, on this particular panel, I
20 represent Sprague Resources. I am also president
21 of the Empire Clean Cities, which is the
22 Department of Energy Clean Cities designation for
23 New York City and the Lower Hudson Valley. I'm
24 also a governing board member of the National
25

1
2 Biodiesel Board and, even more importantly, I'm a
3 commissioner on the BQ-9000 National Biodiesel
4 Accreditation Commission, which deals with a lot
5 of quality control programs and the quality of
6 overall biodiesel.

7 Before I begin, I want to applaud
8 the committee and chair. It's almost ten years
9 ago when my first testimony came about with Ultra
10 Low Sulfur Diesel fuel and we first met, and the
11 Environmental Committee, for all they've done over
12 the years, and the mayor's office when it's coming
13 to clean air. But even more importantly,
14 Department of Sanitation and Parks for their
15 efforts because they're the ones that are at the
16 forefront, they don't get enough accolades, and if
17 it wasn't for them, a lot of these programs and
18 progressiveness, both in fuels and emission
19 technology, we wouldn't be here today, not just
20 for the City but for the industry in general.

21 You know, as we've heard from the
22 various Local Laws that were passed in 2003 and
23 the few in 2005 and other ones that I've been able
24 to present testimony for, are all dealing with
25 clean air. The Ultra Low Sulfur Diesel fuel

1 testimony back in September of 2003, which, I
2 might add, is that it was signed--legislation was
3 signed by the mayor in December of 2003, so it was
4 pretty quick. But it also brought up many of the
5 challenges that people think are with biodiesel.
6 Some of them we discussed about Bioheat, but as it
7 was with Ultra Low Sulfur Diesel fuel, Sprague had
8 taken that leap, we were the only suppliers of
9 Ultra Low Sulfur Diesel fuel ten years before the
10 EPA mandate for fleets to use it. And there was
11 the thoughts about supply, quality product,
12 pricing, operability, and how's it going to work
13 basically in the diesel vehicles.
14

15 Today, with biodiesel, it is
16 different. There are dozens of suppliers, several
17 here are with me today. There has been a great
18 history of using biodiesel in many blend
19 concentrations, not just here within the city, but
20 throughout the country, and it is a proven
21 product.

22 Additionally, back in 2003, when we
23 were looking at Ultra Low Sulfur Diesel fuel, we
24 had to build our own infrastructure, segregated
25 infrastructure. Today, with the dozens of

processors, multi-storage networks, and modes of transportation--marine, rail, and truck.

Although, this is a somewhat of a still new industry, not experienced like our traditional fuels or ethanol, for that matter, and it's still a new product, and it still needs to have certain controls that are involved which the City has put in place over the years.

It's been a long afternoon so I just want to make some points that I hope the committee and the City will take into consideration. The first point is that, as we know with traditional fuels, biodiesel also has the challenge of being a competitively priced fuel. It's important that even through the solicitation process through DCAS and the City that, as you'll see in my testimony, that we recommend that the City use different pricing emphasis, not just relating to the price of the diesel fuel and the B100 or B99 component, but also in cooperate the renewable identification number and RINs [phonetic] values as well as be clear on how they may consider legislation, in this particular case, tax credit legislation by

the federal government, which is in place through 2013.

The City has, to their credit, have already put into place certain quality standards for biodiesel and Bioheat, which we applaud them as well. But as you'll see in my testimony as well, I was appointed by Governor Cuomo to a New York City Ready Commission recently. Part of our task is to see that in the fuel arena, that it has a less of an emphasis when an event occurs. And in doing so, our industry on the traditional fuel side of the business and, given the newness of the biodiesel industry, it's very important that the City procurement really visit on those vendors that might be competitively bidding and that they have an emergency plan in place, should a hurricane event like Sandy occur or a terrorist attack or some other event here in New York City. As well as continue to do business with vendors that have the financial wherewithal and the experience that we'll know will stay in the business for the years to come.

My first delivery to the City of New York was July 12th of 1981 and it was for

1
2 gasoline, and I was afraid to do business with the
3 City of New York--they don't pay, can't deal with
4 the people, it's a bureaucracy--well we learned
5 that's not the case, and there is many people in
6 this city who are the heroes of the city, like
7 we've heard from today. And in our industry,
8 especially over the last ten years, vendors have
9 come and gone, both in the traditional space as
10 well as the biodiesel space. But importantly, we
11 clearly would ask the City to evaluate having a
12 qualified bidder's list.

13 And I'm going to leave it at that
14 with one statement is that, although Sprague was
15 the only commercially viable supplier of Ultra Low
16 Sulfur Diesel fuel from 2000 to 2007 here in New
17 York and the east, there was a bid that went out
18 for Ultra Low Sulfur Diesel fuel from the City in
19 2002, Sprague was not the awardee of that bid, but
20 make a long story short, with that bid and other
21 bids that the City has contracted with, we ended
22 up helping the City out and handle that. So I
23 know there is a certain City laws that under the
24 bidding process and we hope that would be looked
25 at as well.

Other than that, my last message will be is that, unrelated to transportation fuels, as we see, the Bioheat B2 mandate has been working very successfully and we hope that this committee also will take a look at it to increasing that percentage to a B5. And last, but not least, we are all for the City expanding their blends to a B20 at least eight months out of the year.

Thank you.

CHAIRPERSON GENNARO: Thank you, Steve. I made some notes on your statement, and I'll get back to you on questions and comments. I just want to hear all the statements from all the panel members and then I'll come back with questions and comments.

And it looks like Ray wants to go next?

RAY ALBRECHT: Yeah.

CHAIRPERSON GENNARO: Just 'cause these guys--

RAY ALBRECHT: Okay.

CHAIRPERSON GENNARO: --are, you know--sure, you're--

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RAY ALBRECHT: Very good.

CHAIRPERSON GENNARO: --a team, got it, okay.

RAY ALBRECHT: Okay. Thanks. Good afternoon, Chairman Gennaro and also other members and staff of--

CHAIRPERSON GENNARO: [Interposing]
Do I have a statement from you, Mr. Albrecht?

RAY ALBRECHT: I'm sorry?

CHAIRPERSON GENNARO: Oh, yes, I have it here--

[Crosstalk]

CHAIRPERSON GENNARO: --I have it here, okay, got it, got it.

RAY ALBRECHT: You should have it. So, again, my name is Ray Albrecht, I serve as a technical representative for the National Biodiesel, which you know is the trade association--

CHAIRPERSON GENNARO: Sure.

RAY ALBRECHT: --for the biodiesel industry. We share your belief that biodiesel can be the cornerstone for reaching the next level of environmental excellence for transportation in New

York City, so kudos, again.

I'm going to just read some--

CHAIRPERSON GENNARO: Sure, sure.

RAY ALBRECHT: --excerpts from my written testimony. You already know that biodiesel comes from agricultural oil, soybean oil, for example, recycled greases, as well as animal fats, but coming online now are a whole new team of perspective, very promising feed stocks, which include winter cover crops, such as canola and pennycress, which help to prevent soil erosion during the winter, as well as algae. Algae has shown really some remarkable progress over the last couple years as the science community, and especially the world of academia, have really started to figure out how do you go from a living plant matter--

CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: --to an oil that's suitable for making biodiesel, all right?

CHAIRPERSON GENNARO: Right, I met the guys I was in the movie with who were Solazine [phonetic] or whatever and then I think Chevron bought them or something like that, or something

like that, yeah, so...

RAY ALBRECHT: Yeah, yeah, there's an awful lot of activity. Argonne National Laboratory, which is one of our premier national labs in the United States, has recently certified biodiesel as reducing greenhouse gas emissions, you know, direct greenhouse gas emissions, by 86%, and that number actually continues to climb because we continue to make improvements in agricultural practices, starting off with farming, going to either shallow till or no till type planting, and a whole host of other practices, reducing fertilizer use, reducing water, and so forth.

Biodiesel also reduces greenhouse gas emissions by a good 70% compared to natural gas. And while we're not here to compete against other fuels, I think this is a point that we need to remember, that biodiesel really is the practical and cost-effective fuel for achieving the long-term goals that we have of reducing greenhouse gas emissions by 80% by the year 2050, all right? So it is not a bridge fuel for the short-term, it is really the path to the future to

where we want to be, okay?

Biodiesel production and processing meet the requirements of federal Clean Air and Clean Water regulations. We think that this is an important factor that should be applied to all fuels of the future.

Biodiesel feed stocks, which include especially the oil seed type plants, require minimal fertilizer, generally no irrigation. And I think especially important to note is that they tend to be very drought-resistant, okay? This past year I think was a good example of that. You know, we need to keep in mind how much water various crops need, and the oil seed crops are very favorable in this category.

Also, the processing of biodiesel requires minimal water. So, you know, to make a long story short, biodiesel is truly a water wise fuel.

Going back to some of the basics about biodiesel, which, you know, with an audience like this, I think it's always good to at least, you know, learn a bit more about the technical

side of things. Biodiesel has an oxygen content of 10 to 12% in its molecular makeup, and that's an important factor because it helps to clean up emissions during the combustion process, whether that combustion is taking place in a boiler or inside a diesel engine. It helps to reduce carbon monoxide emissions, which is important at ground level for air quality purposes. And it's also very good at reducing particulate emissions by helping to eliminate those very rich pockets of fuel/air mixtures that sometimes occur in the upper cylinder of the engine.

And I think it's been well-documented now that biodiesel is really good at reducing what we call PAH emissions. And the fancy name for that is polycyclic aromatic hydrocarbon compounds. It sounds like an alphabet soup of chemistry, okay? But what this really means is that the ring compounds, the aromatics that are produced in either boiler or diesel exhaust are dramatically reduced and this has a very direct immediate impact in terms of improving public health because those are the components in the soup of exhaust that have the greatest

likelihood of getting into the bloodstream and staying there. The ring compounds are very difficult to break down, to decompose, and, therefore, they have the most harmful long-term effect in terms of human health, okay? And it's the oxygen in the biodiesel fuel that helps to prevent the formation of those ring compounds, okay?

We talk a lot about modern diesel technology, how clean diesel engines have gotten. The point is now that modern diesel technology combined with biodiesel produce then or achieve emissions levels that are essentially the same now as with compressed natural gas engines and so we now have two very practical pathways towards clean engines for the transportation sector, okay? So that really is important that biodiesel equals CNG, for example, in cleaning up the environment.

And then, you know, the policymakers are always interested in trying to make sure that new technologies hold up for the long-term in terms of their environmental performance. Okay? Diesel engines, in particular, have very long service lives. You

1 know, a well-maintained diesel engine can get up
2 to several hundred thousand, if not half a
3 million, miles. Okay, that's a lot of time, a lot
4 of years on the road. Okay? Biodiesel is very
5 good at helping the cleanup systems, whether it's
6 the catalytic converters or the diesel particulate
7 filters, to operate cleanly and effectively for
8 the long-term. And this really goes back to what
9 does the biodiesel do to the PAHs, these ring
10 compounds, okay?

12 We talked about ring compounds last
13 a long time in your bloodstream, but also these
14 ring compound particles are very difficult to
15 break down once they reach into the diesel
16 particulate filter where you're trying to
17 periodically to regenerate that particulate
18 filter. They're really tough to break up and to
19 burn off again, okay? And so by using biodiesel,
20 you help that filter to last that whole service
21 life of the engine. That really is a key factor.
22 So the emissions benefits during the second half
23 of the life of a diesel engine can be just as
24 important, if not even more important, than what
25 you get upfront when that engine comes out of the

manufacturing plant.

And then the last point that I would make is we've already talked about Superstorm Sandy, okay, and the devastating effect that that had on our community. When we get major weather events with damage to buildings and to vehicles, and we're aware of problems that occurred with fuel storage systems, fuel spills. Biodiesel is significantly more biodegradable than conventional petroleum, all right? And so this is a key factor, environmental benefit that I think deserves more recognition by environmental policymakers.

So that concludes my remarks and thank you again.

CHAIRPERSON GENNARO: Thank you. Thank you, Mr. Albrecht. Yeah, and, like I told Steve, I have comments and questions that I'll come back to you with. Out of respect for my colleague, Councilman Levin, who may not be able to stay for the full panel, he wants to jump in with a question for you. And I'm more than happy to recognize Council Member Levin.

COUNCIL MEMBER LEVIN: Thank you

1 very much, Mr. Chairman. Just one quick question
2 is, if you were to identify one or two major
3 obstacles, what would they be at this point in
4 time in terms of the private sector kind of
5 adopting more biodiesel capacity? Or what do you
6 think is the biggest challenge right now? What's
7 the biggest challenge facing your industry?
8

9 CHAIRPERSON GENNARO: And just what
10 I'll do, I just have to step out for just a moment
11 to check in on that medical situation that I
12 talked about earlier, so make it a long question,
13 okay? And I'll be right back.

14 COUNCIL MEMBER LEVIN: Well maybe
15 three or four challenges.

16 RAY ALBRECHT: All right, maybe we
17 can open this up to the entire panel 'cause you're
18 asking a very broad question, there are a lot of,
19 you know, potentially very smart answers.

20 COUNCIL MEMBER LEVIN: And also,
21 maybe what can we do--

22 RAY ALBRECHT: Yeah.

23 COUNCIL MEMBER LEVIN: --at the
24 City level better?

25 RAY ALBRECHT: In terms of either

obstacles or challenges or, you know, economics can be--or perceived economics can be a challenge. Education, letting people know what the benefits are to them in terms of, for example, your engine will last longer, for example, or that if you use proper fuel treatment, that you do not necessarily have to expect to incur cold weather gelling problems during the winter, we have gotten past that issue very effectively. Oh, I think I would open it up to the other panel members.

SCOTT HEDDERICH: So by way of introduction, my name is Scott Hedderich, I'm with the company called Renewable Energy Group, we're based in Ames, Iowa, and we operate six biodiesel plants across the country, we have another four that are in various states of partial construction.

It's a great question, and I think to answer it today, maybe it would help to look backwards a few years. If you look at the growth of the biodiesel industry, our roots are in the Midwest and then there's some reasons for that-- it's where feed stock's located, you have a large natural farming constituency; they were some of

1 the first proponents. So in states like Iowa,
2 Illinois, Minnesota, which happen to be states
3 that we have plants in, they have either, in the
4 case of Minnesota, a mandate for usage; in the
5 case of Illinois, a very favorable tax treatment;
6 or in the case of Iowa, an incentive on the retail
7 sale. All of those public policy actions helped
8 spur and develop local infrastructure that was
9 needed in order to move product forward. So
10 today, you know, we've got two major plants in the
11 industry--not our company--has two major plants in
12 Minnesota, there's 13 plants in Iowa, and there's
13 four plants in Illinois.

14
15 When you look at what could be done
16 to bring production eastward or westward, if you
17 were so inclined, I think you've got to look at
18 those public policy options that other states have
19 adopted. So either potential incentives, a
20 potential mandate. You know, it's a situation
21 where the industry built where they're
22 incentivized to move first. We've done that and
23 there is significant productions in the Midwest, a
24 lot of that production comes eastward.

25 I would say the next phase of

1
2 production's going to be somewhere in the East
3 Coast when--

4 COUNCIL MEMBER LEVIN:

5 [Interposing] Sorry, just to interrupt, those
6 mandates in the Midwest are for consumers, what
7 level of consumers are those for?

8 SCOTT HEDDERICH: So the State of
9 Minnesota has a mandate that was passed in 2006,
10 it called for a stepwise increase in the use of
11 biodiesel, starting at a B2, then a B5. The
12 legislation calls to moving to a B10, and then
13 ultimately to a B20. Both B10 and B20 would be
14 for the summer months. Now the statute defines
15 those summer months, it's basically April through
16 October.

17 COUNCIL MEMBER LEVIN: Because of
18 the cold weather.

19 SCOTT HEDDERICH: Because of the
20 cold weather. In Illinois, it's basically a tax
21 incentive, anything over a B10 blend, there's a
22 sales tax that was passed 2006, that sales tax is
23 waived if blends are B11 or higher, so that's
24 incentivized use of--

25 COUNCIL MEMBER LEVIN:

1 [Interposing] But who are the consumers that are
2 using this? Is it going into car engines?
3

4 SCOTT HEDDERICH: Well if the car
5 engine's a diesel, yes.

6 COUNCIL MEMBER LEVIN: Right.

7 SCOTT HEDDERICH: So any over the
8 road consumer of diesel fuel, in the case of
9 Minnesota, off-road as well; in the case of
10 Illinois, potentially off-road. There's a
11 different level of taxation sometimes that impacts
12 whether someone moves into biodiesel or not.

13 STEVEN LEVY: And just to be a
14 little more localized, so as we looked at Ultra
15 Low Sulfur Diesel fuel as a heating oil for the
16 City of New York, the State passed their
17 legislation so it made it statewide for 15 ppm.
18 The State is looking at a B5 mandate for
19 biodiesel, so that would help jumpstart as well as
20 if the City, you know, followed or was at the
21 forefront. But something you can do right away
22 is, you know, as we discussed earlier about the
23 other Local Laws that were passed years ago for
24 construction and for solid waste transportation
25 contractors and for the tourism, transportation

folks, maybe we also look at that for them to use a B5 or higher blends of biodiesel as well as the water taxis and so on.

You know, when you look at PlaNYC and you look at the emissions here in the City of New York, which we're going to hopefully hear next, is that using the biodiesel really helps and it really does clean the air and, even more importantly, as I'm sure Scott will tell you too in his testimony, it increases jobs and especially here in the city, it's increased jobs.

COUNCIL MEMBER LEVIN: Great, thank you very much, gentlemen. Thank you, Mr. Chairman.

CHAIRPERSON GENNARO: Thank you, Steve. I'll tell you, I hope Steve becomes the next chairman of this committee, I'm telling you, he's like my favorite committee member and he just cares, he stays late, he likes the issues, and just the witnesses like him, you know. Just it's all good, you know.

[background noise]

CHAIRPERSON GENNARO: Yeah, I can like wax poetic, I'm on my way out, right? But,

yeah, he's a great member of the committee, I'm just honored to have him be part of the committee.

COUNCIL MEMBER LEVIN: Thank you, Mr. Chair.

CHAIRPERSON GENNARO: You bet, you bet. Okay. Yeah, so we have--okay, we've got Scott from REG, okay. And then, right, Mr. Duckworth will come after that, okay?

SCOTT HEDDERICH: Thank you.

CHAIRPERSON GENNARO: Scott, you're on.

SCOTT HEDDERICH: Thank you, Mr. Chairman.

CHAIRPERSON GENNARO: Sure.

SCOTT HEDDERICH: So in the interest of time--

CHAIRPERSON GENNARO: [Interposing] Good to see you again.

SCOTT HEDDERICH: It's good to see you. I'm going to paraphrase the testimony that I provided up there. But I want to thank you, Chairman Gennaro, other members of the committee, for the opportunity today. As I said, my name is Scott Hedderich, I'm director of Corporate Affairs

1
2 for Renewable Energy Group. We are a leading
3 North American biodiesel producer, we have
4 nationwide distribution and logistics systems.
5 For more than a decade, we've been a supplier of
6 biodiesel into the North American market, and that
7 biodiesel meets or exceeds ASDM quality standards.

8 Our company uses a variety of
9 natural fats and oils and greases to make our
10 biodiesel and we currently have more than 225
11 million gallons of owned and operated production
12 in the United States, as I said earlier, that's
13 six--sorry, seven plants now, as well as a number
14 of terminals located throughout the U.S.,
15 including three here in the New York metropolitan
16 area.

17 New York's been a leader in
18 proactively addressing the health and well-being
19 of its residents, and Council should be commended
20 for that, so should the mayor. The PlaNYC
21 document is the embodiment of that leadership.
22 Excuse me. It sets out a well-reasoned and
23 thoughtful agenda in a number of areas touching on
24 the lives of New Yorkers and the use of biodiesel
25 plays a significant role in the document's air

quality section and meeting the City's goal of reducing PM 2.5, which has been pointed out to be a precursor for asthma, as well as the targeted goal of reducing greenhouse gas emissions by 30% by 2017.

And REG wants to applaud the City of New York for that leadership and foresight in using biodiesel and, again, whether we're talking about the City's recent enactment of Bioheat mandate or through the City's use of significant blends of biodiesel in their fleet. And the City has made tremendous progress, I think you heard from the first panel. Those folks working diligently for the state should all be applauded and commended for their effort. Having B5 fleet-wide is an excellent first step, it's one that mimics what other states have done, moving to a B20 is a natural next step and I think it'll leapfrog New York ahead where other states are in terms of leadership in this arena.

And with respect to that is as the City moves forward on B20, I think the committee, and, in particular, the City Council should ask itself, if it's good for the City fleet, if it's

good economics, if it's good for the health and well-being for New Yorkers, why stop at the City fleet. And ultimately time is going to tell whether it's good for the fleet, but there's lots of examples of municipalities already that have utilized B20 and above, in the cases of the mining industry where they're operating at B50 and sometimes B100, with excellent results. And, frankly, we would expect nothing less here in New York.

Future biodiesel economics are difficult to predict, just as the economics are of other products in the energy sector, but looking backward over the last two years, biodiesel pricing has been very favorable compared to oil. And as to the health benefits, there's clear and obvious data that shows it's far better for the environment than any oil-derived fuel product that's out there today.

So the question to consider is if the City can successfully implement B20 in its fleet--and, again, we have every reason to believe that it will--should the City Council look at an innovative way to take forward thinking and apply

it to all diesel vehicles in the city, whether it's through a mandate or some other mechanism. I think that's the question that the Council should look at, certainly the timeframe is now to do so.

I guess in conclusion, I'd just like to, again, thank the committee, thank you, Chairman Gennaro, for the opportunity, thank you for your past leadership on this area, and New York really has been in the vanguard of promoting with very clear, concise metrics ways to improve the health of its residents. And thank you.

CHAIRPERSON GENNARO: And thank you, Scott, for your testimony and for all that you and REG do to bring this product forward and to make good things happen. I made some notes, I'll be getting back to you as well. Thank you. And we're--Mr. Duckworth from Tri-State.

DEHRAN DUCKWORTH: Yes, sir, thank you. I wanted to thank the committee and you, sir, for your--

[Crosstalk]

DEHRAN DUCKWORTH: --continued support.

CHAIRPERSON GENNARO: Let me get

your thing, okay. How's Brent?

DEHRAN DUCKWORTH: Brent is very well, he sends you his best, wishes he could be here.

CHAIRPERSON GENNARO: That salt pack [phonetic] thing still working that?

DEHRAN DUCKWORTH: [Interposing] Yeah, he's still rocking the salt patch.

CHAIRPERSON GENNARO: Yep, good.

DEHRAN DUCKWORTH: Yeah.

CHAIRPERSON GENNARO: Okay.

DEHRAN DUCKWORTH: And the waste cooking oil and the--

CHAIRPERSON GENNARO: Yep.

DEHRAN DUCKWORTH: --project to, you know, reclaim as much waste here in the city as possible, and this year we'll finally be realizing our goal of, you know, of processing waste well into on spec fuel here in the region, so that'll be something we can look forward to--

CHAIRPERSON GENNARO: Great, sure.

DEHRAN DUCKWORTH: --presenting later in the year.

A lot has been said about the

product and the benefits and so on, a lot I would be reiterating if I was to read my whole statement, but I'll touch on a couple points.

CHAIRPERSON GENNARO: Sure.

DEHRAN DUCKWORTH: Mainly, I'd like to fourth the motion for, you know, creating higher blend mandates, whether it'd be for heating oil or for transportation. And the main point being that, you know, that the cost to the--the cost of buying new vehicles and retrofitting vehicles and so on with the goal of reducing emissions is extremely prohibitive, and the simple solution is to switch to higher blends that have been proven to work and not ask whether it'd be the City or fleet owners or homeowners or someone to switch to expensive equipment that recaptures particulates when you could start out with a clean fuel to begin with and not introduce those into the engine in the first place. And, again, the push to move to a B20 automatically pushes us, I believe, into the realm of achieving these environmental goals without asking people to buy equipment and retrofit their equipment.

And, you know, as you said, it's a

1
2 natural progression from the ULSD to directly to
3 a, you know, a ultra ULSD, but, you know, a B20 is
4 automatically, you know, much lower in sulfur and
5 particulates across the board.

6 You know, all of the pertinent
7 points of whether it'd be creating jobs locally,
8 you know, supporting local industry, buying, you
9 know, energy from domestic sources rather than
10 overseas, they're all extremely good points and I
11 think they need to be taken into consideration.
12 And that along with the fact that B20 is a good,
13 we consider it a starting point. We've always
14 been much more progressive in terms of pushing
15 higher blends, but the B20 is certainly a great
16 place, we consider, to start, whether it be, you
17 know, for the consumer to get the 20 cent per
18 gallon in the heating oil market or for the
19 consumer to benefit from the 80% taxation on the
20 over the road fuel. And these are things that
21 have been in put place by the state for the very
22 good purpose, it's to help people to implement
23 these.

24 To address the gentleman's question
25 earlier, how do we get the public using this fuel,

1
2 well it's about public awareness and about getting
3 them to understand that they're actually--the
4 State is actually behind these higher blends with
5 these incentives and the federal government.

6 And, you know, I urge the City
7 Council for all the reasons I've detailed here to
8 look at looking at citywide B20 blend, it'd be
9 great for the City, great for the country, great
10 for my colleagues here. And I thank you again for
11 having us here to testify.

12 CHAIRPERSON GENNARO: Sure, yeah,
13 thank you. It's been a long road and we're--
14 things are doing better and it's time to see what
15 we can do to push the envelope even further and
16 this is my goal. And I know I have the staff and
17 Council Members, I think behind me in that.

18 Let me start with a question for
19 you and kind of work backwards, but this will be
20 open to anybody. I've always been bullish on the
21 fuel and its sort of scientific benefits and its
22 air quality benefits. I'm not so much of an
23 economics guy, and I know that there are
24 incentives for tax credits on the state level for
25 people to use it for heating oil and whatever kind

1 of tax incentives there are for its use as a
2 vehicle fuel. I'm not an expert on that, but one
3 position that I've--or this notion that I have is,
4 okay, we have these incentives at the state and
5 national level and this is the time to use those
6 incentives to the full extent, to get this
7 industry into a zone where, you know, just by all
8 the economies of scale and everything else and we
9 don't need the incentives anymore because I just
10 don't see them staying around in perpetuity.
11 Isn't that what these incentives are for, to get
12 the industry into sort of like an orbit where it
13 can fly without them and I don't know we can count
14 on these incentives forever. So is my notion or
15 my view or my concept accurate or--

17 DEHRAN DUCKWORTH: [Interposing] I
18 would say so, on the state level, absolutely. You
19 know, to have the State behind, for example, a 20%
20 blend, whether it be for over the road or for
21 heating oil, it's--

22 CHAIRPERSON GENNARO: [Interposing]
23 I only know what the State does for heating oil, I
24 don't know what it does--

25 [Crosstalk]

DEHRAN DUCKWORTH: [Interposing]
Well they do, it's a penny per percentage in the
blend, capped at 20 cents, so it's essentially a
tax credit that comes back to residential heating
oil customers.

CHAIRPERSON GENNARO: Right, but
how about for over the road stuff? No--

[Crosstalk]

DEHRAN DUCKWORTH: [Interposing]
Over the road is, B20, in particular, is in its
own category, it's taxed at 80% by the State of
New York of the road fuel, yeah--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
Oh, so how does that work? So I--

DEHRAN DUCKWORTH: [Interposing]
There's several categories in the list of--

[Crosstalk]

DEHRAN DUCKWORTH: --taxable
categories for--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
So I got a truck fleet and I'm using--

DEHRAN DUCKWORTH: Yeah.

CHAIRPERSON GENNARO: --and I'm using--I got a truck fleet and I'm using a 20% blend, I get--and so I'm using B20 in Jim's Trucks, you know.

DEHRAN DUCKWORTH: Right.

CHAIRPERSON GENNARO: So I get some kind of tax advantage for--

[Crosstalk]

DEHRAN DUCKWORTH: [Interposing]
The supplier is legally allowed to sell--to tax the product at 80%, it's a combination of the sales tax and the excise tax and--

CHAIRPERSON GENNARO: Oh, I see, okay.

DEHRAN DUCKWORTH: --there's several categories there that make up a 20% reduction in that tax, so it can amount to 8 to 10 cents per gallon savings for that fleet owner, which is significant.

CHAIRPERSON GENNARO: Okay. Yeah, I get it, but my larger point of these incentives not being around forever is probably well taken, right? So now's the time.

DEHRAN DUCKWORTH: Yeah, now would

be the time, I mean, I would imagine that the existence of these things are to--for this--

CHAIRPERSON GENNARO: Right.

DEHRAN DUCKWORTH: --for people to understand that this is--

CHAIRPERSON GENNARO: [Interposing]
Provide an impetus--

DEHRAN DUCKWORTH: --it's not just people going out trying to sell a product, their government is actually behind it, and--

CHAIRPERSON GENNARO: Right.

DEHRAN DUCKWORTH: --it works and here you go, in fact, we're going to incentivize it and, yeah, they're not going to be around forever, they do tend to get renewed. The heating oil tax credit just got renewed at the beginning of 2012 for another five years and it could continue. These things could continue to happen and it would be my take that it's the role of government to incentivize, you know, the right choices in these regards, you know. So--

CHAIRPERSON GENNARO: Yeah.

DEHRAN DUCKWORTH: --hopefully we'll see them get renewed, but in the meantime it

will, hopefully, give the industry enough time to mature--

CHAIRPERSON GENNARO: Right.

DEHRAN DUCKWORTH: --to the point where it can stand, let's say, on its own, I don't know if that's fair to say when you match it up to the petroleum industry, which certainly does not stand on its own, you know, with the amount of subsidies and--

CHAIRPERSON GENNARO: Oh, right.

DEHRAN DUCKWORTH: --breaks that the petroleum industry gets. A gallon of gas or diesel without all the subsidies and government, you know, I don't want to say handouts, would be more in the realm of 15 to \$20 a gallon. I mean, that's just, you know, shooting from the hip but...

CHAIRPERSON GENNARO: Right, right, right.

DEHRAN DUCKWORTH: So for to expect any energy industry to stand completely on its own--

CHAIRPERSON GENNARO: Right.

DEHRAN DUCKWORTH: --is also a little bit outlandish, I would say, because the--

just due to the distribution and the availability, there are certain aids that the government has to give to--

CHAIRPERSON GENNARO: Right.

DEHRAN DUCKWORTH: --responsible energy source availability.

CHAIRPERSON GENNARO: Yeah, I have to broaden my horizons of being sort of like an economic and market forces guy--

DEHRAN DUCKWORTH: Right.

CHAIRPERSON GENNARO: --just like a science wonk, you know, I'm like, yeah. Thank you, and I have some other...

Now, Scott, you make the recommendation, and I'm asking the counsel to the committee to listen very carefully, regarding some kind of innovation we can make to trying to have the biodiesel have [off mic] broader application than just to City fleets. And I guess a question for the counsel to the committee is that our, you know, to what extent do we have the ability to regulate sort of fuel mandates, whatever, for the general public, that might be beyond what, but-- I'm not asking you to answer. But, yeah, it's

1
2 like we have to have some kind of entrée into that
3 industry that like we own it or we're contracting
4 for the services, but it's probably something like
5 that, right?

6 SAMARA SWANSTON: Yeah, yeah.

7 Probably--

8 [Crosstalk]

9 CHAIRPERSON GENNARO: Yeah.

10 SAMARA SWANSTON: --preempted, but
11 I can research--

12 CHAIRPERSON GENNARO: [Interposing]
13 Right. But the point's well taken, you know. I
14 mean, there are--you know, the earlier Clean Air
15 laws where we're looping in school buses that we
16 don't own and tour buses that we don't own, but
17 the City has their hooks into these industries by
18 the virtue of the fact that we pay for them
19 outright, in the case of school buses, we pay for
20 the services or I don't know how we did it with
21 tour buses but we did it. I just don't know. But
22 we can always do more to try to make this more
23 widely available.

24 And there are--but when we look at
25 fleets of trucks that are not really City

government vehicles like UPS trucks and--what's the landscape out there for these companies and their embrace of biodiesel? I mean, UPS comes to mind because I just got a delivery from UPS today, so that's on my mind but--

SCOTT HEDDERICH: [Interposing]

Sure, actually if you look at UPS and FedEx and some of the other large companies that are in the package delivery business that have large diesel fleets, they're already engaging in implementing in their own fleets everywhere from B5 to B20 in some pilots.

I think fundamentally the question needs to be asked, if it's good enough for the City to do, if there are demonstrable, measurable health benefits, then why stop at the City? Now that's the \$64,000 question, how do you get to the next level? Do you require for all fuel sold in the city; do you look at incentives; do you look at other measures and other metrics? And I think if you look at the Midwest and you look at Midwest states that have looked at policy options, there's a bunch of different ways to skin the cat, but the questions should be asked now, now I think is the-

1
2 -where the timing is ripe. And if you look at
3 California, Oregon, both of those states have
4 implemented low carbon fuel standards, and in
5 fairness to the California legislation is being
6 reviewed at the federal court level.

7 But there's opportunities there,
8 and so, you know, ask yourselves if it's a good
9 benefit, what should the City do, what could they
10 go forward to do. You know, another way to look
11 at it is to flip the coin around. If you don't
12 take steps to lower, not just the emissions coming
13 out of the City fleet but all fleets, what are you
14 doing to the health of city residents if we
15 continue to have high levels of soot, we continue
16 to have non-attainment areas, you know, that's a
17 policy question that should be asked.

18 CHAIRPERSON GENNARO: Yeah, I think
19 the City has justifiably focused a lot of efforts
20 on the clean air and greenhouse gas reduction and,
21 you know, on buildings where 79% of our greenhouse
22 gases come from and everything we've done in the
23 last year to change the whole building heating oil
24 landscape with the elimination of--

25 SCOTT HEDDERICH: Absolutely.

CHAIRPERSON GENNARO: --number 6

fuel, the cleaning of number 4, number 2 with the statewide sulfur reduction, and adding bio to heating oil, you know, that was the equivalent of taking every vehicle in the city of New York like off the road in terms of just clean air impact right there, but let's not forget about mobile sources. And just like a note to staff, I mean, the 2007 New York City Climate Protection Act mandates the 30% reduction in greenhouse gases for the City sector by 2017 and the city overall by 2030. And now having talks about doing 80% by 2050, and this is something that Office of Long-Term Planning and Sustainability is like obligated to sink a lot of brainwaves into and what are they thinking? Are they thinking about if you own a fleet and you use higher blends, you get the equivalent of some sort of credit or something, I don't know. Not that we want to have cap and trade right here in New York City, but, I mean, there's got to be some local analog to doing something. So that would be an area of curiosity for me because we have to be thinking about--or they're--the Office of Long-Term Planning and

1 Sustainability is mandated to be thinking about
2 what we can do to get the 30% reduction by 2030
3 and it wouldn't need to be a combination of some
4 kind of inducements and other creative things, and
5 to the extent those can become mandates of some
6 sort or what. But I think Scott's point is a good
7 one and we should burn some brainwaves on that.
8

9 STEVEN LEVY: Jim, on that same
10 note--

11 CHAIRPERSON GENNARO: Yeah.

12 STEVEN LEVY: --if I might add that
13 if there aren't any avenues to specify the fuel,
14 which is probably unlikely, again, as there was
15 regulated for the contractors and the solid waste
16 people and anybody that is a contractor or a
17 franchisee or has a franchise route that does
18 business with the City, perhaps if the City could
19 also view that anyone that does business with the
20 City, that they would have some type of
21 preferential look or view if they are using a B20
22 or such as well. And as we know, the City touches
23 a lot of private fleets, and the key in our area
24 is, you know, the municipal fleets are doing their
25 job and the federal fleets are, but the key is the

private fleets and whether they operate out of Hunts Point or they operate in Brooklyn or the city, for that matter.

CHAIRPERSON GENNARO: Yeah, that's a great point, and I'm asking staff to see what's within the realm of the possible regarding these various fleets that, as Steve said, kind of like touch New York City. And so if these entities are getting love from us, we should get love from them, so there you go.

DEHRAN DUCKWORTH: Sorry to interrupt, but it just occurred to me, you know, there's this Clean Pass, for example, that a Prius gets for, you know, EZ Pass, you know, for MTA, for low emission vehicles and so on, and that especially coming out of Hunts Point, all these small fleets that are domestically based inside the city, running around the city, what--

CHAIRPERSON GENNARO: Yeah.

DEHRAN DUCKWORTH: --I've always considered, you know, I run my vehicle on 100% biodiesel, we run our fleet on a minimum of 20%--

CHAIRPERSON GENNARO: [Interposing]
Well you guys are such showoffs, 100%--

[Crosstalk]

DEHRAN DUCKWORTH: Yeah. What to do. But, you know, I have clearly the lowest carbon emissions, possibly less than a Prius with that, especially if it's made from recycled oil.

CHAIRPERSON GENNARO: Right.

DEHRAN DUCKWORTH: I sure would like a Clean Pass on my car.

CHAIRPERSON GENNARO: Yeah.

DEHRAN DUCKWORTH: You know what I mean? What kind of criteria, how could we look at setting up a set of criteria for--

CHAIRPERSON GENNARO: Yeah.

DEHRAN DUCKWORTH: --a truck fleet to--

CHAIRPERSON GENNARO: And I think that--

DEHRAN DUCKWORTH: --incentivize these.

[Off mic]

CHAIRPERSON GENNARO: Yeah.

DEHRAN DUCKWORTH: Yeah.

CHAIRPERSON GENNARO: I think that's a state program, but, you know, still but

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2 the point's well taken, and, you know, we haven't
3 thought of everything until we've thought of
4 everything, and so everything is worth taking a
5 look at. And we're the City of New York, we're a
6 pretty big fish, and so let's see what's within
7 the realm of the possible--on that.

8 So 100%, give me a break.

9 [Off mic]

10 MALE VOICE: Pushing for 150.

11 CHAIRPERSON GENNARO: And, Mr.
12 Albrecht, I like to think of myself as a little
13 bit of a wonk with regard to like the science
14 aspect, but your testimony, I just learned things
15 that I didn't know regarding the 70% reduction of
16 greenhouse gas emissions compared to natural gas
17 and the oxygen content, how that can reduce the
18 emissions of the PAH components. It is--I mean,
19 now PAH would be in the realm of like a VOC,
20 right? But just sort of like a--

21 RAY ALBRECHT: [Interposing] Yeah,
22 it's actually at the top of the list in terms of
23 toxicity.

24 CHAIRPERSON GENNARO: Right, but
25 technically, it would be under the--

RAY ALBRECHT: Yeah. Right,
that's--

[Crosstalk]

CHAIRPERSON GENNARO: --it's one of
the many forms of compounds that would generally
come under the umbrella of VOCs, except it's
really elaborate organic--

[Crosstalk]

RAY ALBRECHT: [Interposing] Right.
Yeah, and the PAH is just to--

CHAIRPERSON GENNARO: --on there.

RAY ALBRECHT: Yeah, just to
reiterate, the PAHs are basically--well the middle
word says it, if you remember your organic
chemistry, aromatic means that it's a ring
compound usually with double bonds between the
carbons, okay? That means that it doesn't break
up very easily in the combustion process, it's
sort of like a very stale bagel, okay? Where you
can't break it apart, which is the first step in
combustion or oxidation--

CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: --as opposed to a
maybe a longer stick of something that you--

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CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: --can break into smaller pieces much more easily. So there's two consequences of that when that type of particle gets into your bloodstream, it doesn't decompose as quickly as other types of particles will and, therefore, its cumulative inflammatory effect is even--

CHAIRPERSON GENNARO: Oh, I see.

RAY ALBRECHT: --more pronounced, okay. Which is why particulate emissions are just as much of a cardiac issue as they are, you know, how would you say, a breathing type issue.

CHAIRPERSON GENNARO: Oh, so this would be a particulate compound, this--

RAY ALBRECHT: Yeah.

CHAIRPERSON GENNARO: --so this is particulate--

RAY ALBRECHT: Yeah.

CHAIRPERSON GENNARO: --so it's like not--so it's not a gas, it's a--

[Crosstalk]

RAY ALBRECHT: [Interposing] No, it can be in all states--

CHAIRPERSON GENNARO: Right, right.

RAY ALBRECHT: --of liquid, you know, of solid. You know, solid particulates are--now we're really getting into deep science, but sometimes particulates are simply aerosols, which are gaseous molecules--

CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: --which may have then condensed or adhered to--

CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: --a solid nucleation point, okay? And sometimes there are forces there that go on which--

CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: --are different from purely temperature pressure-based condensation as--

CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: --we know it, okay. And so as a result, these particulates are really a--can be a combination of, you know, classical solid matter versus something that really is more of a liquid but that has a solid core to it.

CHAIRPERSON GENNARO: Right.

RAY ALBRECHT: Okay? And then whether it stays as a solid liquid aerosol, okay, or it goes into the gaseous state or back and forth will depend upon what else is going on in the environment surrounding that molecule in terms of air. Then you get into partial pressure games and--

CHAIRPERSON GENNARO: Right, right.

RAY ALBRECHT: --you know, that whole--

CHAIRPERSON GENNARO: Yeah.

RAY ALBRECHT: --thing.

CHAIRPERSON GENNARO: Yep, yep, yep.

RAY ALBRECHT: Okay.

CHAIRPERSON GENNARO: Yeah, certainly, I wasn't aware of that and I thank you for bringing that to my attention, as this is more of a compelling reason to move forward, and I thank you for that.

And--

RAY ALBRECHT: [Interposing] I think Isabelle is--

CHAIRPERSON GENNARO: [Interposing]

1
2 Yeah, yeah, we'll--

3 [Crosstalk]

4 ISABELLE SILVERMAN: --probably
5 going to have to leave [off mic].

6 CHAIRPERSON GENNARO: Oh, yeah, one
7 more minute; one more minute. And, Steve, you
8 made your point during your statement regarding
9 the City's procurement policies and making the
10 jump to B5 for heat, and certainly anything that
11 you ever want to communicate regarding--you know,
12 you made reference to the procurement thing or
13 whatever, but didn't put a lot of detail on that,
14 but we're--the counsel to the committee is more
15 than happy to receive any kind of more detailed
16 brainwaves on the procurement thing that you made
17 kind of like a reference to but didn't--

18 STEVEN LEVY: Thanks, Jim. I made
19 a quick reference, we all want biodiesel to be--

20 CHAIRPERSON GENNARO: Right.

21 STEVEN LEVY: --cost competitive,
22 the City needs it to be cost competitive, as make
23 sure also that it has the supply. So that's what
24 I referenced and there are certain procurement
25 guidelines that might be under the City Charter--

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CHAIRPERSON GENNARO: Right.

STEVEN LEVY: --or might not so--

CHAIRPERSON GENNARO: [Interposing]
Yeah, 'cause that's--

STEVEN LEVY: --that's a question
of looking at that.

CHAIRPERSON GENNARO: --yeah, they
said that would be--I mean, I'm more than happy to
have you have a conversation with Samara on and I
don't know whether there's like procurement policy
which is like an executive thing, but we've done
all kinds of legislation that bears directly on
procurement and I don't know where all the lines
are, but counsel to the committee certainly would.
And so we've done lots of procurement related
things with regard to recycled content and this
and that and whatever, and so we have some ability
to play in that sandbox. So--

STEVEN LEVY: [Interposing] Well I
think so, and I think it also addresses building
businesses and jobs here in New York City too.
You know, as we witnessed during Hurricane Sandy
and many other events here in New York, it's
important to do business with people that have

1 local terminal storage, local trucks to make
2 deliveries. There are many businesses here in New
3 York City that do business with vendors that are
4 outside the city when it deals with fuels, so what
5 happened was is they couldn't get fuels--

6
7 CHAIRPERSON GENNARO: [Interposing]
8 Oh, right, okay, I got you.

9 STEVEN LEVY: --in this particular
10 case--

11 CHAIRPERSON GENNARO: I got you, I
12 got you.

13 STEVEN LEVY: --they're able to get
14 the fuels dealing with someone locally.

15 CHAIRPERSON GENNARO: Yeah. Yeah,
16 so that's a point well taken and I certainly would
17 encourage you to talk to Samara about that because
18 that feeds right into sort of post-Superstorm
19 Sandy mania, you know, that we're all involved in.

20 So, yeah, I appreciate that. So
21 you guys have been great, so I think we give this
22 panel an A, I think, you know. Right, if you're
23 keep it in your scorecard, you know what I mean?
24 If you're keeping a scorecard of the panels, yeah,
25 this one gets an A. And so appreciate it, guys,

and I'll be talking to you all real soon. Thanks for the education--

STEVEN LEVY: Thanks, Jim.

CHAIRPERSON GENNARO: --appreciate it. Isabelle.

ISABELLE SILVERMAN: Yeah [off mic].

CHAIRPERSON GENNARO: Isabelle Silverman, you get the patience award.

ISABELLE SILVERMAN: Exactly.

CHAIRPERSON GENNARO: And we're not--

[Crosstalk]

CHAIRPERSON GENNARO: --and we're not swearing in Isabelle because we're just not, it seems--

[Crosstalk]

CHAIRPERSON GENNARO: Yeah. Isabelle, you're on, come on, this--

[Crosstalk]

CHAIRPERSON GENNARO: --is your time.

ISABELLE SILVERMAN: --I had to call my babysitter [off mic]. Okay, swear me in.

CHAIRPERSON GENNARO: Okay. No, no, no, we're not even doing that, we're not even doing that, you just--just put the microphone right here so we can hear everything you say, just state your name for the record and, yeah--

ISABELLE SILVERMAN: [Interposing]
Yeah, Isabelle Silverman from Environmental Defense Fund.

CHAIRPERSON GENNARO: Sure. So thank you so much for waiting, thank you for your patience. We appreciate you being here today and everything you've brought to the table before regarding so many good ideas. So, yeah, I look forward to your good testimony.

ISABELLE SILVERMAN: Thank you very much. Do I need to swear?

CHAIRPERSON GENNARO: No, no, for you, I'm saying because you--

ISABELLE SILVERMAN: Oh, really?
Oh, wow. As an advocate--

CHAIRPERSON GENNARO: --you waited so long, you waited, so I feel like--

ISABELLE SILVERMAN: That's amazing.

CHAIRPERSON GENNARO: --I got to make it up somehow.

ISABELLE SILVERMAN: So let's start with biodiesel, I'm not going to--

CHAIRPERSON GENNARO: Let's start. Okay.

ISABELLE SILVERMAN: --not right now, I'm not going to follow what I wrote.

CHAIRPERSON GENNARO: Okay.

ISABELLE SILVERMAN: So my name is Isabelle Silverman, I'm a senior attorney with the Environmental Defense Fund. Thank you so much for having me.

And let's start with biodiesel. Biodiesel is great, we're [off mic] come to that conclusion now. And so what the City can do, what we see often is that the skepticism about biodiesel--is it going to break my engine, is it going to hurt my boiler--so one thing the City can do is, of course, with those Local Laws that we're talking about today where you require them to use Ultra Low Sulfur Diesel, you could require them to use a certain biodiesel blend. Because Ultra Low Sulfur Diesel wasn't available at that--wasn't

required by the federal--

CHAIRPERSON GENNARO: Right.

ISABELLE SILVERMAN: --government, but you required it for the City procured contracts, so you can do the same with biodiesel, as was suggested, B5, B20. Then with the heating oil, you required a B2 for all heating oil in the city, you could now go up to B5, B10. So the B2 just kicked in in October--

CHAIRPERSON GENNARO: Yes.

ISABELLE SILVERMAN: --kicked in in October--

CHAIRPERSON GENNARO: [Interposing] I killed myself for years to make that happen--

[Crosstalk]

ISABELLE SILVERMAN: I know.

CHAIRPERSON GENNARO: --it finally did, yeah.

ISABELLE SILVERMAN: And I think it's ready for a B5 very soon because B5 is also approved, ASDM approved, some fuel standard approved. B2 is basically hardly anything, let's go to B5 as soon as possible.

CHAIRPERSON GENNARO: It's still 20

million gallons a year of--

ISABELLE SILVERMAN: Yes.

CHAIRPERSON GENNARO: --heating oil
that is--

ISABELLE SILVERMAN: [Interposing]
Exactly, so it would be 50 million gallons. And
help the biodiesel industry, of course, that way,
is they need help to get going.

CHAIRPERSON GENNARO: Yeah, and I
kind of had to take what I could get in B2, but
now that the administration has such an
overwhelming positive experience with biodiesel in
its fleets and, yeah, I clearly want to push for
more on like the Bioheat--

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: --front,
yeah.

ISABELLE SILVERMAN: I think that
will be great, especially now that the
administration has testified that it's had no
problems with the B20 in vehicles, and then maybe
the administration can start using a higher
biodiesel blend for heating the City buildings.
Because, of course, where the City procures

1 heating oil for its buildings, it could also use a
2 higher biodiesel blend. So you could not only
3 mandate it for the billion gallons of heating oil
4 being used, but also for its own buildings. The
5 City can purchase whatever it wants, basically,
6 for that.

7
8 So those are the different avenues
9 I see with biodiesel where City Council has the
10 power to legislate and increase biodiesel--

11 [Crosstalk]

12 CHAIRPERSON GENNARO: [Interposing]
13 Yeah, I mean, I'm just kind of thinking out loud
14 here, I mean, we could step it up where like the
15 City government boilers kind of went first with
16 the B5--

17 ISABELLE SILVERMAN: Yeah.

18 CHAIRPERSON GENNARO: --and then
19 that'll pave the way for citywide step up. Just
20 in case people get reluctant to whatever, it's not
21 going to be--with the boils that are owned by the
22 City and that'll be a sort of--and if that bears a
23 good income, then it would--and then we phase it
24 into the boilers in, like, private boilers, I
25 guess, for--right? That's what you call them,

right, private--

ISABELLE SILVERMAN: [Interposing]
B5, yeah, B5, B10. The City boilers, just to flag something and to keep in the back of your mind, if the City building has a very old oil tank that has been storing 6 oil, then it probably cannot. It could have a little bit of biodiesel in it, but not too much otherwise it could start leaking. 'Cause the 6 oil is such a heavy sludge that--

CHAIRPERSON GENNARO: Right.

ISABELLE SILVERMAN: --it doesn't leak in very old tanks but--

CHAIRPERSON GENNARO: Yeah, it's--

ISABELLE SILVERMAN: --more liquid fuel would leak.

CHAIRPERSON GENNARO: Six is yesterday's news, that's so old--

[Crosstalk]

ISABELLE SILVERMAN: [Interposing]
Exactly, 6 is dead.

CHAIRPERSON GENNARO: --thinking, 6 is--we're--

ISABELLE SILVERMAN: [Interposing]
Is dead. So then--

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CHAIRPERSON GENNARO: [Interposing]
We're not going to tweak 6, we're just--

ISABELLE SILVERMAN: Exactly.

CHAIRPERSON GENNARO: --yeah.

ISABELLE SILVERMAN: But just about
the oil tanks, that's something to keep in mind.
So just now about the Local Laws that we're
requiring the retrofits and I actually based my
testimony on a report from Carter Strickland, the
commissioner, dated August 20th, 2012, and I e-
mailed it to Samara today so you have it now as
well. Where they--

CHAIRPERSON GENNARO: Okay.

ISABELLE SILVERMAN: --they outline
each vehicle that has been retrofitted and with
what type of technology it has been retrofitted.
And so I submitted my comments to Christy Quinn's
office--

CHAIRPERSON GENNARO: Yeah.

ISABELLE SILVERMAN: --it was
Jeffrey Baker.

CHAIRPERSON GENNARO: Right.

ISABELLE SILVERMAN: And so I
totally agree with you when you said maybe the

1 retrofit laws need a retrofit, when you said that
2 to the DEP. And I agree with you because, when
3 those laws were written, we didn't really have the
4 technology to put in filters in all the diesel
5 vehicles. Filters are the most effective control
6 technology that reduces 90% of diesel particulate
7 emissions, whereas, the DOC, the Diesel Oxidation
8 Catalysts--

10 CHAIRPERSON GENNARO: Right.

11 ISABELLE SILVERMAN: --only reduce
12 25%. Now the technology has advanced so much that
13 we can put filters in every single diesel vehicle.
14 So before the hearing started, I walked up to the
15 DEP representatives and I asked them, why have you
16 been giving so many waivers because, like you
17 pointed out, under Local Law 77 and other laws,
18 they have been giving waivers to vehicles. So we
19 have 30-year old diesel vehicles driving around
20 with waivers from the DEP not having any control
21 technology installed, and that's because the law
22 has a waiver provision in there that gives the DEP
23 discretion to give a waiver. It says, when the
24 diesel retrofit technology is unavailable for
25 purchase for such vehicle. Now it is available

1
2 for purchase for such vehicle because we have the
3 DPFs, the filters that work. So I basically said
4 to the DEP, are you on board with this basically
5 new policy, no more waivers, let's clean up these
6 vehicles, and if the vehicle is so old that the
7 diesel particulate filter clogs every six hours
8 and has to be, you know, burned off, the soot,
9 then so be it, that's the problem of the owner of
10 the diesel vehicle. And I think what will happen,
11 it will drive them to replace this very old diesel
12 vehicle, they need a new vehicle.

13 So I think the City Council could
14 reiterate that with the DEP that you don't want to
15 see these waivers anymore, like you said today
16 about Local Law 77, there is no excuse, Local Law
17 77, every construction equipment should have a
18 filter, they know what the cost is upfront.

19 Columbia University is doing
20 construction, every single construction equipment
21 on the Columbia University site has a filter, it
22 is doable, and so it should be the same for all
23 these Local Laws that are--

24 [Background noise]

25 CHAIRPERSON GENNARO: Yes, and I

1 was kind of trying to be nice earlier when I had
2 the administration up, we do a lot of business
3 together and they've got a generally good record,
4 I didn't want to go nuts, but we--the Speaker and
5 myself wrote a detailed letter to the DEP a while
6 back regarding the waivers and regarding the two
7 kinds of filters, like the filter one--

8 ISABELLE SILVERMAN: Yeah.

9 CHAIRPERSON GENNARO: --and the DOC
10 one, and what was the deal with that. And we got
11 a detailed response from the commissioner last
12 week, and so we've been mindful of that. I just
13 didn't want to make a big parade of it in--

14 ISABELLE SILVERMAN: Yeah.

15 CHAIRPERSON GENNARO: --the hearing
16 today. Also, from a larger perspective, we're
17 going to be working with the administration, to
18 make the changes in the City's air code, and so
19 I'm going to kind of bring all that stuff up as
20 we're working through the air code. I didn't--

21 ISABELLE SILVERMAN: Yeah.

22 CHAIRPERSON GENNARO: --really see
23 the need to kind of stick them more than I did--

24 ISABELLE SILVERMAN: Yeah.
25

1
2 CHAIRPERSON GENNARO: --earlier
3 because we're going to be across the table from
4 each other working out changes in the air code and
5 I've got this big, long letter from the
6 commissioner where he--you know, when it goes into
7 details about, you know, like the DOC filters,
8 these other kinds of filters, and waivers and all
9 that other stuff. And so I'll kind of work that
10 out with them--

11 [Crosstalk]

12 ISABELLE SILVERMAN: Yeah.

13 CHAIRPERSON GENNARO: --but it has
14 not escaped the attention of myself and the
15 Speaker, who formally wrote to the--

16 ISABELLE SILVERMAN: Yeah.

17 CHAIRPERSON GENNARO: --
18 commissioner saying what's--

19 ISABELLE SILVERMAN: That's good to
20 know.

21 CHAIRPERSON GENNARO: --what's the
22 deal. And we got a reply to that one week ago,
23 which was right after this hearing was noticed--

24 ISABELLE SILVERMAN: Yeah.

25 CHAIRPERSON GENNARO: --you know

1
2 what I mean? So I think that's what made that pop
3 at that--and it's fine, they're busy and they're
4 doing a lot of things and they're doing a lot of
5 really good things.

6 ISABELLE SILVERMAN: Yeah.

7 CHAIRPERSON GENNARO: And so I
8 don't get all my homework done either. So they're
9 good people, they work hard, and, yeah... And this
10 is--is the waiver totally cool? No. Is the Local
11 Law 77 thing totally cool? No, but, you know.
12 And everyone's looking at it, we'll--you know, the
13 air code is on the table and the administration
14 has come forward with some pretty cool air code
15 concepts, which are, frankly, going to be a little
16 rough to sell, you know? Which is, you know,
17 we're going to get our hair mussed trying to sell
18 some of those things, which is good, that's why
19 I'm here, you know?

20 ISABELLE SILVERMAN: Yeah.

21 CHAIRPERSON GENNARO: And they're
22 willing to take a little bit of a licking on some
23 of the things that they want to advance and they
24 want to know if I want to get dirty with them;
25 yeah, sure. You know, so I didn't feel a need to

1 kind of--

2 ISABELLE SILVERMAN: Yeah.

3 CHAIRPERSON GENNARO: --go nuts on
4 them today 'cause they're good people doing a good
5 job and there is time to do that.

6 ISABELLE SILVERMAN: Yeah, no--

7 CHAIRPERSON GENNARO: But--

8 [Crosstalk]

9 ISABELLE SILVERMAN: --that's good
10 to know--

11 CHAIRPERSON GENNARO: Yeah.

12 ISABELLE SILVERMAN: --and I
13 mentioned to the DEP that there are now these
14 filters available because they might have not
15 known that that they are now available.

16 CHAIRPERSON GENNARO: The
17 commissioner indicated--

18 ISABELLE SILVERMAN: And they
19 acknowledge, thank you, and--

20 CHAIRPERSON GENNARO: --in his--the
21 commissioner, in his letter of last week,
22 indicated their widespread availability.

23 ISABELLE SILVERMAN: Good.

24 CHAIRPERSON GENNARO: And so this

is there's no hiding now, you know? And so--

ISABELLE SILVERMAN: Yeah, no,
thanks so much for--

CHAIRPERSON GENNARO: Sure.

ISABELLE SILVERMAN: --having this
hearing, I'm sure--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
No, it's important and, again, also it's the
administration, justifiably, has kind of standards
of that, you know, you got to give them two week's
notice, because they're going to come in and bring
all kinds of people together and put together
comprehensive testimony. And this week didn't
have two week notice timeline and, ordinarily,
they would just say, hey, our policy is two weeks,
we're not coming, you know? But for this, boy,
they said, no, we'll shake a leg, we'll get there,
we'll get it done. And then, you know, I can't
put them in a chair and beat them up then after
they--

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: --you know
what I mean? They could have--

ISABELLE SILVERMAN: Exactly, no--

[Crosstalk]

CHAIRPERSON GENNARO: --jerked me around and like they--

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: --didn't, so they're--we want to... It's getting towards the end of the line for all of us, you know what I mean?

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: In 11 months we'll all be gone, let's all just--let's all--

ISABELLE SILVERMAN: [Interposing]
Yeah, let's make life--

[Crosstalk]

CHAIRPERSON GENNARO: --let's all be happy, you know. When I was younger and thinner in 2002, I wanted to fight with everybody, now I don't want to so much, I just want to get stuff done, you know?

ISABELLE SILVERMAN: So but just one last thing, all the City vehicles, if there was a policy that it gets regularly communicated to the drivers of these City vehicles that they should turn off the engines and stop idling, that

would also help air quality. But that has to be constantly communicated, and I don't know if that's happening, it has to be codified--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]

Yeah, the whole idling thing is, I get that from individual members, I get that from members of the public and, yeah, that always has to be reinforced and we do try to do that. And even the mayor, to his credit, has tried to make that like a real initiative. And also duly noted 'cause just there is--you know, just doing that is quite a savings and--

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: --part of what we're going to--I don't want to tip our hand too much on what's going on with the air code, but there's a whole sort of like idling plank in that that's going to be interesting for trucks that have like refrigeration units and--

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: --stuff and it's going to be a whole thing. And so--

ISABELLE SILVERMAN: [Interposing]

See it adds up, of course.

CHAIRPERSON GENNARO: Yeah, so there's a big sort of idling plank in like the new--in some air codes proposal that the administration has. Like I said, it's a whole--I don't want to tip their hand, but there's a whole idling plank--

ISABELLE SILVERMAN: Oh, good.

CHAIRPERSON GENNARO: --in there which is good stuff and there is no way that we can get away with asking private industry to do what we're going to ask them to do if we're not going to be willing to do it ourselves, it's just--

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: --like, so I think that's--so that sounds good.

Very ambitious, I'm proud of them, you know, what they're coming up with 'cause it's going to be, you know, and they--

[Crosstalk]

CHAIRPERSON GENNARO: --haven't shied away from fights, and when we're doing like the green building stuff and like energy audits

and retrofits and number 6 going away, and a lot of--this administration has taken on like a lot of environmental fights.

ISABELLE SILVERMAN: Yeah.

CHAIRPERSON GENNARO: So, yeah, I think that--

ISABELLE SILVERMAN: [Interposing]
And we just need them--NYPD, we need to get NYPD to enforce the idling law because that really will get the message out to the drivers. The traffic enforcement agents are not writing idling tickets and that really would help to get the message out that idling is against the law.

CHAIRPERSON GENNARO: Right, I think that's always going to be like a little bit of a heavy lift to get NYPD officers to kind of embrace that with the vengeance that they do other things that they have to do, like getting guns off the street and all kinds of other stuff. And we used to have 40,000 officers, now we got 31,000, so it's just--

ISABELLE SILVERMAN: [Interposing]
Well but not only the traffic enforcement agents, the ones that give parking tickets, not the crime

fighting agents, the--

CHAIRPERSON GENNARO: Oh, yeah,
okay.

ISABELLE SILVERMAN: --parking
ticket people.

CHAIRPERSON GENNARO: Yeah, oh, but
part of--yeah, I'm--

ISABELLE SILVERMAN: [Interposing]
Give an idling ticket instead of a parking meter
ticket and they actually improve air quality in
the city. That's more my point, not stop crime
fighting.

[Off mic]

ISABELLE SILVERMAN: We changed
that in 2009, we gave--the City government gave
the authority to the traffic enforcement agents--

CHAIRPERSON GENNARO: Oh.

ISABELLE SILVERMAN: --to write
idling tickets--

CHAIRPERSON GENNARO: Okay. So--

ISABELLE SILVERMAN: --but they're
giving fewer and fewer tickets, they're actually
giving less than one ticket per agent per year.
They have 2,200--

CHAIRPERSON GENNARO: For idling.

ISABELLE SILVERMAN: Yes, they have
2,200 agents, they gave--

CHAIRPERSON GENNARO: [Interposing]
Maybe people are just better.

[Crosstalk]

ISABELLE SILVERMAN: No, look
around, it's ubiquitous, the idling. No, no--

CHAIRPERSON GENNARO: Okay.

ISABELLE SILVERMAN: --I just wrote
to the head of the traffic enforcement agents
today about this. So we have seven, we have seven
times more people dying of air pollution in this
city than homicides and here is something where--

[Crosstalk]

CHAIRPERSON GENNARO: [Interposing]
Yeah, it just seems like that--

ISABELLE SILVERMAN: --actually
have.

CHAIRPERSON GENNARO: --would be
like low-hanging fruit--

[Crosstalk]

ISABELLE SILVERMAN: [Interposing]
Yeah, so low hanging fruit and so much money for

the City and, for some reasons, they are not enforcing it.

CHAIRPERSON GENNARO: Well the people who are idling are not my constituents, I'll tell you that. My district is very good about that, and so I got them trained.

ISABELLE SILVERMAN: Yeah. They're whipped.

CHAIRPERSON GENNARO: Yeah, but duly noted that that--

[Crosstalk]

ISABELLE SILVERMAN: Thank you.

CHAIRPERSON GENNARO: --sense that we should try to get some benefit out of that's--I think it's all part of the air code discussion and we can talk about that as part of our air code talks.

ISABELLE SILVERMAN: Great. Thank you.

CHAIRPERSON GENNARO: Isabelle, thank you so much.

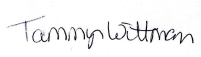
ISABELLE SILVERMAN: Thank you so much.

CHAIRPERSON GENNARO: Appreciate

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C E R T I F I C A T E

I, Tammy Wittman, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature 

Date February 13, 2013