



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEES ON
ENERGY AND ENVIRONMENTAL PROTECTION**
And
AGRICULTURE

Thursday, February 13, 2014
8:30 a.m.
State Capitol, Conference Room 325
in consideration of

HB 1938
RELATING TO MEASUREMENT STANDARDS.

Chairs Lee and Wooley, Vice Chairs Thielen and Onishi, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports amending the fuels specification standards to align with those currently set by the American Society for Testing and Materials (ASTM) and Society of Automotive Engineers (SAE).

HB 1938 is in response to a finding of the Refinery Task Force Interim Report as reported to Gov. Abercrombie on November 15, 2013, calling for modification of Hawaii's gasoline specifications to mitigate the impacts of a potential refinery closure. This is a housekeeping measure addressing inconsistencies in Hawaii gasoline specifications, current overall U.S. requirements and other laws and administrative rules in effect in Hawaii.

This measure also updates rules adopted by the Department of Business, Economic Development & Tourism in 2006 and fuel specification rules currently in effect under the Department of Agriculture. The state law requiring a 10% blend ethanol blend for motor gasoline was adopted into statute to promote the agriculture industry in 1994. Subsequently, DBEDT adopted administrative rules requiring 85% of all motor gasoline distributed in Hawaii

contain 10% ethanol (E10). The Department of Agriculture fuels specification rules were not updated to current/accurate ASTM standards and therefore it is not feasible to comply with both the outdated fuel specifications and the current ethanol mandate.

We support Chevron's amendment to change to the specific ASTM reference.

Thank you for the opportunity to offer these comments on HB1938.



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEES ON ENERGY AND ENVIRONMENTAL
PROTECTION AND AGRICULTURE
THURSDAY, FEBRUARY 13, 2014
ROOM 325
8:30 A.M.

HOUSE BILL NO. 1938
RELATING TO MEASUREMENT STANDARDS

Chairperson Lee, Chairperson Wooley and Members of the Committee:

Thank you for this opportunity to provide testimony on House Bill 1938, which proposes to stipulate that current standards as published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted for use by the Hawaii Department of Agriculture (HDOA).

The Department adopts ASTM and SAE standards through the Hawaii Administrative Rules. In lieu of updating the standards by statute, we respectfully request deferral of the bill so that we may be able to work with the automotive fuel industry to update the applicable standards through rulemaking pursuant to chapter 91.

Thank you for the opportunity to testify on this measure.





Chevron Products Company
91-480 Malakole Street
Kapolei, HI 96707
Tel 808 682 2313
Fax 808 682 3116

Thursday, February 13, 2014 / 8:30 A.M.
Hawaii State Capitol, Room 325

House Bill 1938: Relating to Measurements Standards

Aloha Chair Lee and Vice Chair Thielen, Chair Wooley and Vice Chair Onishi, and members of the House committees on Energy & Environmental Protection and Agriculture,

We are writing in support of House Bill 1938 and to propose amendments to the bill.

HB 1938 is intended as a housekeeping measure and provides that current standards as published by the American Society for Testing and Materials and the Society for Automotive Engineers are adopted for use by the Measurement and Standards Branch of the Department of Agriculture. This bill seeks to clarify Section 486-56, Hawaii Revised Statutes, by adding the word "current" to the existing language of law.

This bill is necessitated by an inconsistency between rules adopted by the Department of Business, Economic Development & Tourism in 2006 and fuel specifications rules then (and now) in effect under the Department of Agriculture.

The state law requiring a 10% blend ethanol blend for motor gasoline was adopted into statute to promote the agriculture industry in 1994, 20 years ago. Subsequently, DBEDT adopted administrative rules requiring 85% of all motor gasoline distributed in Hawaii contain 10% ethanol (E10) was adopted by DBEDT. Allowing for an 18-month transition period, E10 was started in Hawaii in April 2006.

The Department of Agriculture fuels specification rules were not updated to current/accurate ASTM standards and therefore it is not feasible to comply with both the outdated fuel specifications and the current ethanol mandate.

Governor Neil Abercrombie's Refinery Task Force has discussed the inconsistency and recommended that revisions be made to update the fuel specifications. Members of the industry have been requesting just such a change dating back over half a dozen years.

It is crucial that Hawaii gasoline specifications be consistent with current overall U.S. requirements and with other laws and administrative rules in effect here in Hawaii.

This bill references the “current” ASTM specifications. We respectfully propose an amendment to confine the change just to that which is necessitated by the ethanol blending mandate – the specific ASTM reference, ASTM D4814, noted below and in the interest of clarity to specify that the 2013 version is adopted.

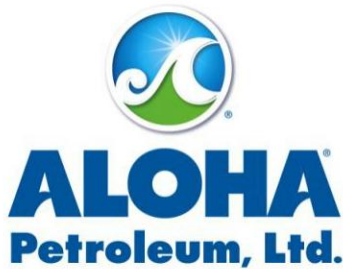
“The ~~current~~ standards is published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted except as amended or modified by rule of the board pursuant to chapter 91. The board may also adopt rules on the advertising, labeling, standards for, handling, storing, dispensing, and selling of petroleum products.

Notwithstanding the foregoing, rules adopted by the board specifically referring to ASTM D4814 shall be deemed to refer to the version ASTM D4814-13b adopted in 2013, as modified by the version of NIST Handbook 130, Part G, Section 2.1 adopted in 2013.”

SECTION 2. Statutory material to be repealed as bracketed and stricken. New statutory material in underscored.

SECTION. This Act shall take effect upon its approval.”

We look forward to participating collaboratively with the legislature and stakeholders to address the inconsistency currently existing between the DBEDT and Department of Agriculture rules.



TO: HOUSE COMMITTEES ON ENERGY & ENVIRONMENTAL PROTECTION
AND AGRICULTURE
Rep. Chris Lee and Rep. Jessica Wooley, Chairs
Rep. Cynthia Thielen and Rep. Richard H.K. Onishi, Vice Chairs

FROM: Richard Parry
President and Chief Executive Officer of Aloha Petroleum, Ltd.

HEARING

DATE: Thursday, February 13, 2014
TIME: 8:30 a.m.
PLACE: State Capitol, Conference Room 325

RE: Testimony in Support of H.B. No. 1938 Relating to Measurement Standards

Chairs, Vice Chairs, and Members of the House Committees on Energy & Environmental Protection and Agriculture, I am Richard Parry, President and Chief Executive Officer of Aloha Petroleum, Ltd. ("Aloha Petroleum").

Aloha Petroleum is writing to support H.B. No. 1938 and to propose amendments to the bill. We understand HB No. 1938 to be a housekeeping measure which seeks to clarify Section 486-56 of the Hawaii Revised Statutes by adding the word "current" to the existing language of the law to provide that the Measurement and Standards Branch of the Department of Agriculture adopt for use the "current" standards, as published by the American Society for Testing and Materials ("ASTM") and the Society of Automotive Engineers.

This bill is necessary to correct an inconsistency between the fuel specification standard in rules adopted by the Department of Business, Economic Development & Tourism ("DBEDT") in 2006 and the fuel specification standard in rules then (and now) in effect under the Department of Agriculture.

The state law requiring a 10% ethanol blend for motor gasoline was adopted to promote the agriculture industry 20 years ago in 1994. Subsequently, DBEDT adopted administrative rules requiring 85% of all motor gasoline distributed in Hawaii to contain 10% ethanol (E10). Allowing for an 18-month transition period, E10 was started in Hawaii in April 2006.



H.B. No. 1938
Hearing Date:
Feb. 13, 2014

The Department of Agriculture's fuels specification standard was not updated to current ASTM standards and, therefore, it is not feasible to comply with both the outdated fuel specifications and the current fuel specifications imposed by the 2006 ethanol mandate.

Governor Neil Abercrombie's Refinery Task Force raised this inconsistency and recommended revisions to update the fuel specifications. Members of the industry have been requesting such a change for over half a dozen years. It is crucial that Hawaii gasoline specifications be consistent with current overall U.S. requirements and with other laws and administrative rules in effect here in Hawaii.

Aloha Petroleum supports HB No. 1938 with the following amendments. This bill references the "current" ASTM specifications. We respectfully propose an amendment to confine the change to that which is necessitated by the ethanol blending mandate by specifying the ASTM reference (ASTM D4814 as noted below) and, in the interest of clarity, to specify that the latest version adopted in 2013 be used.

"The current standards as published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted except as amended or modified by rule of the board pursuant to chapter 91. The board may also adopt rules on the advertising, labeling, standards for, handling, storing, dispensing, and selling of petroleum products. Notwithstanding the foregoing, rules adopted by the board specifically referring to ASTM D4814 shall be deemed to refer to the latest version of ASTM D4814 adopted in 2013, except for the following permissible exception: The maximum vapor pressure shall not exceed the ASTM D4814 limits by more than 1.0 psi for blends containing one or more volume percent ethanol.

SECTION 2. Statutory material to be repealed is bracketed and stricken.
New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval."

Thank you for the opportunity to testify in support of HB No. 1938.

LATE

Hawaii Petroleum Inc.'s Testimony in support of HB 1938

We are writing in support of HB 1938. This bill is result of an inc DEBDT in 2006 and fuel specification rules then (and currently) in effect under the Department of Agriculture. The Department of Agriculture fuels specification rules were not updated to current ASTM standards and therefore it is not feasible to comply with both the outdated fuel specifications and the current ethanol mandate which was started in April 2006.

Just recently, Governor Neil Abercrombie's Refinery Task Force has discussed the inconsistency and recommended that revisions be made to update the fuel specifications. It is vital that the Hawaii gasoline specifications be consistent with current overall U.S. requirements as well as the other laws and administrative rules in effect here in Hawaii.

In summary, we feel that the new specification will facilitate more supply options and is better for us as a petroleum wholesaler and therefore the consumer.

Thank you



Mark L. Leong
VP – Business Development
Hawaii Petroleum Inc.
385 Hukilike Street
Kahului, HI 96732

DATE: February 11, 2014

TO: Committee on Energy & Environmental Protection
Committee on Agriculture

FROM: K. Sayle Hirashima
Chief Financial Officer
Mid Pac Petroleum, LLC

RE: HB 1938: RELATING TO MEASUREMENT STANDARD

HEARING: State Capitol, Conference Room 325
Thursday, February 13, 2014, 8:30 A.M.

Mid Pac Petroleum, LLC is writing in support of House Bill 1938 and to propose the amendments to the bill to bring Hawaii gasoline specifications consistent with overall U.S. requirements.

SECTION 1. Section 486-56, Hawaii Revised Statutes,

"The current standards as published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted except as amended or modified by rule of the board pursuant to chapter 91. The board may also adopt rules on the advertising, labeling, standards for, handling, storing, dispensing, and selling of petroleum products. Notwithstanding the foregoing, rules adopted by the board,

Gasoline and Gasoline-Oxygenate Blends (as defined in this regulation). – Shall meet the latest version of ASTM D4814, "Standard Specification for Automotive Spark-Ignition Engine Fuel" except for the permissible offsets for ethanol blends as provided for Gasoline-Ethanol Blends.

Gasoline-Ethanol Blends. – When gasoline is blended with ethanol, the ethanol shall meet the latest version of ASTM D4806, "Standard Specification for Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive Spark-Ignition Engine Fuel," and the blend shall meet the latest version of ASTM D4814, "Standard Specification for Automotive Spark-Ignition Engine Fuel," with the following permissible exception:

The maximum vapor pressure shall not exceed the ASTM D4814 limits by more than 1.0 psi for blends containing one or more volume percent ethanol."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION. This Act shall take effect upon its approval."

Thank you for your consideration. Please contact me if you have any questions.

K. Sayle Hirashima

Chief Financial Officer

Mid Pac Petroleum, LLC

1100 Alakea St. 8th Floor

Honolulu, Hi 96813

Phone: 808-535-5990

Email: Sayle.Hirashima@midpacpetroleum.com