

**Testimony of Ender Reed, Public Affairs Manager,  
Neste US  
In Support of Including a Clean Fuel Standard  
In the New York State Budget  
Presented to the NYS Joint Legislative Budget Committee  
February 15, 2022**

Neste US respectfully submits this testimony to the New York State Joint Legislative Budget Hearing on Transportation, in strong support of including a Clean Fuel Standard (CFS) in the New York State budget for the coming year.

Neste refines waste, residues and innovative raw materials into renewable fuels and sustainable feedstock for plastics and other materials. We are the world's leading producer of renewable diesel and sustainable aviation fuel, with an annual capacity of approximately 3.2 million tons of renewable products made entirely from renewable raw materials.

The transportation sector is currently the largest source of greenhouse gas emissions in New York State. With a Clean Fuel Standard (CFS), New York would be able to build a market to aid the transition to clean fuels, improve public health, and help the state reach its climate goals. The CFS was included in the Climate Action Council's draft scoping plan as one of the highest impact potential tools for decarbonizing transportation.

The implementation of a CFS would bring Neste's technology into New York for a "today" solution to the problem of greenhouse gas emissions. Neste MY Renewable Diesel™ is a drop-in fuel that will allow today's fleets of diesel engines to transition away from dirtier fossil fuels immediately. Use of Neste's fuel would lower greenhouse gas emissions from diesel fleets by up to 90 percent, compared to fossil diesel over the life cycle of the fuel. Furthermore, Neste MY Sustainable Aviation Fuel™ in its neat form and over the life cycle reduces greenhouse gas emissions by up to 80% compared to fossil jet fuels. Most importantly, these greenhouse gas emissions reductions and public health improvements would cost New York State taxpayers nothing except for the modest administrative cost of the program.

Economic benefits of a CFS:

A clean fuel standard would accelerate the transition to electric and other clean fueled vehicles by creating a new revenue stream for fleet operators like the MTA and public transit agencies, for-hire vehicle companies and delivery companies.

The revenue that would be generated by a New York CFS for clean fuel and zero-emission vehicle investments would provide a substantial economic benefit to the State. According to NYSERDA, New York uses about 5.6 billion gallons of gasoline and 1.3 billion gallons of diesel in transport each year. If New York adopted a CFS that was modeled on California's Low-Carbon Fuel Standard (the first CFS in the nation, and the model for the New York proposal), assuming a credit price of \$200/ton and our current fuel consumption, the program would generate \$1.423 billion that would be available to clean fuel suppliers to accelerate transportation decarbonization investments.

In California in 2019, the clean fuel standard generated over \$2.5 billion in credit value and over 15 million metric tons of annual GHG reductions. In addition to the financial incentives that would become available to New York fleets, New York would be able to reduce emissions from food waste, farms and sewage treatment plants by creating a market for organic waste.

In December of last year, Governor Hochul adopted the Advanced Clean Truck Rule, which pushes medium and heavy-duty vehicles sales in New York towards increasingly clean zero-emission vehicles over the next 15 years. A clean fuel standard will help reduce the cost of complying with this rule.

Under the clean cars and trucks law passed last year, internal combustion engine vehicles will continue to be sold until 2035 for light duty and 2045 for most medium and heavy-duty vehicles. The CFS will reduce fossil fuel use right away, while laying the foundation for meeting the long-term goals of under that law.

### Conclusion:

There is broad support for a clean fuel standard from dozens of New York businesses, including agricultural groups, auto manufacturers, renewable fuel trade associations, biofuel producers, electric charging companies, and environmental advocates.

A CFS would reduce greenhouse gas emissions from the transportation sector by 20-30% in the next decade. A clean fuel standard would reduce New York's dependence on petroleum-based fuels, which are the highest emitters of harmful pollutants, including particulate matter and nitrogen oxides, that are associated with negative health impacts.

For all of the reasons outlined above Neste US is enthusiastically in support of the implementation of a CFS in New York State. Please do not hesitate to contact me at [ender.reed@neste.com](mailto:ender.reed@neste.com), if there is any further information that we may provide to the Committee to assist with your assessment of this program.

Thank you for the opportunity to provide this testimony to the Committee today.