

SB0719 - FAV - Public Safety - State Fuel Security

Uploaded by: Landon Fahrig

Position: FAV



TO: Members, Senate Education, Energy, and the Environment Committee
FROM: Paul Pinsky - Director, MEA
SUBJECT: SB 719 - Public Safety - State Fuel Security Program
DATE: February 21, 2023

MEA Position: FAVORABLE

This departmental bill addresses a recent and significant energy delivery issue that made national headlines; the closure of the Colonial Pipeline due to cybersecurity threats. **The bill will significantly reduce the financial and life-threatening hardships that can develop in cases of fuel shortages, making Maryland and her citizens more resilient in emergency situations.**

The proposed legislation will reinstate in statute The Maryland Energy Administration's (MEA's) ability, in the case of an emergency, to mitigate the impact of a severe fuel shortage for oil, gasoline, heating oil, and propane by utilizing a security program; reserving a percentage or a set volume of in-state fuel inventory to meet emergency needs for first responders, as well as certain industries (such as electricity generation, freight, mail delivery, and fuel for home heating).

Currently, some states fail to include in their emergency plans or contingencies, measures to address petroleum shortages, including meeting priority needs for petroleum and other liquid fuels in either statute or within an energy assurance plan. Recognizing this oversight, states are beginning to prioritize emergency fuel planning as they pursue policy updates. It is prudent for Maryland to do the same.

MEA learned from the Colonial Pipeline shutdown that trucking alone cannot be relied upon for fuel delivery in the case of a sustained or larger emergency scenario. By enshrining the ability to address fuel supply disruptions in statute, Maryland can enhance its response strategies while promoting energy continuity and resilience during a state of emergency.

For the forgoing reasons, MEA is asking the committee for an **FAVORABLE** report.

SB 719 oppose.pdf

Uploaded by: Bernie Marczyk

Position: UNF



February 22, 2022

Education, Energy, and the Environment Committee
Miller Senate Office Building
2 West
Annapolis, Maryland 21401

IN RE: SB 719 An Act Concerning Public Safety – State Fuel Security Program

Dear Chair Feldman, Vice Chair Kagan and Senators on the Committee:

The American Petroleum Institute (API)¹ appreciates this opportunity to provide comments relative to SB 719. While API lauds the Maryland Energy Administration (MEA) for proactively offering legislation – intended to improve both situational awareness and appreciation for fuel availability during an emergency situation – we are **opposed to the legislation as introduced**.

As detailed below, API has concerns with the legislation, and we hope these concerns are constructive and help inform future discussions on this issue. Over the past week, API has been in communication with MEA and is committed to working in good faith with state agencies and stakeholders to understand how to improve communications during emergencies.

The following are a few concerns identified by API with respect to SB 719 as introduced:

1. **“Energy Emergency” Lacks Clarity as Defined**

At its foundation, well-written legislation is specific and unambiguous and provides potentially affected parties adequate notice to know they are subject to the law. Unfortunately, SB 719 lacks clarity, specifically with regard to the definition of “Energy Emergency.” SB 719 states that “Energy Emergency” has the meaning stated in § 14-301.² However, the definition included in that section is not detailed and does not provide those potentially regulated by this legislation with any certainty with respect to forecasting an energy emergency situation.² At a minimum, API recommends providing additional details for stakeholders to review about what constitutes an “energy emergency.”

¹ The American Petroleum Institute represents all segments of America’s natural gas and oil industry, which supports more than ten million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 600 members produce, process and distribute the majority of the nation’s energy, and participate in API Energy Excellence, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability.

² § 14-301 states an “Energy emergency” means a situation in which the health, safety, or welfare of the public is threatened by an actual or impending acute shortage in energy resources.”



2. *The Challenge of Pre-Existing Contractual Obligations*

SB 719 requires a redirection of privately-owned fuel when an energy emergency is declared. This presents a challenge when the fuel that the state is seeking to redirect is subject to a preexisting contract and the fuel has been obligated to a third party. API is concerned that SB 719 puts suppliers in the unenviable position of: choosing to carry more product than they normally would in order to meet the state's potential energy emergency call; or risk breaching existing contracts. This potential uncertainty could result in additional pressure on consumer costs.

3. *Market Sensitive Information Needs Assurance of Safeguards*

SB 719 requires sharing of otherwise proprietary data with MEA. Given the sensitive nature of the information, API recommends that confidential business information safeguards be specifically identified to provide the regulated community with the assurance that proprietary information is protected.

4. *Bill Is Not Necessary*

The legislature needs to determine whether this bill is necessary. A persuasive argument can be made that a new program is not needed and that the current market works. For example, over the past dozen years, the existing market has functioned in supplying fuel when and where it is needed even during emergencies.

API opposes the legislation given the uncertainty and questions that remain. We believe the bill should not be passed this session, and recommend that at a minimum, it be delayed allowing MEA, API, and others to work through the challenges identified by stakeholders.

Respectfully submitted,

A handwritten signature in black ink, reading 'Michael S. Giaimo', is positioned above the typed name.

Michael S. Giaimo
Northeast Region Director
American Petroleum Institute

230220-SB0719-pblc-st-fuel-sec-prog.pdf

Uploaded by: Christine Hunt

Position: UNF

Christine Hunt and Jay Crouthers
1014 Dockser Drive
Crownsville, MD 21032

February 20, 2023

Maryland General Assembly
Members of the Education, Energy and Environment Committee
Annapolis, MD

RE: SB0719-Public Safety State Fuel Security Program

Dear Senators,

We oppose SB 719 and respectfully request that you vote against it.

The ability of the State to distribute energy resources during an emergency is troubling to us.

As we have just experienced a “state of emergency” by the Federal Government for the Covid “crisis” where certain freedoms were violated, which this letter is too short to detail, we see the same governmental overreach in a bill that would regulate how much of what kind of energy a person, company or organization receives.

It opens up the ability by the government to restrict entities who disagree with the governmental policies and directives to be singled out and “punished” by energy restriction. The situation in Canada involving the truckers last winter is a prime example of this kind of overreach where they couldn’t get fuel and ultimately had their bank accounts seized. These are blatant violations of individual freedoms.

This is a bad idea and a bad bill. Please vote against SB 719.

Sincerely,

Christine Hunt and Jay Crouthers

SB 719 written.pdf

Uploaded by: Kirk McCauley

Position: UNF



WMDA/CAR Service Station
and Automotive Repair Association

February 21, 2023

Chair: Brian Feldman

Members of Education, Energy, and Environment Committee

RE: SB719 - State Fuel Security Program

Position: Unfavorable

There are too many unanswered questions in this bill. This could affect supply from storage, wholesale, transportation, and retail of motor fuel. With a collaborative effort between MEA and all party's concern, this could be corrected.

In conversations with MEA, it is apparent that there is a need for a better understanding of how this bill would affect stake holders. I represent retailers and when companies that supply my members (wholesalers) and MEA are not sure of various aspects in this bill, that's not good..

Please give SB719 an unfavorable Report

WMDA/CAR is a trade association that has represented service stations, convenience stores and independent repair shops since 1937. Any questions can be addressed to Kirk McCauley, 301-775-0221 or kmccauley@wmda.ne