



Alaska State Legislature

House Committee on Community and Regional Affairs

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House Joint Resolution 47 Sponsor Statement

The [Environmental Protection Agency](#) (EPA) [recently established a rule](#), effective in 2006, to reduce air pollution and related health and air quality impacts from large trucks and buses. In 2006, diesel trucks and buses must use diesel fuel containing 15 parts per million (or less) sulfur. Model year 2007 diesel trucks will require new emissions control equipment specifically designed to use only this type of fuel. This means most road diesel fuel used in Alaska in the future will, by rule, be ultra low sulfur diesel.

The financial and logistical consequence to rural Alaskans is significant with this change of diesel fuel types. An increase of 20 to 45 cents per gallon is expected. A greater fuel requirement is necessary with a decrease in fuel efficiency or fewer BTU's generated.

The effects extend to the Alaska trucking industry, whereby freight transport costs will rise.

Electrical companies testified that varying grades of diesel fuel would become increasingly difficult to obtain for existing systems.

Fuel transportation, delivery and storage systems in rural Alaska are generally capable of handling no more than one discrete diesel fuel type. Barges will need retrofitting and tanks in fuel farms cleaned.

One Alaska refiner expected a retrofit to cost \$100 million to produce the new fuel. The cost associated with this retrofit is not financially feasible when only 5% of the diesel refined in Alaska is used on the road. Thus, production of ultra low sulfur diesel fuel is not likely in Alaska. Any ultra low sulfur diesel fuel used in Alaska will, by necessity, be imported from lower 48 refineries.

While the federal rule is designed to address environmental health and air quality issues in urban and populated areas, it has severe economic implications in rural Alaska. Most of those testifying acknowledged ultra low sulfur diesel fuel will eventually be used throughout Alaska, but believe implementing the rule in 2006 is onerous.

The House Community and Regional Affairs Committee introduced [HJR 47](#) to address Alaska's concerns with the effective date of this new federal rule. It asks EPA and the Department of Environmental Conservation to give Alaska maximum flexibility in implementing the new rule.