

### **3-18-2013 Testimony by Darren Engle, Blue Star Gas regarding SB 488 (The Clean Fuel Program)**

Good afternoon Chair Dingfelder and Members of the Committee:

Thank you for the opportunity to offer my testimony today.

I am Darren Engle, Director of Marketing for Blue Star Gas, a family owned business now led by its third generation of management and has 6 offices and 22 employees in Oregon, an enterprise that has been successfully delivering propane, providing jobs and paying taxes in Oregon for more than 3 decades.

I reside in Grants Pass, have worked in the transportation fuel sector for 25 years and currently serve as the Chairman of the Propane Education & Research Council's National Research and Technology Development Advisory Committee. PERC, with an annual budget of \$38 million dollars is the federally chartered organization that acts as an educational and trade association when the use of propane for domestic, commercial and transportation purposes is considered. I am here today to address you in favor of SB 488.

Deciding to support SB 488 was a carefully considered, but easy choice for us. In the past, our country has mainly relied on fuel-specific mandates and incentives that have, in large part, failed to deliver us from the economic, environmental and national security risks that are a consequence of our dependence on foreign oil. We believe that The Clean Fuel Program will rectify this, because it is designed to reduce dependence by encouraging all alternative fuels as a function of their reduction of green house gasses. It succeeds by employing the right methods, driven by well-defined metrics, to deliver the intended result: a healthier atmosphere, a re-vitalized economy and a country increasing its energy security. What we cannot afford, is to have openly hostile countries demand a ransom for fuels critical to our survival at the same time that those fuels damage our health and risk the wellbeing of the planet.

What we have not done enough of, because of previously cheap gas, is to look around the world to see which alternative fuels are *already* in abundant supply and achieve the goals we seek. It may surprise you to learn that there are over 18 million vehicles, world-wide, fueled by EPA certified, clean burning, and inexpensive propane. In South Korea, Turkey and Poland for instance, most vehicles run on propane. The rest of the world calls this fuel Autogas and in the United States that's the name for propane when used as a motor fuel. 97% of what we use here is made in America. To resolve any concern about the availability and abundance of supply, we, as a nation, are now net *exporters* of this fuel, because we consume far less than is produced and easily available. It is a paradox that we sell this inexpensive and environmentally beneficial fuel that the rest of the world recognizes is a bridge to the future while they sell us much more expensive oil. The price tag for this practice, for Oregonians alone, is over \$5 Billion annually, dollars that leave the state because all that oil is imported; none of it is produced here.

Cost is but one concern; fuel price volatility is another. Whether it's supply chain interruptions, Middle Eastern politics, or just speculation, widely gyrating fuel costs whipsaw our economy and hobble our ability to create jobs. And here's what that translates to for our economy: according to a Deutsche Bank national study, for every one-cent increase in gas cost, there's an annual \$1.4 billion dollar loss in national consumer spending. It is time for change and SB 488 is a way Oregon can continue to lead the country in well-reasoned and well-written energy policy.

Blue Star Gas provides the fueling infrastructure along with the autogas itself, and through our affiliates, Alliance Autogas, we facilitate the aftermarket conversion of vehicles to this alternative fuel. Aftermarket conversion is not only the greenest way to reduce a fleet's carbon foot print, it's also the least expensive and generates a return on investment that is unbeatable by any other fuel, when all costs and emissions are considered. However, we know that Autogas is not the only answer for all vehicles in all kinds of applications. If it were, FedEx, UPS and Frito Lay would not be running five different fuels in their fleets to optimize the fit between use case, duty cycle and alternative fuel choice. But when autogas is the best choice (and that's typically in light to medium-duty vehicles such as delivery

trucks and passenger vehicles) it rewards fleets that want to “do the right thing” economically, environmentally and for national energy security. These are the rewards that the Clean Fuel Program generates for all alternative fuels and that’s why we support it.

We are surprised to hear that the Clean Fuel Program will result in higher fuel costs when, in fact, many alternative fuels are far less expensive than gasoline or diesel. For the last five years, autogas has averaged one dollar and seventy-five cents LESS, per gallon than gasoline and now hovers around two dollars less expensive.

All of this may not be common knowledge but it’s hardly a secret: Portland Public School’s and Schwann’s fleets are almost exclusively propane fueled and have been for many decades. Now Franz Bakery, Willamette Valley Transport and soon, the Polk County Sheriffs will also harvest the numerous benefits of this “alternative” fuel. And this is not just true for cities but for rural Oregon too, where propane infrastructure is already in place but underutilized because of legacy policies that this and other pending legislation will correct.

Uncertainty about the future always weighs against progress and that’s another thing the Clean Fuel Program works to correct. With this program, drivers and fleet owners will be encouraged to make savvy and reliable choices responsive to market driven economics and environmental concerns. SB 488 also provides consumer price protection for traditional fuels, while creating rewards for making better choices amongst the range of alternative fuels that are now available, reliable and much more affordable, when all costs are included in the decision of what fuel works best in what vehicle in any fleet. SB 488 is a tool that fits the job we, and more importantly, you, need to do to ensure the viability of our transportation system, on which our economy depends, for its future.

The first effect of passage of SB 488 will lift the sunset clause on the Clean Fuel Program, that will collect the data on which policy will be based. This is clearly the right step and we support it because you cannot manage what you do not measure. By the same token, how can one oppose this? What would we rather not know? When it comes to the rebuilding of

our economy, protecting our environment and ensuring national security, ignorance will not serve us well. It has not in the past and it cannot be our policy in the future. It is our responsibility to measure, manage and create the change on which our future depends and that is what SB 488 aims to do.

Please do not let a sunset clause eclipse a brilliant future for Oregon. We ask that you vote for this bill.

Thank you.  
Darren Engle  
Director of Marketing  
Blue Star Gas