

# OIL & ENERGY

OILHEAT • PROPANE • DIESEL FUEL • BIOFUELS



## Agenda '08

*NORA Propels Education,  
Bioheat<sup>®</sup>, Efficiency*

### **Also Inside:**

**Big Vote for Bioheat<sup>®</sup>**

**Oil Heat Cares: Volunteers Shine**

**Bruce on Hydronic Pumps**

**EPRINC President Sees Prices Easing**

**Analysts Size Up Price Gap, HO vs. NG**

**Arctic Air May Hang Tough**

**Hedge Predictions for 2008**

Publication of the New England Fuel Institute  
Volume 10/Issue 1



NEW ENGLAND  
FUEL INSTITUTE

[www.NEFI.com](http://www.NEFI.com)



Global has now acquired the former ExxonMobil refined products terminals at Inwood and Glenwood Landing (Long Island), New York.

The terminals have a combined storage capacity of 430,000 barrels (18.06 million gallons) of petroleum fuels, enabling Global to expand and diversify its presence in this strategic marketing area.

We aim to make these new facilities the “destination of choice” for area petroleum dealers, not just the place you go to acquire product. To learn why Global should be your supplier of choice, and how we can best serve your immediate and far forward needs, contact your Global representative, or phone our main sales office at 1-800-685-7222.

**Great terminals. Great service. That's Global!**





## MOC FIRES BACK AT NEWSPAPER FOR DEROGATORY CARTOON

The Massachusetts Oilheat Council (MOC) recently criticized the *Boston Globe* for running an editorial cartoon that portrayed a basement oil tank as a pig. "It's a slap in the face for hundreds of Oilheat retailers statewide, the thousands of hard working men and women employed by them, and nearly a million homeowners who rely on home heating oil for warmth and comfort," wrote MOC President Michael Ferrante in a letter to the editor. "While acknowledging the steep rise in heating oil prices this year due primarily to Wall Street speculation and worldwide petroleum demand, the *Globe* has forgotten that heating oil prices have been less expensive than any other home heating fuel for 16 of the last 17 years in Massachusetts. Where was the *Globe* cartoon two years ago when natural gas prices were 30 percent higher than heating oil prices?"

## BANKING OFFICIAL HIGHLIGHTS CREDIT CHALLENGES

Pennsylvania Oilheat dealers recently received support from the state Banking Department, which sent a letter to all banks in the state advising them that high prices can put dealers in a credit bind. State Secretary of Banking Steven Kaplan wrote that high prices are likely to slow receivables turnover, leading to increased borrowing requests by many dealers. "I encourage you and your institution to work with these important businesses in meeting their credit needs when it is reasonably possible and within your usual prudent lending practices," he wrote.

## NEW LEADERSHIP IN RHODE ISLAND

The Oil Heat Institute of Rhode Island recently selected Julie Gill as its new executive director. Gill succeeds Peter Lombardi, who retired in 2007 after 10 years on the job. Gill had served as acting director for three months before receiving the permanent appointment effective Dec. 12, 2007.

## NAOHSM ANNOUNCES CONVENTION PLANS

The National Association of Oil Heating Service Managers (NAOHSM) recently announced some details of its 2008 annual convention, which takes place May 18-22 in Hartford, Conn. Dr. Thomas Butcher, Brookhaven National Laboratory, will moderate an international panel discussion focusing on presentations made at ISH 2007 in Germany. Author and educator Dan Holohan will speak on the greening of steam systems. There will also be a panel discussion on the adoption of Bioheat® and Viessmann Manufacturing will run a workshop on the integration of solar power and Oilheat.

The agenda also includes sessions on radiant heating by Bob "Hot Rod" and Ellen Rohr and Taco's John Barba. Emerson-Swan's Bruce Marshall will discuss the use of test equipment, Honeywell will run a session on basic controls, and Wilo's Steve Thompson will present "Pumping Into the 21st Century."

For more on the convention, visit [www.naohsm.org](http://www.naohsm.org).

## THE DIFF.

Spot Prices (Cents/Gallon) as of December 19, 2007\*

New York Harbor No. 2 Fuel Oil / Heating Oil	New York Harbor No. 2 Diesel Low Sulfur	U.S. Midcontinent No. 2 Diesel
<b>260.70</b>	<b>257.13</b>	<b>251.00</b>

\*Figures taken from Energy Information Administration's "This Week In Petroleum."

## THE BAROMETER

Comparing Heating Oil to Other Financial Products

	December 19, 2007	One Year Ago
No. 2 Fuel Oil/New York (Cents/Gallon)	260.70 Cents/Gallon	172.80 Cents/Gallon
Crude Oil (Dollars/Barrel)	\$91.31	\$63.40
10-Year Treasury Bill	4.38%	4.58%
30-Year Mortgage	6.39%	6.10%
Dow Jones Average	12,920	12,240



# There's No Getting Away From The Law.

## Mandatory Drug & Alcohol Testing Regulations for Motor Carriers...

### It's The Law!

The Federal Motor Carrier Safety Administration (FMCSA) requires strict compliance with Federal drug and alcohol testing regulations for motor carriers and drivers. Employers in violation are subject to civil and criminal penalties.

The NEFI Alliance Consortium is a simple, quick, and inexpensive solution to this federal requirement. As a non-profit group, the NEFI Alliance is able to offer this comprehensive program at a most reasonable cost.

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**NEFI Alliance Consortium**  
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For program information and application information, call 617-924-1000  
[www.nefi.com](http://www.nefi.com)

# january



**Education, Bioheat®, Price Concerns Top '08 Agenda** ..... 12  
*The National Oilheat Research Alliance is looking to make Oilheat education more available and to boost equipment sales with new online tools.*

**ASTM Subcommittee Gives Thumbs Up to Bioheat®** ..... 16  
*The Oilheat industry scored a major triumph when a subcommittee of the ASTM recommended that Bioheat blends up to 5 percent be considered equivalent to heating oil.*

**Giving Back to the Community** ..... 18  
*Dozens of homes across the U.S. are being warmed by new Oilheat systems this winter thanks to the contributions of time and money from the Oilheat community through the Oil Heat Cares (OHC) program.*

**Be Calculating When Choosing a Pump** ..... 22  
*Bruce Marshall, training coordinator for Emerson-Swan, explains how to calculate what size pump to use for any hydronic heating system. Marshall can be reached at 781-986-2000 ext. 118 or bmarshall@emersonswan.com.*

**Distillate Sales Were Off in '06** ..... 24  
*Heating oil sales fell in 2006 while sales of on-highway diesel rose, according to the U.S. Energy Information Administration's annual report on fuel oil and kerosene sales.*

**When Prices Rise, Customers Need to Hear From You** ..... 28  
*Richard Goldberg, president of Warm Thoughts Communications, says customers will be more likely to stick with you if you talk to them about why prices are rising. He can be reached at 201-330-9276 extension 222 or rgoldberg@warmthoughts.com.*

**NYSDA Puts Ultra-Low Sulfur Heating Oil to the Test** ..... 30  
*The New York State Energy Research and Development Authority (NYSDA) is working with a Long Island Oilheat marketer to test the effects of using ultra-low sulfur diesel (ULSD) in heating systems.*

**Q&A: Leading Oil Analyst Sizes Up the Heating Oil Market** ..... 34  
*Lucian Pugliesi, president of the Energy Policy Research Foundation Inc., offers insight into the markets for crude oil and heating oil.*

**Analysts See Diverging Fundamentals in Heating Fuel Markets** ..... 36  
*The price gap that has developed between heating oil and natural gas is a result of diverging market fundamentals and could last through next season and beyond, according to leading oil industry analysts.*

**Arlex Oil Installs Versatile Hydronic System** ..... 38  
*The service team at Arlex Oil Co. in Lexington, Mass. recently installed a versatile hydronic system at the home of the company owner.*

**Weather Trends: Arctic Air May Keep Its Grip** ..... 40  
*John Bagioni has a hunch that January may be colder than many are predicting. A consulting meteorologist who runs Fax-Alert Weather Service, Bagioni can be reached at 860-675-9091 or johnbag@comcast.net.*

**Oil Market Stance: Crystal Ball Forecasts Volatility and Tight Supplies** ..... 42  
*Lora Claus, a risk manager for Hedge Solutions, offers predictions for 2008 that suggest heating oil dealers will continue to struggle with price volatility. Claus can be reached at 800-709-2949 or lora@hedgesolutions.com.*

## OIL & ENERGY

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**Phone: (978) 535-7606**  
**Fax: (978) 535-7826**  
**E-Mail: oil.energy@gstone.biz**

**Mailing Address**  
 Oil & Energy  
 67 Foster St.  
 Peabody, MA 01960

**Managing Editor**  
 John MacKenna  
**Editorial Assistant**  
 Kris Peterson

**Advertising Production**  
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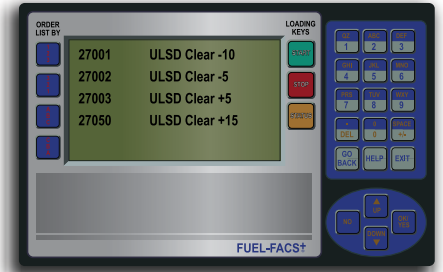
New England Fuel Institute  
 P.O. Box 9137  
 Watertown, MA 02471-9137  
 Phone: 617-924-1000  
 Fax: 617-924-1022  
 www.nefi.com

Calendar ..... p. 32	NEFI FYI ..... p. 7, 8
Classifieds..... p. 45	Products ..... p. 29
Degree Days..... p. 40	Profiles..... p. 33
Firebox ..... p. 31	State Updates..... p. 44
Industry News ..... p. 16, 29	The Stats Page ..... p. 46
LRAC ..... p. 10, 11	Think About It ..... p. 46
Marketplace..... p. 39	

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## Blends available at our Revere, MA terminal

Cloud Point (°F)	Clear and Dyed	PLUS Clear and Dyed
-10	Yes	Yes
-5	Yes	Yes
+5	Yes	Yes
+15	Yes	Yes

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See you there

# “The one pump I need on my truck.”

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Scott’s business is built on service, so it follows that he loves the new Taco 0010 3-speed Service Pump. Now he can quickly replace any residential pump he might encounter, regardless of type, style, or age, or flange orientation (thanks to our universal 4-bolt flange). And with three speeds, he can easily match the performance of the pump he’s replacing. A removable, extra large Integral Flow Check (IFC®) maximizes flow, and a custom high tension spring prevents gravity flow, even in the tallest buildings. An extra roomy capacitor box and dual electrical knock-outs make wiring a snap.

*Scott O’Brien  
Independent Service Contractor  
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## Coalition Scores Partial Victory on Market Oversight

Two years of hard work by New England Fuel Institute (NEFI) and its allies moved closer to a payoff last month as both houses of Congress gave preliminary approval to measures designed to close the "Enron Loophole." However, NEFI is concerned that these bills have been watered down and do not go far enough in making all unregulated commodities markets transparent and accountable.

The Senate in mid-December passed a Farm bill by a vote of 79-14 that contained compromise language addressing energy market oversight. Sens. Carl Levin D-Mich., Diane Feinstein, D-Calif., Byron Dorgan, D-N.D., and Olympia Snowe, R-Maine, worked out the language.

The House of Representatives also approved a Farm bill with a similar provision. The House language was weaker than the Senate's, however, and a conference committee will convene to craft a bill that can be passed by both houses and sent to President Bush.

While Congressional action is a step in the right direction, members of the

ad-hoc Energy Market Oversight Coalition (EMOC), including NEFI and the Petroleum Marketers Association of America (PMAA), remain skeptical. The new legislation leaves open the controversial foreign markets loophole, which exempts certain overseas boards of trade that deal in U.S.-destined commodities. EMOC, formed in 2007 by NEFI and its allies, and largely coordinated by NEFI's VP for Government Affairs, Jim Collura ([jimcollura@nefi.com](mailto:jimcollura@nefi.com)), is currently reviewing important next steps to fully close existing loopholes. To date, the Coalition has brought a loud and clear message about the importance of market oversight to Washington and the American public.

On certain electronic exchanges, traders have been free to buy and sell energy commodities without

oversight since 2000, when Enron's allies passed a legislative amendment that allowed energy trading on electronic exchanges.

Due to the Enron Loophole and the foreign markets loophole, most energy trading is done on these unregulated exchanges, and it is widely regarded as a major driver of market volatility, unpredictability and alleged manipulation. Some experts estimate that unregulated trading adds \$30 or more per barrel to the price of crude oil.

The new oversight measure has the support of major institutional players in the energy markets energy exchanges, including the Commodity Futures Trading Commission (CFTC), the Intercontinental Exchange (ICE), the New York Mercantile Exchange (NYMEX), the Chicago Mercantile Exchange (CME), and President Bush's Working Group on Financial Markets. This unqualified support inside the institutional framework is yet another reason that NEFI and others remain skeptical that the proposal will go far enough.

As Congress was hammering out versions of the Farm bill last month, EMOC had key representatives lobbying on Capitol Hill. Sean Cota, ([sean.cota@cotaoil.com](mailto:sean.cota@cotaoil.com)) president of NEFI and Northeast chairman of the PMAA, testified before a U.S. House subcommittee, then stayed in Washington to shore up support

for the oversight legislation. Collura and PMAA Manager of Congressional Affairs Rob Underwood lent Cota their support. PMAA President Dan Gilligan also addressed the issue with Republican House leaders during a Republican Energy Forum in early December.

The Senate version of the Farm bill would grant the CFTC new powers that it has requested. Here are some of the highlights.

- Electronic exchanges such as ICE will be required to monitor trading to prevent manipulation and price distortion; to ensure that contracts are not susceptible to manipulation; to limit the size of positions to prevent excessive speculation; and to reduce the holdings of traders in violation of position limits.
- Exchanges will be required to collect information on trading activity and supply large trader reports to the CFTC. They must also publish price, trading volume and other data on a daily basis.
- The CFTC will review all electronic contracts to identify those that are significant in determining market prices.

NEFI is concerned by the absence of any language that would close the foreign markets loophole and fears the new legislation would put the burden of proof for regulating energy contracts of interest on the energy consumer, not the exchange or the trader. NEFI will keep the pressure on Congress and continue to lobby for needed improvements, industry representation on the CFTC advisory committees and better funding for the CFTC.

"Our efforts have generated results, and we are pleased that this issue has gained the traction it has in the Congress," said NEFI CEO Shane Sweet. "But this is far from over."

To stay informed on developments, visit [www.nefi.com](http://www.nefi.com).

## NEFI Joins Broad-Based Push for Additional LIHEAP Funding

NEFI teamed with numerous other groups last month to push for an increase in federal funding for the Low Income Home Energy Assistance Program (LIHEAP).

As this issue of *Oil & Energy* went to press, Congress had approved \$2.6 billion in a FY08 Omnibus package with hope the President would sign it into law. President Bush had vetoed nearly all stand-alone FY08 funding measures, including the 2008 Labor, Health and Human Services and Education appropriation bill, which is the typical vehicle for LIHEAP funding.

As Congress continued to hammer out appropriations in December, a coalition of U.S. senators led by Jack Reed, D-R.I., and Susan Collins, R-Maine, drafted a proposed \$1 billion addition to the funding level proposed by Congress. The extra money would be designated as "contingency funding" to be allocated at the discretion of the President. It likely that this battle will continue into the new year.

NEFI joined both the National LIHEAP Coalition and the National Fuel Funds Network in a nationwide call for adequate funding for the additional monies. PMAA and numerous state petroleum associations also backed the proposed additional funding.

Statistics cited by the National LIHEAP Coalition indicate that the number of households receiving fuel assistance increased by 26 percent between 2003 and 2007, but program funding increased by only 10 percent. Meanwhile, fuel prices are climbing, so the program is paying a reduced share of recipients' fuel bills.

## Masters Course Begins in March

NEFI will offer its Oilheat Masters Course beginning March 10, 2008. The 60-hour course, which offers 25 NORA CEUs, is intended for experienced technicians who are ready to become "A-Level" performers, according to



NEFI Education Director Mike Markarian. The course will meet Mondays and Wednesdays from 6 to 10 p.m. and features a number of guest instructors. For more information, visit [www.nefi.com/training](http://www.nefi.com/training).

## **TWIC Program Is Accepting Enrollments**

The Department of Homeland Security (DHS) recently began issuing biometric identification cards under the Transportation Worker Identification Credential (TWIC) program, which is intended to improve security in the nation's ports.

The program, which was created by Congress through the Maritime Transportation Security Act (MTSA), requires any individual seeking unescorted access in a secure area of an MTSA port facility to carry a TWIC card.

The card contains an image of the cardholder's fingerprint.

Once the TWIC restrictions take effect—probably in early 2008, although Coast Guard has not formally announced the dates of implementation—secure areas will be off-limits to anyone not holding a card.

The Captains of the Port at MTSA facilities around the country are accepting applications on a schedule designated by DHS. On Oct. 16, 2007, Wilmington, Del., became the first facility to take applications. Other ports accepting applications when *Oil & Energy* went to press included Boston, Providence, R.I., Chicago/Calumet, Ill., Minneapolis, Minn., St. Paul, Minn., Detroit, Milwaukee, Wis., and Philadelphia. New York-area ports were scheduled to begin taking applications in late December and early January.

Drivers must enroll at a local enrollment center established by the Captain of the Port, and they can speed the process by pre-enrolling online at [www.tsa.gov/twic](http://www.tsa.gov/twic). In Boston the TWIC Enrollment Center is located at 28 Damrell St., Suite 104, South Boston, MA 02127 and can be reached at 617-733-8437. In Providence, the facility is located at 17 Virginia Ave., Suite 105, Providence, RI 02905 and can be reached at 401-228-3808.

The cost of TWIC enrollment is \$132.50 per card. A reduced rate of \$105.25 is available if the worker has successfully completed a qualifying background check. If the driver has a DOT HAZMAT certification, the fee of \$105.25 applies.

NEFI has posted a list of frequently asked questions (FAQs) about TWIC enrollment at [www.nefi.com](http://www.nefi.com). Additional information on the program, including a list of port enrollment dates across the country, can be found at [www.tsa.gov/twic](http://www.tsa.gov/twic). There is also a TWIC hotline at 866-347-8942. NEFI Regulatory Counsel Mark S. Morgan, Esq., has been active in assisting members with information on the new regulations.

or I-688B); and an unexpired foreign passport with an unexpired Arrival-Departure Record (Form I-94) for nonimmigrant aliens authorized to work for a specific employer.

To order forms, call USCIS toll-free at 1-800-870-3676. For forms and information on immigration laws, regulations, and procedures, call the National Customer Service Center at 1-800-375-5283. For more information, visit [www.uscis.gov](http://www.uscis.gov).



## **NEFI Announces Conference Details**

NEFI recently announced the dates for three upcoming events.

The **2008 Visions Conference** is scheduled to take place Sept. 9-10, 2008, at the Rhode Island Convention Center in Providence, R.I. The Visions Conference is typically a collaborative effort between PMAA, the National Oilheat Research Alliance (NORA) and NEFI, and is coordinated by NEFI.

The **33rd North American Heating and Energy Expo** will be held in the Hynes Convention Center in Boston June 9-10, 2009. The booth layout has been reconfigured to allow for an increase of over 30 percent in the number of exhibit spaces. With the addition of propane, diesel fuel and biofuel to the scope of the show, NEFI expects to see a corresponding increase in exhibitor space and attendance.

The destination for the **2008 Spring Energy Conference** will be Scotland. In mid-May 2008, attendees will visit Edinburgh and the Scottish Highlands—with an optional extension to Northern Ireland. The trip will include a brief stay at the Gleneagles Resort, which is famous for its golf.

For more information on these events, contact Tracy Goodwin, NEFI Vice President & Director of Events, at 617-923-5015 or [tracy@nefi.com](mailto:tracy@nefi.com).

## **New I-9 Form Available**

The U.S. Citizenship and Immigration Services (USCIS) recently issued a new version of the Employment Eligibility Verification Form (I-9), and employers are required to use the new version for all new hires as of Dec. 26, 2007.

The revised Form I-9 eliminates five document types that an employee may use to confirm identity and work eligibility because those documents lack features to help deter counterfeiting, tampering, and fraud.

Additionally, the most recent version of the Employment Authorization Document (Form I-766) was added to the List of Acceptable Documents on



the revised form. The revised list now includes: a U.S. passport (unexpired or expired); a Permanent Resident Card (Form I-551); an unexpired foreign passport with a temporary I-551 stamp; an unexpired Employment Authorization Document that contains a photograph (Form I-766, I-688, I-688A,



## **NEFI Welcomes Two New Members**

New England Fuel Institute welcomes two fuel dealers as new members.

### **Direct Fuel, Inc.**

Kevin Dorgan  
18 Rutledge Rd  
Peabody, MA 01960  
Phone: 978-536-9955  
Fax: 978-536-9055  
E-mail: [kdorgan@directfuel.net](mailto:kdorgan@directfuel.net)  
Direct Fuel is a retail fuel dealer.

### **Polsinello Fuels, Inc.**

Matthew Polsinello  
241 Riverside Ave.  
Rensselaer, NY 12144  
Phone: 518-465-3535  
Fax: 518-465-8505  
E-mail: [possipos@aol.com](mailto:possipos@aol.com)  
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# NEFI'S LEGISLATIVE & REGULATORY ACTION CENTER: YOUR VOICE BEFORE CONGRESS & FEDERAL AGENCIES

In an age of new challenges and exciting opportunities, New England Fuel Institute (NEFI) stands tall as a national leader on the public policy issues that have a direct impact on you and your business. Through its proactive Legislative & Regulatory Action Center (LRAC), established in 2005, NEFI continues to serve as your voice before key decision makers in Washington.

**Our Action Center provides valuable services to NEFI members:**

- ▲ **Full-time, in-house Government Relations professional Jim Collura**, who constantly monitors public policy developments, coordinates the Center's activities and communications, and responds instantly to member inquires.
- ▲ **Washington-based Regulatory Counsel Mark S. Morgan, Esq.**, working daily to provide NEFI and its members companies with up-to-the minute, expert compliance information and legal guidance on federal rules and regulations.
- ▲ **Legislative advocacy on Capitol Hill and frequent action alerts** on pending legislation that can affect your business and the industry as a whole.
- ▲ **Easy to follow Compliance Kits, Bulletins and Advisory Seminars** provide guidance on the federal rules and regulations that affect you; that can save your business thousands of dollars in costly fines!
- ▲ **Contributions to "NEON,"** NEFI's electronic newsletter, including the most recent developments in Washington, important regional, national and global news items, and updates from New England state associations and the National Oilheat Research Alliance (NORA). Currently, the e-letter is received by over 1,000 contacts nationwide.
- ▲ **Coordination of efforts with other industry groups**, including the Petroleum Marketers Association of America (PMAA), National Association for Oilheat Research and Education (NAORE), Energy Market Oversight Coalition (EMOC), state associations and more.
- ▲ **Participation in national coalitions** advocating for a stronger federal LIHEAP program, greater transparency and accountability on energy commodity markets, alternative fuels research including coal-to-liquid technology and more.
- ▲ **A new members-only website, [www.nefactioncenter.com](http://www.nefactioncenter.com)** provides NEFI member companies with up-to-the-minute legislative developments and regulatory compliance information, literally at the push of a button.

As you reflect on the above and on NEFI's public policy achievements made on your behalf, it is important to remember that they are not without extraordinary costs. Your pledge is needed if the NEFI Action Center is to continue to offer these valuable member resources, tackle new public policy challenges in Washington, and continue to ensure a stable and profitable environment for your business and the industry at-large.

**Your financial support is requested and most appreciated!**

*Shane Sweet, Executive Vice President & CEO  
New England Fuel Institute*



## **Your support has enabled NEFI to:**

- Represent the fuel industry before Congress in oversight hearings on Capitol Hill, leading the charge for greater transparency and accountability in energy futures markets.
- Provide valuable and comprehensive guidance information on the EPA's extensive new sulfur content regulations affecting non-road diesel, dyed kerosene and heating oil marketers.
- Oppose an increase to HAZMAT registration fees for heating oil and propane dealers.
- Secure \$5 million in funding for the Northeast Home Heating Oil Reserve.
- Advocate for greater LIHEAP funding and changes to federal law to encourage fuel dealer participation.
- Coordinate an industry-wide effort in response to the Global Warming challenge.
- Establish a new media and public relations effort in conjunction with state associations.
- Host discussions with officials from Northeast states and industry leaders on fuel quality and the implementation at some future date of a low sulfur heating oil product.



# COMMITMENT COMES WITH NAMES ATTACHED

## WE ARE PLEASED TO RECOGNIZE OUR VALUED SUPPORTERS

### \$10,000

Global Companies LLC Waltham, MA  
Irving Oil Corporation Portsmouth, NH  
Sprague Energy Corporation Portsmouth, NH

### \$7,500

Peterson Oil Service, Inc. Worcester, MA  
Total Energy Solutions LLC Portsmouth, NH

### \$5,000 or more

Arlex Oil Corporation Lexington, MA  
James Devaney Fuel Company Newton, MA  
Robert Fawcett & Son Cambridge, MA  
Townsend Oil Co., Inc. Danvers, MA

### \$3,500 or more

Atlas Glen-Mor Chelsea, MA  
Buckley Heating & Cooling Peacedale, RI  
Bursaw Gas & Oil, Inc. Acton, MA  
Champion Energy New Rochelle, NY  
Cota & Cota, Incorporated Bellows Falls, VT  
Griffith Energy Services, Inc. Columbia, MD  
MacFarlane Oil Company Dedham, MA  
New York Oil Heating Association New York, NY  
W.H. Riley & Son N. Attleboro, MA  
Roy Brothers Oil Company Ashburnham, MA  
Scott-Williams, Inc. Quincy, MA  
Wesson Energy Waterbury, CT  
Wood's Heating Service Providence, RI

### \$2,500 or more

L.E. Belcher, Inc. Springfield, MA  
Cheshire Oil Company Keene, NH  
Dupuis Oil Company Pawtucket, RI  
Falconi Brothers, Inc. Southborough, MA  
Fraticeili Oil Company Leominster, MA  
MacLellan Oil Company Pepperell, MA  
Marran Oil LLC Holtsville, NY  
Noar's Oil Company Worcester, MA  
Noonan Energy Corporation Springfield, MA  
Scott Oil Company Manchester, MA  
Taylor & Murphy, Inc. Waltham, MA

### \$1,750 or more

Ayer & Goss, Inc. Henniker, NH  
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Crawford-Vogel & Wenzel Oil Co. Manchester, NH  
Dominick Fuel, Inc. Norwalk, CT  
Fleming Oil Company Brattleboro, VT  
Horan Oil Corporation Stoughton, MA  
Lipton Energy Pittsfield, MA  
Medway Oil Co., Inc. Medway, MA  
Owner Services, Inc. Proctor, VT  
Pioneer Oil Company Worcester, MA  
Wolfeboro Oil Company Wolfeboro, NH

### \$1,000 or more

Alpha Oil Co., Inc. Wilbraham, MA  
Anderson, Inc. Scituate, MA  
Central Mass Oil, Inc. Rutland, MA  
Chair City Oil Company Gardner, MA  
City Fuel Co., Inc. Manchester, NH

### ...\$1,000 or more

H.R. Clough, Inc. Contoocook, NH  
Coan, Inc. Natick, MA  
Concord Oil Co., Inc. Concord, MA  
Cubby Oil Company Somerville, MA  
Densmore Oil Company Mystic, CT  
Dolinsky Associates Cornwall, CT  
Energy Kinetics, Inc. Lebanon, NJ  
Erickson Fuel Co., Inc. Medford, MA  
A. Hohmann & Co., Inc. Dorchester, MA  
Huhtala Oil/Templeton Garage Templeton, MA  
Frank Lamparelli Oil Canton, MA  
Metro Energy/M & T Oil Boston, MA  
Norbert E. Mitchell Company Danbury, CT  
Munhall Fuel Co., Inc. Watertown, MA  
Northboro Oil Co., Inc. Northboro, MA  
North Shore Fuel, Inc. Revere, MA  
Orange Oil Co., Inc. Orange, MA  
Palmer Gas/Ermer Oil Atkinson, NH  
Rand-Handy Oil Company Marshfield, MA  
D.F. Richard Energy Dover, NH  
Standard Oil of CT Bridgeport, CT  
Sunshine Oil Company Bristol, RI  
Whiting Energy Fuels Northampton, MA  
H. Wright's Service, Inc. Billerica, MA

### \$600 or more

Alliance Energy Services, Inc. Holyoke, MA  
Ashley Fuel, Inc. Beverly, MA  
Augusta Fuel Company Augusta, ME  
Baker-Whitney Oil Company Acton, MA  
Barrieau Oil Company Hartford, CT  
B & B Oil Co., Inc. Charlestown, MA  
Bigelow Oil Company Newton, MA  
Boston Steel & Mfg. Company Malden, MA  
Brideau Oil Corporation Leominster, MA  
Chabott Coal & Oil, Inc. Keene, NH  
Albert Culver Company Rockland, MA  
Davis Oil Co., Inc. Keene, NH  
Drew Oil Corporation Cranston, RI  
Dunn Oil Co., Inc. Maynard, MA  
Dutchess Oil Company Millerton, NY  
East Providence Fuel Oil Co. E. Providence, RI  
Federal Heating & Engineering Winchester, MA  
D. Ferruccio & Son Hudson, MA  
Fisher-Churchill Company Dedham, MA  
L.H. Gault & Son Westport, CT  
Gillespie Fuels, Inc. Northfield, VT  
Goodrich Oil Co., Inc. Newport, NH  
Gottier Fuel Co., Inc. Rockville, CT  
Robert Greene, Inc. Bennington, VT  
Haffner's Service Stations, Inc. Lawrence, MA  
Hall Oil Co., Inc. Dennis, MA  
John A. Healy & Sons Westford, MA  
Ives Brothers, Inc. Willimantic, CT  
Julians LLC Medway, MA  
Knight Fuel Company Hudson, MA  
Landry & Martin Oil Co., Inc. Pawtucket, RI  
Lehigh Fuel, Inc. Waterbury, CT  
Madison Oil Co., Inc. Madison, CT  
Mello Fuel Oil Terminal Jamaica Plain, MA  
Murphy Fuel Corporation Waltham, MA

### ...\$600 or more

Needham Oil Co., Inc. Needham, MA  
New England Oil Co., Inc. Greenwich, CT  
Northfield Fuel Corporation Greenwich, CT  
Perry's Oil Service, Inc. Bradford, VT  
Petrocom Energy Group LLC Houston, TX  
L. F. Powers Co., Inc. Waterbury, CT  
Reliable Oil & Heat Company Stamford, CT  
Rowayton Fuel & Oil Company Rowayton, CT  
Sherman Oil Co., Inc. W. Brookfield, MA  
Stadium Oil Heat, Inc. Peabody, MA  
Stafford Oil Co., Inc. Laconia, NH  
Star Petroleum Co., Inc. Foxboro, MA  
State Line Oil Company Granby, CT  
J.J. Sullivan, Inc. Guilford, CT  
Total Fuel Services Corp. New Rochelle, NY  
Town Oil Co., Inc. Wethersfield, CT  
Vincent Oil Company Southbridge, MA  
Wilson Oil Company Manchester, CT

### \$300 or more

Atlantic Discount Oil, Inc. Gloucester, MA  
Bourne's Inc. of Morrisville Morrisville, VT  
Braley & Wellington Insurance Worcester, MA  
COCARD Beverly, MA  
E.P. Cotter Oil Company Norwood, MA  
Dorr Oil Company Manchester Ctr., VT  
Fairlawn Oil Service, Inc. Lincoln, RI  
Giguere & Marchand Oil Service Blackstone, MA  
Glendale Oil Service Glendale, RI  
Gray, Gray & Gray Westwood, MA  
Greystone Services, Inc. Peabody, MA  
Hiller Fuels, Inc. Marion, MA  
Howell Fuel Fairfield, CT  
Interstate Oil & Gas Corporation Sudbury, MA  
J & S Oil, Inc. Manchester, ME  
Kerivan Lane, Inc. Needham, MA  
Kieras Oil, Inc. N. Amherst, MA  
Lees Oil Service Westport Point, MA  
Lemay Oil Co., Inc. Hartford, CT  
Lincoln Laboratory Leicester, MA  
T. H. Malloy & Sons Cumberland, RI  
McCarthy Heating Oil Service Quaker Hill, CT  
Needham Energy, Inc. Needham, MA  
Pallett Oil Co., Inc. Chesapeake, VA  
Putnam Fuel Co., Inc. Goffstown, NH  
Sorenti Brothers Sagamore Beach, MA  
Spring Brook Service New Britain, CT  
Squier & Co., Inc. Monson, MA  
Stocker Oil Co., Inc. Peabody, MA  
Todd Oil/Rose's Oil Service Rockport, MA  
Towne Heating Co., Inc. Swansea, MA  
Wagner Bros., Inc. Boylston, MA  
J & A Waterville Oil Service, Inc. Naugatuck, CT

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Booma Oil, Inc. Lynn, MA  
Cape Ann Oil, Inc. Gloucester, MA  
Community Oil Company Cambridge, MA  
Hilton Oil Co., Inc. Lawrence, MA  
John's Fuel Service, Inc. Lynn, MA  
Niccoli Bros. Oil, Inc. Brockton, MA  
People's Fuel, Inc. Gardner, MA  
J.M. Shea Fuel, Inc. Wakefield, MA  
H. H. Snow & Sons, Inc. Orleans, MA  
Thomas Fuel, Inc. Lunenburg, MA

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Visit [www.NEFIActionCenter.com](http://www.NEFIActionCenter.com)

2007 CONTRIBUTORS  
as of December 14, 2007



## Education, Bioheat® and Price Concerns Top '08 Agenda

**A NEW YEAR IS UPON US, AND THE OILHEAT** industry is finding new ways to fight familiar battles.

John Huber, president of the National Oilheat Research Alliance (NORA), tells *Oil & Energy* that NORA is expanding its efforts to deliver valuable education to Oilheat technicians everywhere.

"The education area has been doing well. However to ensure growth and better outreach to our community, NORA has developed an interactive database that will track all training records, and also provide information about training opportunities," Huber said. "We believe this will be the base for training, and allow us to better integrate with people who need to find trained technicians, and who are providing educational opportunities."

NORA is also working to establish an outreach program with non-Oilheat mechanical contractors who are sometimes called on to service Oilheat systems. In order to encourage these professionals to support the equipment and not merely recommend that it be replaced, NORA will reach out to plumbing trainers through the Plumbing-Heating-Cooling Contractors Association (PHCC).

"NORA is also working to develop an education system that can be accessed anywhere in the country," Huber continued. "Using the Internet we believe that we can develop a programmed education system for the industry."

### SALES SUPPORT COMING FROM NORA

Another important NORA project is the development of new online tools that will promote sales of oil-fired systems by helping homeowners understand the savings they can achieve by upgrading equipment. NORA is drawing on research conducted by Brookhaven National Laboratory to create an efficiency calculator that will be embedded in two software applications being developed by PriMedia. One will reside on the Oilheat America Web site, where consumers can use it to get an approximate calculation of their potential savings. The other will be a contractor

tool that a trained salesperson can use with a homeowner to give a more precise calculation of how much fuel and money an upgrade will save them.



PriMedia is developing new online tools for NORA that will promote sales of oil-fired heating systems by helping homeowners understand how much they can save by upgrading equipment.

### PRICE CONCERNS

The price of product is always a major concern for Oilheat marketers, but never more so than now. The price of heating oil in early December was 38 percent higher than it had been one year earlier, and everyone wants to know where the price is headed. *Oil & Energy* kicks off the new year with an in-depth interview with the Energy Policy Research Foundation's Lou Pugliese and shorter takes from some of the industry's leading analysts. That coverage begins on Page 34.

### BREAKTHROUGH YEAR FOR BIOHEAT®?

The Bioheat® movement gets an important boost in 2008 from the American Society for Testing and Materials (ASTM), which is expected to officially rule that heating oil that includes up to 5 percent biodiesel meets the heating oil specification (ASTM D396). A key ASTM subcommittee has already approved the revision to the specification, and final approval is expected to follow this summer. Oilheat marketers could then sell B5 to customers without fear of equipment warranty violations. (For more on this, see page 16.)

Bioheat® use is voluntary everywhere as 2008 begins, but that could change in the state of Massachusetts if Gov. Deval Patrick gets his way.

Patrick recently introduced a sweeping energy bill that calls for mandated use of biodiesel blends for transportation and home heating. Under Patrick's proposal, marketers would be required to replace straight diesel and heating oil with B2 (2 percent biodiesel and 98 percent diesel or No. 2 fuel oil) in 2010. The mandated blend would increase to B3 in 2011, B4 in 2012 and B5 in 2013. Veteran oilman and biodiesel expert Paul Nazzaro, who is based in Massachusetts, told *Oil & Energy* that he thinks the bill "has the momentum to succeed."

Nazzaro and Massachusetts Oilheat Council President Michael Ferrante have cautioned state legislators that the biodiesel infrastructure is not in place to support usage at the levels Patrick has proposed. Should the state legislature follow Patrick's lead and require the use of bioblends, wholesalers could be expected to seize the opportunity to expand capacity and make the fuel available, Nazzaro said.

### WATERFRONT UNDER THREAT

Oilheat associations in several states are dealing with local concerns. In Rhode Island, the City of Providence is working on a plan to develop the waterfront and change the heavy industrial waterfront-dependent zoning to a mixed use zone, with luxury hotels, condominiums, restaurants, boutiques and marinas right next to petroleum terminals, etc. "We are trying to keep from losing more terminals," said Julie Gill of the Oil Heat Institute of Rhode Island. "Rhode Island had 383 million gallons of storage in the 1980s. Global is just finishing up a new terminal in the Port of Providence, and when that is fully operational, we will have 215 million gallons—56 percent of what we had then. The loss of storage would also impact Massachusetts and Connecticut because one-half of the product that comes into Rhode Island goes to those two states." ☐

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**EPA CAUTIONS MARKETERS ABOUT USE OF HIGH-SULFUR ADDITIVES**

The U.S. Environmental Protection Agency (EPA) recently cautioned diesel producers and marketers against raising the sulfur level of ultra low sulfur diesel (ULSD) above the limit of 15 parts per million (ppm) by adding cold weather operability additives.

According to the Petroleum Marketers Association of America

(PMAA), EPA stated in a letter to industry representatives that fuels that exceed 15 ppm sulfur as a result of blending will be considered to be downgraded and will count towards the blender's 20 percent downgrade limitation.

EPA noted that additives must comply with the 15-ppm standard to avoid pushing

the fuel out of spec. Kerosene and winterizing additives that meet the 15-ppm limit should be in plentiful supply this winter, according to EPA. But if 500-ppm kerosene is blended with ULSD, the resulting fuel must be labeled as 500-ppm highway diesel.



**TWO TRUCK MANUFACTURERS WILL NOT ADOPT SCR TECHNOLOGY**

Truck manufacturers Cummins and Navistar do not plan to use selective catalytic reduction (SCR) technology in their vehicles to meet the U.S. Environmental Protection Agency's (EPA) 2010 EPA emission standards, according to the New England Fuel Institute (NEFI).

SCR-equipped vehicles will use the chemical urea to help control emissions, and several manufacturers, including Freightliner, Volvo and Mack, will have a separate tank for urea that must be filled about every third time that a diesel fuel tank is refueled.

Urea is sprayed into the catalytic converter to create a chemical reaction that reduces tailpipe emissions. As required by EPA specifications, SCR engines will lose power if the urea tank runs dry. SCR is required in Europe where heavy-duty trucks as well as diesel-powered automobiles are equipped with the emission reduction technology.

Cummins and Navistar reportedly will not use SCR because the required equipment can add \$10,000 to the price of a vehicle. Instead, they will use a less expensive, self-contained exhaust after-treatment system.

NEFI has joined the SCR Coalition, which includes urea producers, diesel engine manufacturers, federal air authorities, major oil refiners and petroleum marketers. The Institute says it will join other groups to oppose any effort to mandate urea infrastructure at retail sites.

**NO BREAK SEEN IN CHINA'S RECORD DIESEL DEMAND**



Demand pressure from China for diesel fuel is unlikely to ease in the short term, according to Reuters. The news agency reported recently that China's diesel imports are at record levels, and the country's major oil companies Sinopec Corp. and PetroChina lack the capacity to meet demand. Two new refineries are scheduled to begin producing late in 2008.

**PROPANE PRICES CLIMB TO NEW HEIGHTS**

While the price of heating oil was climbing to new highs in 2007, the price of propane was following a similar course.

Data from the U.S. Energy Information Administration (EIA) shows that the Mont Belvieu, Texas, price for propane hit a record high of 155.6 cents per gallon in November 2007—an increase of 63.1 percent over the November 2006 price. EIA reported in mid-December that propane prices had hit record highs for 10 consecutive weeks.

Dale Delay, president of Cost Management Solutions, a Livingston, Texas-based propane news service, said the increase is almost entirely attributable to the rising cost of crude oil, because prices for propane and crude track very closely.

As of Dec. 10, the average retail price of propane nationally was \$2.47 a gallon, which was 24.9 percent higher than the December 2006 price, according to EIA. Meanwhile, EIA reported the average price of heating oil at \$3.00 a gallon for the same period—a 37 percent increase over the previous December.

Propane contains 91,300 Btu per gallon, while a gallon of heating oil contains 140,000 Btu. On a Btu-adjusted basis, a gallon of propane at \$2.47 is equivalent to a \$3.78 gallon of heating oil.

**REPORTING DEADLINE ARRIVES FOR PROPANE FACILITIES**

Marketers who store 60,000 pounds (14,285 gallons) or more of propane face a Jan. 19, 2008 deadline to register with the Department of Homeland Security (DHS) to comply with its new chemical facility anti-terrorism program.

As *Oil & Energy* went to press, there had been no extension to the deadline, although U.S. Sen. Ben Nelson, D-Neb., had requested more time for propane facilities to comply. Operators of facilities that fall under the new regulation are required to register with DHS over the Internet. Facilities that do not comply are subject to fines of up to \$25,000 per day. Propane stored in containers of 10,000 pounds or less can be omitted when counting a facility's total storage, according to DHS.



Propane is just one of many substances covered by the act, which deals with toxic, flammable or explosive substances that could be used in terror attacks.

DHS says propane is listed as a "chemical of interest" because it can produce significant consequences if used in a terrorist attack. "And this is not hypothetical: propane has been successfully employed as a component of terrorist devices," DHS states on its Web site. "The recent events in London and Glasgow—in which the terrorists attempted to attack using propane—illustrate how important it is to appropriately secure facilities that possess potentially dangerous chemicals. For example, while poultry farms may not be a direct target of attack, the chemicals they possess might pose a high risk to the surrounding community."

Registration must be done online and involves completing an online questionnaire or "top screen." DHS will use the information to determine whether a facility presents a high level of security risk.

For more information, visit [www.dhs.gov/chemicalsecurity](http://www.dhs.gov/chemicalsecurity) or call the DHS at 866-323-2957.

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## It's Almost Official: B5 Equals Heating Oil

**THE OILHEAT INDUSTRY SCORED A MAJOR** triumph recently when a subcommittee of the American Society for Testing and Materials (ASTM) recommended that Bioheat® blends up to 5 percent be considered equivalent to heating oil.

ASTM's Subcommittee on Petroleum Products and Lubricants granted the preliminary approval to a proposal stating that B5 (95 percent No. 2 oil and 5 percent biodiesel) is a conforming variation of heating oil that meets the ASTM D396 standard.

The matter now goes to the ASTM Committee D02 on Petroleum Products for a ballot during the first half of 2008. Ballot results will be reviewed for final approval this June, according to Victor Turk, director of quality for R.W. Beckett Corp. and chief advocate for Bioheat® with the ASTM.

While the final approval is not in yet, the subcommittee level is where key technical issues are resolved, and final approval is likely, according to Turk. "If the issues pass scrutiny at the full committee level, they will be formally published by ASTM in the weeks following the June meeting, probably around August 2008," he told *Oil & Energy*.

Once ASTM officially declares B5 equivalent to heating oil, marketers will be free to distribute the alternative fuel to their customers without fear of equipment warranty violations. Many Oilheat marketers have gone ahead and sold the fuel, but many others have taken a wait-and-see attitude.

"Since approvals, listings, and warranties are usually based on fuels that meet the national fuel standard, if B5 is approved, it would become just one more standard version of heating oil," said Turk. "A manufacturer could always choose not to honor warranties for a specific fuel, generally for a good reason that they would spell out. I can't speak for other manufacturers, but Beckett has already extended warranties for heating oil containing

up to 5 percent biodiesel for our burners."

Turk said the ASTM vote "is a positive next step for Bioheat® and provides the legitimacy for the product to move into full commerce as a known and recognized material. Although the fuel is being used in certain areas, full approval will 'dot the I's and cross the T's' to provide an answer to those who still have some questions about its use."

The Bioheat® proposal was one of several biodiesel issues considered by the subcommittee, according to Turk. The panel also approved an update to the B100 spec to incorporate new requirements that should improve low temperature properties of the downstream blends (like B5). "This proposal was basic to any of the other changes, and all of the other changes were linked to this proposal passing," said Turk. "In other words, if this was not approved, the other proposals could not proceed even if those individual items were approved."

The same subcommittee approved a new B6-to-B20 standalone diesel spec. "This applies only to diesel engines at this point, since the higher level blends still pose some questions for Oilheat," Turk explained. "The key issue is the low temperature flow properties (the tendency to wax or gel and plug filters)."

The subcommittee's work on those issues may lead to more changes down the road involving heating oil. "The approval process has been highly rigorous, and a longer-range result from all of the discussion about biodiesel blends is that properties for basic petroleum heating oil are being questioned by the industry, including those who supply the fuel," said Turk. "Long-term Oilheat industry concerns about low temperature flow properties are being questioned—the spec has never controlled this property the way it is controlled for diesel engine fuel—and at ASTM we have chartered a task force to review

the issue. This may produce a ballot to make changes that will result in better consumer protection against gelling and freeze-ups." ❧

### Workshop Aims to Train the Trainers

The National Association of Oil Heating Service Managers (NAOHSM) and the National Oilheat Research Alliance (NORA) are co-sponsoring a workshop where Oilheat trainers will learn to teach more effectively.

"The Instructor Development Academy 2008" will be offered at two times and locations: March 10-12, 2008, in Baltimore, Md.; and March 25-27, 2008, in Manchester, N.H. This 2-1/2 day workshop will be taught by Harry Johnson, a Penn State University instructor; Bob Hedden, of Oilheat Associates; and other industry trainers. It is offered in conjunction with release of the new NORA "Oilheat Technicians Manual."

The workshop is geared for anyone who teaches Oilheat, either at an instructional facility or in-house. Individuals interested in becoming training and development professionals also can benefit. The primary focus will be on how to teach adult students the contents of the new NORA manual. Other topics will include how adults learn; how to prepare for a class; development of audio-visual materials; and class evaluation.

Each class is limited to 20 attendees, and the cost is \$195 per person. For more information or to register, visit [www.naohsm.org](http://www.naohsm.org). To register by phone, call Mary Rachel Keyser at NORA at 703-340-1660.

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**SYSTEM 2000 IS GREEN FRIENDLY**



Alice Watkins poses with the NAOHSM volunteers who installed her new Thermo Pride3 ThermoPack. They are, left to right, Dave Porter, Phillips Energy; Filmore Brinkley, E.T. Lawson; Bill Alcombrack and Lee Mershon, Phillips Energy; and Gene Vickhouse, Cutting Edge Total Comfort.

## Giving Back to the Community

### More Customers Benefit as Oil Heat Cares Program Expands

**DOZENS OF HOMES ACROSS THE UNITED STATES** that had faulty heating systems—including some that had been using gas or electricity for heat—are being warmed by new Oilheat systems this winter thanks to the contributions of time and money from the Oilheat community through the Oil Heat Cares (OHC) program.

“Some of us were hesitant when we first heard about the program,” said Rena Falconi, service manager at Aalanco Service Corp. in Westboro, Mass. “We weren’t sure where the money was going to go. Then we did one job, and it was a great experience. Now we’re getting ready to do another.”

Other installers were equally enthusiastic about their OHC projects when telling their stories to *Oil & Energy*.

“There are so many people out there who need help,” said Paul Cuprewich, a New Jersey service manager who has been involved in four OHC installations. “We might only be affecting a small part, but it’s such a great feeling to see their face and know what we’ve done for them.”

#### **STRONG INDUSTRY SUPPORT**

OHC is the brainchild of educator Dan Holohan and Judy Garber, executive administrator of the National Association of Oil Heating Service Managers (NAOHSM). Garber said they were riding on a train together in 2005 trying to think of a new way for the Oilheat industry to give back to

the community when Holohan came up with this idea.

OHC pays for the materials and seeks the lowest possible prices from manufacturers and distributors. Service managers and technicians volunteer their labor. Customers must own their homes to be eligible for assistance.

The program enjoys strong industry support, and its major source of fundraising for the last two years has been the “Care to Ride” event, which is held at the annual NAOHSM convention. Members of the Oilheat community sign up sponsors who contribute to the program for every mile they ride. The event raised \$75,000 at this year’s convention in Hershey, Pa.

Garber says the program has really taken off since the 2007 convention, with more NAOHSM chapters and Oilheat service people choosing to take on projects. The OHC board tries to make participation easy by keeping paperwork to a minimum and providing quick approvals and easy bill paying.

“Folks expect a hassle and are typically surprised,” said Garber. “There is one form on the Web site ([www.oilheatcares.com](http://www.oilheatcares.com)), and they need to have it signed by the recipient of the project and the person spearheading needs to have the NAOHSM chapter secretary sign it. They need to give us a good idea of the cost of the equipment and materials, and I’ll immediately get the details out to the

committee. Everyone is quite prompt with their comments or approval.”

She said the company leading the project can pay the bills directly and OHC will

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**“Oil Heat Cares is an excellent program for Oilheat itself and for what we stand for. Years ago service was the number one thing that Oilheat companies showed and performed. Now with the gas companies service comes last, but we’re still trying to show that we’re there for people and that service matters.”**

—Paul Cuprewich, Woolley Fuel Co.

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reimburse them, but the best way is to have the bills submitted to OHC, which typically pays them within a week.

#### **A REWARDING EXPERIENCE**

Installers who have participated in OHC agree that the administrative portion is easy. They also say that participation has proved very rewarding.

Falconi arranged an electric-to-oil conversion for a local woman who was battling breast cancer and could not afford a system replacement. Volunteers from six Oilheat companies affiliated with NAOHSM’s Central Massachusetts chapter joined forces one Saturday in August 2007 and installed

**Continued on page 20...**

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...Continued from page 18

a new boiler, hot water storage tank and new baseboard throughout the house.

The project proved to be a true collaborative effort. There was no problem rounding up volunteers, and local supply houses provided meals, while participating companies provided materials left over from other jobs. Falconi said the arrangements with OHC were a breeze. "There was one sheet of paperwork, and within 48 hours, the job was approved. Judy paid it within days," she said.

"It was such a good feeling to be able to do a charitable deed," said Falconi, who serves as secretary of the Central Mass. chapter. "We don't do enough charity, and I mean everyone, not just Oilheat people."

**'THEY HAD SPENT EVERY CENT'**

Foley Oil Co., of Laconia, N.H., also had a successful and rewarding Oil Heat Cares experience in 2007. Service Manager Steve Atwood told *Oil & Energy* that his company performed an OHC installation for a new homeowner who had moved to the area to be closer to the hospital for medical treatment. The man had purchased a vacant home that had formerly been served by Foley Oil. When he went to resume oil service, the company had to tell him that his tank and his boiler were unfit. "His face went to the ground when we told him," Atwood said. "They had spent every cent they had on the house, and he said he didn't know what they would do."

Atwood was familiar with Oil Heat Cares, and he contacted Garber, who helped him get the job approved within a few days. A few weeks later, a Foley crew including Atwood, Roger Watts, Brian Ray and Waiman Leung installed a new Ultimate boiler and a 275-gallon oil tank.

"It was just great to give back to the community and to be able to offer something like that to someone in need," said Foley. "It was a good feeling for us, and the homeowners were very appreciative," he said.

**CANCER PATIENT IN NEED**

At Lipton Energy in Pittsfield, Mass., installers used the Oil Heat Cares program in August 2007 to help a cancer patient install a much-needed new system. The company had responded to a call for inadequate hot water at her home in Hinsdale, Mass., and determined that she needed a new boiler, water heater and tank. "She was going through her second battle with cancer and she didn't have the money. We thought of Oil Heat Cares," said Service Manager Aaron Clark.

"My guys were all psyched about doing it, and they thought it was great that we had something like this we could turn to," he said. Ray Cuevas, Andy Szurley, Shawn Liccardi,

Jason Desroches and Marc Farinon helped Clark do the installation on a Friday, while John Dimise and Tim Nelligan handled duties at the office. When the job was done, they went out together for a meal.

"I know the guys felt really good about it," Clark said. "Everybody had a good time doing it, and we all felt that we had done something really special for her."



Volunteers from Lipton Energy, of Pittsfield, Mass., spend a moment with Diane Haber. The Lipton employees are, left to right, Jason Desroches, Ray Cuevas, Aaron Clark, and Shawn Liccardi.

**GIFT FOR A GIVER**

Another story of satisfaction comes from NAOHSM's Tidewater Chapter in Norfolk, Va. Suzanne Sullivan Sterling, dispatcher at Phillips Energy, in Hayes, Va., said a team of volunteers from several companies helped a longtime Phillips customer who is well-known for helping others. The woman, who is in her early 90s, had a balky 1969 furnace that was breaking down frequently, necessitating service visits to her Gloucester, Va. home. The appliance was located in a crawl space under her house, and she felt badly for the Phillips techs who had to crawl on their bellies to service it.

"Now she has a new ThermoPack (from Thermo Pride), and she's nice and toasty," said Sterling. "It was very satisfying. We knew it was frustrating to her to have to call us all the time. Now we're able to give her peace of mind and know that she's taken care of. It makes your heart bigger."

**YEARS WITHOUT HEAT**

At NAOHSM's Garden State Chapter, Oil Heat Cares projects are a regular thing, according to Woolley Fuel Co.'s Cuprewich, who has been involved in four projects as president of the chapter.

The chapter helped a family of 11 in Union, N.J. that was on gas heat and had had their gas shut off. "They were cooking with a hibachi in their kitchen," he said. "We put in an oil tank and an oil steam boiler and gave them heat for the first time in a few years."

In another job, the Garden State chapter helped a cancer patient with two daughters.

Their boiler had rotted out. "Funds-wise, he didn't have it, and he didn't know which way he would go," Cuprewich said. "I hope I'm never in that situation, but if I am, I hope someone can help me out that way."

He said OHC has provided great satisfaction for members of the Garden State Chapter who have taken part. "It's a great feeling. We've done kind of a mini miracle for these people. My life has been Oilheat, and it's been good to me and supported my family and myself. This is just a little way to give something back."

NAOHSM's Garber said she is very pleased that the program has been so well received in the field. She said technicians have gotten very involved, because they tend to know the customers the best. "It's like a hot button with young people," she said. "It makes them feel good about what they're doing."

**PUTTING THE FUN IN FUNDRAISING**

Garber is also grateful for the industry's strong financial support. "It really takes the pressure off, and we are able to help people when they ask," she said. It is important that participants not ask companies to donate equipment, she said. "We say no free stuff, but instead ask for the best pricing," she explained. "We don't want to keep going to the trough and begging."

OHC has attracted a lot of additional support in 2007 with two innovative fundraising events: a visit to Gillette Stadium in Foxborough, Mass., and a tour of the historic Eastern State Penitentiary in Philadelphia. Several corporate sponsors, including Taco and Crown Boiler, underwrote the events, which raised a combined total of about \$18,000.

The 2008 Care to Ride event will be held at the NAOHSM annual convention in Hartford, Conn., on May 19. This year, a road race has been added for runners. The event also welcomes bicyclists, motorcyclists and walkers.

"Oil Heat Cares is an excellent program for Oilheat itself and for what we stand for," said Woolley's Cuprewich. "Years ago service was the number one thing that oil companies showed and performed. Now with the gas companies service comes last, but we're still trying to show that we're there for people and that service matters."

For information on the program, visit [www.oilheatcares.com](http://www.oilheatcares.com). To donate by mail, send a check payable to Oil Heat Cares to NAOHSM, P.O. Box 67, East Petersburg PA, 17520. ☐

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Michael Ferrante, President

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800-722-0623 (MA Only)

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[mferrante@massoilheat.org](mailto:mferrante@massoilheat.org)  
[www.massoilheat.org](http://www.massoilheat.org)



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of Rhode Island

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Matt Cota  
Executive Director

Vermont Fuel Dealers Association

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802.318.2190 cell

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# Be Calculating When Choosing a Pump

By Bruce Marshall, Emerson-Swan



**ONE OF THE THINGS I HAVE LEARNED IN MY** travels doing training sessions is that many people in our industry do not understand some of the basic concepts of hydronic heating.

It's easy to get complacent when you deal mostly with residential systems, because most off-the-shelf pumps will move water with no problems. Installers get into trouble when they try to make pumps do more than they are capable of doing.

A pump has to be capable of moving the correct gallonage through the system while overcoming the resistance that the system is giving back. A popular misconception among technicians is that the size of the pump is somehow related to the height of the building.

**"If the resistance of the system is too much for the pump, it can slow the flow down to the point where the system cannot deliver the expected amount of heat."**

The level of water in the building is determined by the pressure-reducing valve, which comes factory set at 12 PSI. Every pound of pressure will raise water 2.31 feet so the factory setting is capable of filling the system up to about 28 feet. This is enough to fill the radiators in a typical two-story building and still have some positive pressure left over. All the pump has to do is move the water around.

## CRUNCHING THE NUMBERS

The relationship between BTUs, GPM

(gallons per minute), and Delta T is critical in heat-loss calculations and pump selection. To understand how this all fits together, we must start with a very basic concept and that is the BTU.

The British Thermal Unit is the amount of heat energy required to heat one pound of water one degree Fahrenheit. Water at 60° F weighs 8.33 pounds per gallon. This is the first number we need to file away in the memory bank.

Delta T is the temperature change of the water as it passes through the system. We design our heating systems around a 20-degree Delta T, which means we expect the water to come back to the boiler 20 degrees cooler than when it left the boiler.

The final component in the calculation is 60 minutes in an hour.

When we multiply the three together we get  $8.33 \times 60 \times 20 = 9,996$  or rounded up 10,000. If we know the heat loss of the building, we can determine how many gallons per minute we need to deliver the correct amount of BTUs by dividing the building heat load by 10,000.

For example, if we know the heat loss of the building is 120,000 BTUs, we calculate the GPMs needed to be 12 gallons per minute ( $120,000 \div 10,000 = 12$ ).

We must, however, still determine the friction resistance of the heating system to size the pump. We measure the resistance of the system in Feet of Head. The average is four feet of head per 100 feet of pipe.

## FIND THE MATCHING PUMP

Different size pipes have different maximum flow rates and as we already know, BTUs and GPM are closely related. As you can see from the chart below, if we have a load of 120,000 BTUs, we will need a 1-1/4" manifold. We will use as an example a zone with 60 feet of baseboard which carries a load of 36,000 BTUs. All we need for our supply pipe is 3/4" copper or the equivalent.

Each fitting and valve in the system also contributes to the total resistance, but rather than add up every single fitting, you can use 50 percent of the total system length as

## PIPE CAPACITIES

This chart shows the maximum flow rates and BTU capacities of different pipe sizes.

	MAX GPM	BASEBOARD CAPACITY AT 20° DELTA T
<b>Copper Pipe</b>		
1/2"	1.5	15,000 BTU/hr
3/4"	4	40,000 BTU/hr
1"	8	80,000 BTU/hr
1 1/4"	14	140,000 BTU/hr
1 1/2"	22	N.A.
2"	45	N.A.
<b>Steel Pipe</b>		
1/2"	2	N.A.
3/4"	4	40,000 BTU/hr
1"	7.5	75,000 BTU/hr
1 1/4"	16	160,000 BTU/hr
1 1/2"	23	230,000 BTU/hr
2"	45	450,000 BTU/hr

a ballpark figure for the fittings and be safe. We can calculate the friction head of the system by multiplying the total system length of pipe (supply and return) by .04 and adding 50 percent to account for the fittings (or skip the 50 percent step and multiply the total system length by .06.) If the pump can move water through the most difficult zone, it will move it through the rest of the zones. Let's say that the toughest zone is that 60-foot run of baseboard and 40 feet of pipe for a total length of 100 feet.

Multiplying the total system length by .06 gives us a total of six feet of head. Now that we know the head loss of the system and the GPM we need, we can figure out what we

need for a pump. Remember we have a total system load of 120,000 and a worst case of six feet of head.

#### OVERCOMING RESISTANCE

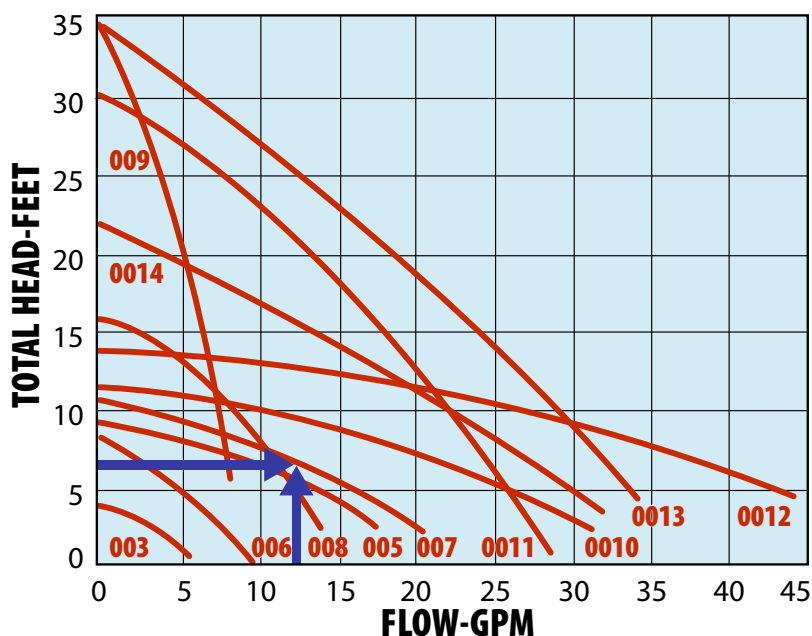
Pumps operate on a curve, and as the head increases, the flow decreases. If the resistance of the system is too much for the pump, it can slow the flow down to the point where the system cannot deliver the expected amount of heat.

Since we have determined the head loss of the system, we can match the pump to the job and be sure it will deliver the GPM needed. If we take a look at the Taco "00" series performance curve chart (below), we can

determine which circulator we should use for this job.

First, on the bottom axis, we find the flow rate—in this example, it is 12 gallons per minute. On the vertical axis we have head loss—in this example it is six feet of head. We follow the two lines until they intersect to find our operating point of 12 GPM at six feet of head.

Next, we look at the performance curves to find out which circulator would make the best selection. As long as the meeting point of the two arrows falls inside the pump curve, that particular pump is adequate for the job. If the meeting point falls outside the curve, the pump will not be capable of delivering the necessary GPM when you need it the most, which is usually during the coldest days of the year. In this case the Taco 007 will work fine.



This chart tracks the performance of different Taco pumps in terms of flow rate and head loss.

#### ALL SYSTEMS ARE NOT EQUAL

Conventional hydronic systems such as baseboard and cast iron radiators have relatively low head loss. Monoflow systems have more resistance because the pressure drop from each tee adds up quickly.

Some indirect water heaters have high pressure drops, as much as eight feet of head and a flow rate of 10 GPM in order to produce the first hour performance ratings. Once again referring to the pump curve (left) we find that we are right on the line for a 007.

Any additional restriction in the piping, like a zone valve or long run of pipe, will result in landing outside of the curve. The result of selecting the wrong pump will be a loss of recovery in the event of a fast drawdown.

Staying out of trouble on a job is easy once you know some of these basic concepts and other things you need to know. ☑

## Heating Oil, All Distillate Sales Fell in '06

**TOTAL SALES OF DISTILLATE FUEL IN THE** United States fell in 2006, with the sales of heating oil also taking a tumble, according to the recently released *Fuel Oil and Kerosene Sales, 2006*.

Published by the U.S. Department of Energy's Energy Information Administration, the report shows that nationwide sales of fuel oil to the residential sector fell by about 19 percent from 6.2 billion gallons in 2005 to 5.0 billion gallons in 2006.

This marked the third straight year in which sales for residential use fell. The 2003 sales total of 6.9 billion gallons was about 38 percent greater than the 2006 total. Heating oil accounted for 8.0 percent of total distillate sales in 2006, down from 9.7 percent in 2005.

While heating oil sales were dropping in 2006, total distillate sales were on the rise from 62.2 billion gallons in 2005 to 63.2 billion gallons in 2006. More than half those sales were on-highway diesel, which increased from 38.1 billion gallons to 39.1 billion gallons. After accounting for 60.2 percent of distillate sales in 2005, on-highway fuel's share rose to 62.9 percent in '06.

"In 2006, despite a year of continued economic growth, a number of factors combined to reduce demand and lower sales of fuel oil and kerosene," the report states. "In 2006, the winter was not only warmer than the previous year, it was considerably warmer than normal, and the summer was somewhat milder than in 2005. In addition, prices that had increased sharply during the last few months of 2005 continued to rise, although at a slower rate. Consequently, the combined sales of the three product groups fell by 5.6 percent to total 73.3 billion gallons, reflecting a drop of nearly 4.4 billion gallons from 2005, and the lowest combined total since 2002."

Sales of residual fuel and kerosene also declined in 2006.

### EIA CITES WEATHER AS KEY FACTOR

Although higher prices played a role in the drop in sales, other factors also had a negative impact on the market, according to EIA.

Continued on page 26...

Destination	Residential		Commercial		Industrial	
	2005	2006	2005	2006	2005	2006
Connecticut	626,032	525,807	126,262	111,141	14,693	14,669
Maine	353,737	303,024	120,968	106,326	18,686	14,836
Massachusetts	773,294	637,962	197,748	133,125	16,807	10,905
New Hampshire	201,240	172,786	64,545	46,232	11,109	8,272
Rhode Island	156,669	117,031	28,802	24,844	4,747	3,095
Vermont	94,728	86,426	36,012	33,120	11,139	8,201
<b>N.E. Total</b>	<b>2,205,699</b>	<b>1,843,037</b>	<b>574,337</b>	<b>454,788</b>	<b>77,183</b>	<b>59,978</b>
<b>Other Selected States</b>						
Alaska	67,951	78,776	42,201	47,566	44,850	53,217
Arizona	134	143	19,842	18,695	80,397	87,355
California	6,536	6,252	82,606	60,386	50,251	50,822
Colorado	367	387	26,235	26,823	32,179	35,849
Delaware	38,097	28,811	9,989	11,536	3,105	3,307
D.C.	14,715	7,453	16,943	14,210	3	-
Florida	4,138	3,428	148,640	152,182	94,203	91,007
Idaho	13,519	15,229	14,099	11,650	22,775	14,821
Illinois	8,891	7,326	34,959	37,623	65,259	58,065
Indiana	37,706	25,004	53,476	54,678	106,548	100,812
Iowa	9,498	9,831	13,269	25,761	11,450	10,678
Kansas	153	121	10,260	11,835	11,315	9,726
Kentucky	15,521	10,387	32,432	30,542	118,799	141,102
Maryland	171,922	138,039	74,901	73,461	22,292	21,513
Michigan	81,639	61,309	53,162	54,500	28,227	30,263
Minnesota	82,104	62,855	42,039	27,141	53,247	46,047
Missouri	6,769	6,152	21,826	17,730	32,658	27,955
Montana	7,102	8,005	6,840	8,768	30,403	24,365
Nebraska	3,710	4,145	8,627	7,703	8,473	3,816
Nevada	8,563	6,413	20,720	21,232	96,937	107,184
New Jersey	369,361	288,666	146,817	85,318	28,390	23,065
New York	1,471,188	1,092,698	759,080	636,199	64,413	62,565
North Dakota	19,311	18,823	5,922	6,096	27,208	26,438
Ohio	120,040	89,586	53,305	62,552	70,044	56,376
Oklahoma	41	39	10,561	11,895	12,905	15,315
Oregon	26,132	26,471	21,658	19,437	17,961	18,130
Pennsylvania	835,016	689,212	257,038	232,550	112,101	160,618
South Carolina	10,103	8,610	26,080	28,304	33,195	25,440
South Dakota	9,609	8,945	8,550	6,442	2,524	4,299
Tennessee	4,269	4,365	32,720	26,513	55,710	45,447
Utah	1,091	1,180	14,411	17,805	34,574	40,463
Virginia	226,206	184,482	125,069	109,758	120,654	108,411
Washington	52,465	50,123	43,584	41,496	20,826	12,521
West Virginia	16,015	15,511	9,673	6,705	145,938	179,846
Wisconsin	110,780	96,435	51,955	36,490	71,133	75,360
Wyoming	1,304	1,543	4,007	3,781	91,157	105,208
<b>U.S. Total</b>	<b>6,154,461</b>	<b>4,984,826</b>	<b>3,224,216</b>	<b>2,808,786</b>	<b>2,459,711</b>	<b>2,463,676</b>

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...Continued from page 24

“Weather was an important factor with a winter considerably warmer than normal, playing a role in decreased sales to the commercial and especially the residential sectors, which fell by 12.9 percent (415.4 million gallons) and 19.0 percent (1.2 billion gallons) respectively.

“The warmer than normal winter coupled with a summer somewhat milder than was the case in 2005 also helped reduce sales to the electric power sector by 27.6 percent (250.6 million gallons). In addition, a downturn in new home construction contributed to a drop in off-highway use of distillate of 16.1 percent (477.0 million gallons).”

As in 2005, the effect of unseasonable weather was more widespread than normal in 2006, according to EIA. “First, the winter of 2006 was warmer than normal throughout every district of the country. In addition, the winter was also considerably warmer than 2005 in the New England and Central Atlantic Subdistricts—principal consuming areas of home heating oil.

“Consequently, although sales of heating oil to the residential market fell in every district of the country, sales fell the most in the New England and Central Atlantic Subdistricts. Sales to the residential sector fell by 362.7 million gallons (16.4 percent) in the New England Subdistrict and by 655.4 million gallons (22.6 percent) in the Central Atlantic Subdistrict.”

**KEROSENE SALES DROP TOO**

Nationally, sales of kerosene also fell in 2006, countering the growth in each of the previous three years, according to EIA. “Total sales of kerosene fell to 823.0 million gallons—a drop of approximately 247.2 million gallons (23.1 percent). Sales fell to all energy use sectors with the largest drop occurring in the residential sector where sales fell by 129.3 million (20.8 percent).

Kerosene sales to the residential sector fell in all sections of the country with the exception of the West Coast. The drop in sales was greatest in the East Coast, where the use of kerosene for home heating is concentrated and consequently where the impact of the milder than normal winter had the greatest impact on sales.”

Sales fell in all three subdistricts of the East Coast by a combined total of 116.6 million gallons. This drop accounted for fully 90 percent of the drop nationally. In the West Coast, the only region of the country where sales grew, the increase was 7.4 million gallons. ☐

(To download the report, visit [www.eia.doe.gov](http://www.eia.doe.gov) and click on “What’s New” on the right side of the home page.)

SALES OF DISTILLATE FUEL OIL BY ENERGY USE, 2005 AND 2006 (THOUSAND GALLONS)						
Destination	Oil Company		Farm		Electric Power	
	2005	2006	2005	2006	2005	2006
Connecticut	—	—	3,818	4,912	5,042	4,853
Maine	7	—	9,791	9,295	950	266
Massachusetts	—	—	3,587	5,174	10,804	8,385
New Hampshire	—	—	4,967	4,224	1,268	837
Rhode Island	2	—	288	328	1,239	1,107
Vermont	—	—	7,373	5,954	721	229
<b>N.E. Total</b>	<b>9</b>	<b>—</b>	<b>29,824</b>	<b>29,887</b>	<b>20,025</b>	<b>15,677</b>
<b>Selected Other States</b>						
Delaware	7,945	3,580	7,680	6,001	4,582	4,194
Maryland	—	—	19,704	18,225	50,929	18,842
Illinois	56	17	162,443	183,201	16,654	13,371
Indiana	718	1,638	124,304	102,971	15,584	15,892
New Jersey	6,741	378	4,260	4,935	25,987	31,736
New York	101	—	41,956	38,634	34,835	17,834
Ohio	5,119	5,698	102,907	112,345	46,623	31,415
Pennsylvania	4,779	8,093	35,826	47,612	107,559	59,425
<b>U.S. Total</b>	<b>472,922</b>	<b>636,788</b>	<b>3,215,819</b>	<b>3,261,345</b>	<b>906,976</b>	<b>656,355</b>
<b>Railroad Vessel Bunkering On-Highway</b>						
Destination	2005	2006	2005	2006	2005	2006
Connecticut	4,274	3,661	6,927	7,081	304,875	300,414
Maine	53	49	9,509	8,708	175,342	178,890
Massachusetts	69,275	71,536	22,137	23,284	422,272	393,119
New Hampshire	149	129	3,464	3,104	101,662	101,295
Rhode Island	—	138	4,235	6,762	57,828	57,243
Vermont	356	735	314	—	62,438	65,902
<b>N.E. Total</b>	<b>74,107</b>	<b>76,248</b>	<b>46,586</b>	<b>48,938</b>	<b>1,124,417</b>	<b>1,096,863</b>
<b>Other Selected States</b>						
Delaware	275	1,118	764	485	68,514	66,844
Illinois	52,155	35,618	103,673	79,326	1,460,631	1,494,346
Indiana	105,916	81,288	13,338	26,157	1,319,432	1,348,615
Maryland	18,291	17,930	20,131	22,504	561,259	558,703
New Jersey	18,557	16,898	97,683	37,410	936,708	967,337
New York	80,869	87,107	8,759	11,308	1,104,919	1,096,953
Ohio	189,158	244,366	1,182	4,217	1,601,756	1,587,761
Pennsylvania	103,972	113,502	24,982	25,798	1,490,749	1,514,985
<b>U.S. Total</b>	<b>3,447,630</b>	<b>3,552,430</b>	<b>2,005,564</b>	<b>1,903,138</b>	<b>38,053,129</b>	<b>39,118,301</b>
<b>Military Off-Highway Total</b>						
Destination	2005	2006	2005	2006	2005	2006
Connecticut	1,309	604	20,506	20,354	1,113,738	993,496
Maine	7,137	5,411	15,957	9,305	712,137	636,108
Massachusetts	663	803	59,141	48,817	1,575,729	1,333,111
New Hampshire	1,093	1,351	16,798	12,496	406,295	350,727
Rhode Island	2,006	1,472	3,527	5,374	259,344	217,393
Vermont	112	73	4,991	6,615	218,184	207,256
<b>N.E. Total</b>	<b>12,320</b>	<b>9,714</b>	<b>120,918</b>	<b>102,962</b>	<b>4,285,426</b>	<b>3,738,092</b>
<b>Other Selected States</b>						
Delaware	181	163	5,304	6,290	146,437	132,329
Illinois	629	813	115,624	99,712	2,020,974	2,009,417
Indiana	73	20	60,750	34,253	1,837,846	1,791,329
Maryland	9,292	5,771	44,548	47,389	993,270	922,376
New Jersey	1,739	2,784	42,768	62,577	1,679,010	1,521,104
New York	3,467	2,986	34,993	40,002	3,604,580	3,086,285
Ohio	300	129	74,480	67,850	2,264,915	2,262,294
Pennsylvania	8,282	5,282	85,743	81,070	3,066,048	2,938,147
<b>U.S. Total</b>	<b>268,553</b>	<b>327,827</b>	<b>2,955,589</b>	<b>2,478,554</b>	<b>63,164,569</b>	<b>62,192,027</b>

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Goldberg recommends using flyers and phone calls to communicate with customers about high prices.

working in tandem. But it works. You will not convince every customer to ignore a better deal. But if you amp up your marketing, you will retain more than you think. You will get paid faster than you would otherwise. And you will hold onto higher margins. Best of all, you can do it for much less than it costs to replace lost customers. But you need to recognize that the old ways aren't enough. You need to evolve to deal with the realities of today's marketplace and consumers.

I don't have enough space here to go into all the different strategies you can use, but I have put some ideas up on our website at [www.warmthoughts.com](http://www.warmthoughts.com), including some good ones about how to speed up bill paying, and will add to them periodically. If you've done some smart things that have worked, e-mail them to me and I'll include them and give you credit.

## When Prices Rise, Customers Need to Hear From You

By Rich Goldberg, Warm Thoughts Communications

### **SURGING OIL PRICES CREATE A VOLCANIC ERUPTION IN YOUR CUSTOMER BASE. CUSTOMERS WHO NEVER FOCUSED ON PRICE SUDDENLY WAKE UP AND TAKE NOTICE. THIS FALL, HEATING OIL DEALERS "SWAPPED" CUSTOMERS AS NEVER BEFORE. AND THE GAME ISN'T OVER YET. IN FACT, IT'S JUST BEGINNING.**

The research shows that most oil customers don't think their local dealers cause prices to spike. But they do think you make more money as a result: You don't pull the trigger, but you drive the getaway car.

That's a dangerous perception. If they think you're taking advantage of the situation, why shouldn't they leave you for a better deal? Why shouldn't they stretch out payments to you? You're making a killing anyway, right? And even if they stay with you this year, why shouldn't they look for someone else next season?

Many of you work so hard to create customer loyalty through exceptional service, it is frustrating and demoralizing when that is marginalized by record prices and

**"The research shows that most oil customers don't think their local dealers cause prices to spike. But they do think you make more money as a result: You don't pull the trigger, but you drive the getaway car."**

misperceptions. But you cannot win the customer retention battle solely by providing outstanding customer care. It's like trying to hold onto your wife who thinks you are cheating by saying, "but I'm a good provider." It may work sometimes, but I wouldn't count on it.

### **WHAT ARE YOU DOING?**

How many of your customers really experience your "exceptional" service, particularly now that most winters are warmer than normal? What we used to count on as loyalty is now more like lethargy. Many of "today's" customers stay with you because you're nice and dependable, and they have plenty of other things on their minds besides switching to a new oil dealer.

Of course, when their bills start hitting \$3,000 a year, lethargy gives way to frustration and need. And then, you'd better be doing more to hold onto them. You need to go out of your way to show them your value, to show them you care, to reinforce that the grass is not greener elsewhere. Because you face an increasing number of competitors whose service looks just fine from the outside, and who are willing to lure your customers with big introductory discounts.

You want to position yourself as good guys who are on their side. You want to give them insights as to why oil prices have risen, what the outlook is, etc. You want to show them ways they can save, including investing in more efficient equipment. You want to be perceived as their partner. If you're not, they fill in the blanks with what they see on TV and what their neighbor speculates. And you don't come out ahead that way.

### **MAKE SOME BREAKTHROUGHS**

As you can imagine, this will not come from simply adding a few lines to the bottom of your bill, or even sending a letter or newsletter. It takes a concerted effort of several tactics

### **WHERE TO START**

In the interim, consider all the different ways you have to influence your customers' perceptions in the ways I described above. Get started on this now, not at the end of the season. Because now is when people are focused on their oil service, paying their bills (or not), and drawing their conclusions. In fact, our own studies have shown that readership of our winter newsletters goes up approximately 20 percent due to seasonal interest.

You'll need to hit them repeatedly and from a variety of angles to really shape their perceptions, but it will work if you do it effectively. Consider using your newsletters, bill inserts, tech leave-behinds, websites and blogs, on-hold messages, "happy calls," and employee-customer interactions to deliver the right messages. Start securing all the new customers who came on board this year, but might turn out to be "rent-a-customers." And soon, start thinking about how to modify your price protection, budget and service plan programs so that they are more effective deterrents to customer defection.

But whatever you do, remember this. The definition of insanity is doing the same thing and expecting different results. The reality of high prices trumps your reluctance to become better communicators. It stinks. But it's inescapable. And, fortunately, you can do something about it. ☒

*(EDITOR'S NOTE: Warm Thoughts Communications offers tools to help fuel marketers communicate to their customers about pertinent issues, including fuel prices.)*

**E INSTRUMENTS OFFERS NEW ANALYZER**

E Instruments, of Langhorne, Pa., recently announced release of its new BTU2000+ Gas Analyzer. The company says the tool is ideal for monitoring O<sub>2</sub>, CO, CO<sub>2</sub>, excess air and efficiency in residential or light commercial boilers and burners.



The BTU2000+ features a built-in thermometer and manometer, a CO leak detector, a leak and pressure decay tester for pipes, a combustible gas leak detector and an ionization/current flame tester. It also has a built-in non-thermal printer.

For more information, contact Jason Esteves in E Instruments' HVAC Department at 215-750-1212 or [jesteves@einstrumentsgroup.com](mailto:jesteves@einstrumentsgroup.com).

**Industry News**



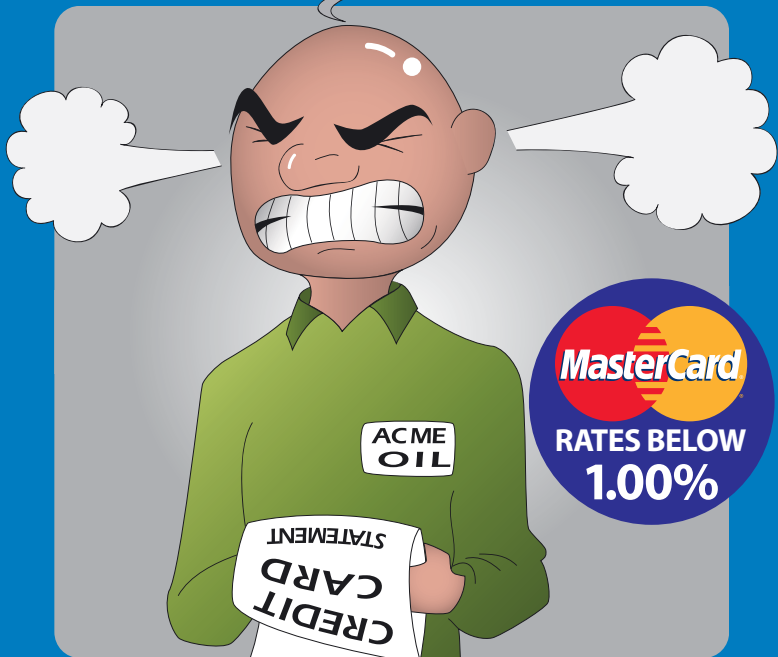
**DOE SEEKS ENERGY SAVINGS WITH NEW EFFICIENCY STANDARDS**

The U.S. Department of Energy (DOE) is looking to put a dent in household energy consumption with its recently announced new efficiency standards for boilers and furnaces.

DOE announced in November 2007 that as of 2015, new oil-fired boilers must have an AFUE rating of 83 or better, and oil furnaces must be rated 82 or above. Minimum boiler efficiency is now set at 80 percent AFUE, with minimum furnace efficiency at 78 percent. DOE also announced changes in efficiency requirements for gas heating systems as follows: non-weatherized gas furnaces, increased from 78 to 80; weatherized gas furnaces, increased from 78 to 81; gas boilers, increased from 80 to 82; mobile-home gas furnaces, increased from 75 to 80.

DOE estimates that between 2015 and 2038, the tighter standards will reduce energy consumption by the equivalent of that consumed by 2.5 million U.S. households and cut greenhouse gas emissions by approximately 7.8 million tons of carbon dioxide—an amount equal to the emissions produced by 2.6 percent of all light truck vehicles on U.S. roads in one year.

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## **NYSERDA Puts Ultra-Low Sulfur Heating Oil to the Test**

**THE NEW YORK STATE ENERGY RESEARCH AND** Development Authority (NYSERDA) is working with a Long Island Oilheat marketer to test the effects of using ultra-low sulfur diesel (ULSD) in heating systems.

Oil Services Inc., of Oceanside, N.Y., is running a pilot program involving 200 customer homes in cooperation with NYSERDA, Brookhaven National Laboratory (BNL) and Energy Research Center (ERC). The performance of boilers in 100 homes that use standard heating oil will be compared to performance in 100 homes that use ULSD. Standard heating oil contains about 2,000 parts per million (ppm) of sulfur, while ULSD contains 15 ppm sulfur.

The mandated sulfur content of heating oil is expected to decrease to 500 ppm as early as 2012 in Delaware, New Jersey, the Philadelphia corridor and metropolitan New York, in response to an agreement reached by the Mid-Atlantic Northeast Visibility Union. The same agreement calls for 15-ppm heating oil by 2018.

### **GETTING TO KNOW THE FUEL**

The NYSERDA study aims to test the notion that a reduction in sulfur content will lead to less fouling of heat exchangers and longer intervals between system cleanings, according to Ray Albrecht, NYSERDA's manager of residential and commercial heating programs. "We're trying to see if there are any problems with using ultra-low sulfur fuel in residential heating equipment," he said. "We're not expecting any, but it would be

wise to gain experience with ultra-low sulfur heating oil prior to it becoming the standard fuel for the industry."

Albrecht said that sulfur reduction offers several potential benefits for the Oilheat industry. "One of the good things would be an improvement in the stature of the industry in regard to offering an environmentally friendly product. I think ultra-low sulfur heating oil would finally take sulfur off the table as a thorny issue, especially in competition with natural gas. I think it would actually help the industry to maintain its market share by dispelling once and for all any notions that Oilheat is not as clean as natural gas."

The potential downside is that sulfur reduction equates with higher product costs. "There are certainly questions about pricing and availability of ultra low sulfur in the marketplace, so I guess my own approach to introducing ultra-low sulfur heating oil would be one step at a time instead of having a massive shift. One thing that is becoming recognized among everybody—regulators and the industry folks—is that if we take a staged approach, that allows time for us to recognize any upsets in the marketplace in terms of pricing and availability."

### **STARTING WITH CLEAN SYSTEMS**

NYSERDA and its project partners have set the stage for the testing by performing system cleanings in all 200 homes so that they can easily measure the accumulation of soot on the heat exchangers. They also are letting the home's oil tanks run as low as possible in

order to limit any increases in fuel sulfur content from standard heating oil.

They will visit the test sights periodically to check the heat exchangers for buildup and to take pictures. BNL has developed a visual scale that enables researchers to compare soot accumulation from photographs.

John Batey, president of test partner ERC, said that earlier tests with 500-ppm heating oil showed that the interval between system cleanings could be extended to three years or more by reducing the fuel's sulfur content.

One known problem with ULSD is that it has lower lubricity than higher-sulfur diesel fuels, which can increase wear in an engine. The fuel used in the heating system tests will be treated with the same kind of lubricity additive that distributors use for on-road ULSD, according to Batey.

NYSERDA has funded the study for one year and hopes to extend it for an additional year or two, according to Albrecht.

### **TESTING PARAMETERS**

The study will use several measures to assess the effects of ultra-low sulfur fuel:

- Service records for the 100 ULSD homes and the 100 test homes;
- Combustion testing at the start of the project and each year during annual check-ups;
- Flue gas temperature measurements each year and more frequently in some houses to track the rate of boiler fouling through increases in flue gas temperature;
- Visual fouling inspection charts, which were developed by BNL and ERC during a prior NYSERDA low sulfur (500 ppm) demonstration project;
- Energy tracking and control will be used in conjunction with the other measures to assess the performance of all 200 homes.

Martin Levi, co-owner of Oil Services Inc. (OSI), said his company has worked closely with NYSERDA and its partners to identify homes for the pilot program and determine how much oil is in each home's tank.

One bureaucratic hurdle that NYSERDA and its partners faced was getting the New York Department of Taxation to waive on-road taxes for the fuel used in the study.

Sprague Energy is providing the ULSD for the testing, and OSI is conveniently located close to Sprague's facility in Oceanside, he said.

NYSERDA has run other fuel tests in the past, including a four-year pilot program with blends of heating oil and biodiesel at Abbott & Mills, in Newburgh, N.Y.

When this study is complete, NYSERDA and its partners will write a report evaluating the effects of ultra-low sulfur heating oil system function, cleanliness and emissions. **□**

**GOVERNMENT WATCHDOG AGENCY FINDS FLAWS IN DOT DRUG TESTING PROGRAM**

A recent sting operation by the U.S. Government Accountability Office (GAO) revealed serious flaws in the Department of Transportation's (DOT) drug testing program for commercial drivers, according to the Petroleum Marketers Association of America (PMAA). GAO undercover agents posed as CDL drivers at the DOT's specimen sampling stations and reportedly found it easy to impersonate CDL holders by using false identification. GAO reported its findings to Congress, and lawmakers promised to address the problems.

**GREEN BUILDING COUNCIL ESTABLISHES ORGANIZATION TO ISSUE CREDENTIALS**

The Green Building Council recently established the Green Building Certification Institute (GBCI) to administer credentialing programs related to green building practice and standards. The Council will transfer responsibility for the administration of the LEED Professional Accreditation program to GBCI this month. GBCI will manage all

aspects of the LEED AP program including exam development, registration and delivery. GBCI will also oversee the development of the maintenance program for LEED AP credential holders. For information, visit [www.gbci.org](http://www.gbci.org).

**TEXAS COMPANY WILL CONVERT MANURE AND OTHER WASTE TO NATURAL GAS**

Environmental Power Corp. recently built a facility in Stephenville, Texas, that will use anaerobic digesters to convert manure and other agricultural waste into a biogas that will be sold as natural gas. Bacteria in oxygen-free digester vessels will feed on the wastes, producing a gas consisting mostly of methane



and carbon dioxide. The company says it will condition the biogas to natural gas standards and distribute it via a commercial natural gas pipeline. The company is selling the natural gas to the Lower Colorado River Authority. The facility has the capacity to produce

635 billion BTUs of natural gas per year—enough to meet the energy needs for more than 6,000 average U.S. homes.


**NEW ENGLAND PATRIOTS WILL BUY CREDITS FROM WIND FARMS TO POWER STADIUM**

The New England Patriots recently announced a four-year deal to buy renewable energy credits from windmills in the Midwest to offset game-day electricity consumption. The team is buying power equivalent to that used by the stadium lighthouse, the overhead lights and more than 40 concession stands.

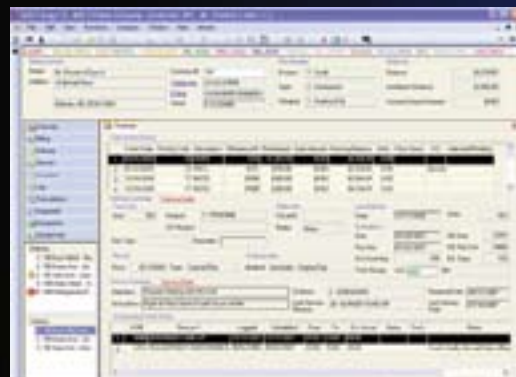


**EPA MIGHT FINE BIODIESEL MAKERS FOR DISTRIBUTING OFF-SPEC BLENDS**

Responding to requests from commercial drivers, the U.S. Environmental Protection Agency (EPA) recently announced that it would fine biodiesel producers who market off-spec biodiesel blends, according to the Petroleum Marketers Association of America (PMAA). The agency notified producers and marketers in a recent guidance document that it would step up enforcement to ensure that bioblends meet ASTM D 6751 standards and issue fines of up to \$32,500 per day. Off-spec fuels can clog filters prematurely and gel in cold weather. The EPA biodiesel guidance document can be obtained at [www.epa.gov/oms/renewablefuels/420b07019.pdf](http://www.epa.gov/oms/renewablefuels/420b07019.pdf).



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## January 2008

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**8 Hazmat Training Course**, NEFI's Technical Training Ctr., Watertown, MA, 6-9pm. 617-924-1000 • [www.nefi.com/training](http://www.nefi.com/training)

**19-23 ASHRAE Winter Meeting**, New York City, NY. 404-636-8400 • [www.ashrae.org](http://www.ashrae.org)

**22-24 AHR Expo® 2008 International Air-Conditioning, Heating, Refrigerating Expo**, Jacob K. Javits Convention Center, New York City, NY. 203-221-9232 • [www.ahrexpo.com](http://www.ahrexpo.com)

## February 2008

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**3-6 National Biodiesel Board Conference**, Orlando, FL. 800-841-5849 • [www.nbb.org](http://www.nbb.org)

**6-7 Affordable Comfort, Inc.'s (ACI) New York ENERGY STAR® for Homes 2008 Conference "Solutions for Success,"** Saratoga Hotel & Conference Center, Saratoga Springs, NY. 800-344-4866 or 724-627-5200 [www.affordablecomfort.org](http://www.affordablecomfort.org)

**19-21 Western Petroleum Marketers Association Convention**, The Mirage, Las Vegas, NV. 801-263-9762 • [www.wpma.com](http://www.wpma.com)

## March 2008

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**5-6 Southeast Petro-Food Marketing Expo**, Myrtle Beach Convention Center, Myrtle Beach, SC. 919-782-4411 • [www.ncpma.org](http://www.ncpma.org)

**11-13 Northeast Sustainable Energy Association "Building Energy08 - The Practice of Sustainability: Tools, Actions, and Solutions" Conference and Trade Show**, Seaport World Trade Center, Boston, MA. 413-774-6051 • [www.nesea.org](http://www.nesea.org)

**16-19 HVAC Excellence's "HVACR Educators and Trainers Conference,"** Imperial Palace Hotel, Las Vegas, NV. 800-394-5268 • [www.hvacexcellence.org](http://www.hvacexcellence.org)

**25-27 NAOHSM/NORA "Train the Trainer" Seminar**, Manchester, NH. 888-552-0900 • [www.naohsm.org](http://www.naohsm.org)

**28 National Assn. of Oil Heating Service Managers Spring Board Meeting**, Crowne Plaza, Hartford, CT. 888-552-0900 • [www.naohsm.org](http://www.naohsm.org)

## April 2008

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**9 "Increase Your Profitable Equipment Sales" seminar** with Bob Hedden at NEFI Tech. Training Ctr., Watertown, MA. 617-924-1000 • [www.nefi.com/training](http://www.nefi.com/training)

**9-10 Propane Gas Assn. of New England Spring Meeting**, Hilton Garden Inn, Portsmouth, NH. 603-544-2226 • [www.pgane.org](http://www.pgane.org)

**22-24 Atlantic Region Energy Expo (AREE)**, Atlantic City Convention Center, Atlantic City, NJ. 973-467-1400 • [www.areetradeshow.com](http://www.areetradeshow.com)

**22-24 M-PACT Midwest Petroleum and Convenience Tradeshow**, Indiana Convention Center, Indianapolis, IN. 614-792-5212 • [www.m-pact.org](http://www.m-pact.org)

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**PRESIDENTIAL CANDIDATES CLINTON, MCCAIN VISIT REG BIODIESEL PLANTS**

Biodiesel producer and distributor Renewable Energy Group, Inc. recently welcomed Presidential hopefuls Sen. John McCain and Sen. Hillary Clinton to events in Iowa.

McCain joined REG executives and area economic development officials to officially open the new, 60,000 square foot REG headquarters in Ames, Iowa, on Nov. 6, 2007.



U.S. Sen. Hilary Clinton, D-N.Y., visits the Central Iowa Energy biodiesel production facility in Newton, Iowa.



U.S. Sen. John McCain, R-Ariz., speaks at the opening of REG's new headquarters in Ames, Iowa.

Later that morning, Clinton toured Central Iowa Energy, LLC, a 30 million gallon per year biodiesel production facility in Newton, Iowa, that is managed by REG. Newton was home to a Maytag production facility that recently closed. Today, two-thirds of the REG network biodiesel plant's employees are former Maytag employees.

In other company news, Gary Haer, REG's vice president of sales and marketing, was recently elected Vice Chairman of the National Biodiesel Board's (NBB) executive committee. Denny Mauser, of REG partner company Western Iowa Energy, was elected as a member of the NBB's Governing Board.

Meanwhile, REG subsidiary Central Iowa Energy, LLC, has earned BQ-9000 Accreditation from NBB and National Biodiesel Accreditation Committee. And in Algona, Iowa, REG and its partner company East Fork Biodiesel, LLC officially opened Iowa's largest biodiesel production facility with an anticipated annual production capacity of 60 million gallons.

**BRADFORD WHITE AWARDS SCHOLARSHIPS AND DONATES TO HABITAT FOR HUMANITY**

Bradford White Corp. recently announced the awarding of \$15,000 in scholarships to students enrolled in postsecondary educational programs. The scholarships are administered by the PHCC Educational Foundation and the PHCC National Auxiliary. (PHCC is the Plumbing-Heating-Cooling Contractors Association.) The Bradford White Corp. Scholarship Program is designed to attract new talent to the plumbing and HVACR industry.

The recipients are: Ryan Cras, of Drexel Hill, Pa.; Nicholas Donica, of Blue Island, Ill.; Robert Ouellette, of Arlington, Mass.; Weston Sisson, of Yukon, Okla.; and Joshua Witmer of Herndon, Va.

In other news, Bradford White recently pledged 100 water heaters to Habitat for Humanity in Michigan. Over the past 20 years, Habitat has built 158 homes for families in Kent County, Mich. The donated water heaters will be used for the "Building Today, Framing Tomorrow" campaign that has hopes of building 20 homes per year over the next five years.

The company also announced five winners of its Power Drive 5 Giveaway promotion.

Professional installers throughout the United States, Puerto Rico and Canada (excluding Quebec) had the opportunity to win one of five 2007 GMC Sierra pick-up trucks. Winners were as follows: Northeast region, Mike Brescia, Doylestown, Pa. (Ideal Plumbing & Heating, Inc.); Southeast region, Terry McDonald, Lexington, Ky. (John T. Cannon Plumbing Co.); Midwest region, Dave Jones, Madison, Wis. (Dave Jones Plumbing and Heating); Western region, Todd Wolfe, Monroe, Wash. (Wolfe Plumbing); Canada, Ted Fatouros, Winnipeg, Manitoba (Citywide Water Heater Service).

**A.O. SMITH AWARDS TWO SCHOLARSHIPS**


A.O. Smith Water Products Co., of Ashland City, Tenn., and the Plumbing-Heating-Cooling Contractors Association (PHCC) recently awarded scholarships to two students enrolled in undergraduate degree programs who are majoring in subjects directly related to the plumbing-heating-cooling profession. The recipients are Kevin Oberle, of Bel Air, Md.; and Joseph Silk, of Highland Heights, Ohio.

For more information on scholarships available through PHCC, visit their Web site at: [www.phccweb.org/foundation](http://www.phccweb.org/foundation).


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"Although we haven't seen many opportunities for substantial discounting for higher sulfur supplies, there will be from time to time opportunities to obtain higher sulfur distillate supplies at substantial discounts. For the heating oil industry, this is an option they should preserve as long as possible."

—Lucian Pugliaresi



## Leading Oil Analyst Sizes Up the Heating Oil Market

### ENERGY PRICES ARE WORKING AGAINST OILHEAT DEALERS AGAIN

this year. Last year, it was a price drop that wreaked havoc with fixed price programs. This year it is record-high prices that are squeezing customers' budgets and tempting them to look around for alternatives. Who knows what next year will bring?

No one knows for sure, but one group that is constantly digging for informed answers is the Energy Policy Research Foundation, Inc. (EPRINC) formerly known as the Petroleum Industry Research Foundation, Inc. (PIRINC). The Washington, D.C.-based organization studies energy economics with special emphasis on oil and distributes its findings via analytical reports and media commentary.

EPRINC is supported by approximately 35 oil companies, but the views it expresses are its own and do not represent the oil companies.

Lucian (Lou) Pugliaresi has been president EPRINC since February 2007, having previously served on the Board of Trustees. He previously worked as a consultant and has held positions with the National Security Council, the Departments of State, Energy and Interior, and the Environmental Protection Agency. His writings have appeared in *Oil and Gas Journal* and other industry journals. He recently fielded questions from *Oil & Energy*.

### How does the weakening of the U.S. dollar affect the oil markets?

I'm not sure anyone knows the answer to this question since there are so many moving parts. It is also quite difficult to solve what is called the "identification problem," i.e., was it rising oil prices that had some impact on the terms of trade that shifted the supply and demand for dollars, or did some other policy initiative (expanding the money supply, cheaper credit, etc.) cause the dollar to fall, thereby making imports (including oil) more expensive.

Ultimately the dollar is backed up by the productivity and goods and services produced by the U.S. economy. In this regard, we may be seeing some short-term shifts out of the dollar, but given the size and productivity of the U.S. economy I don't see a sustained move away from the dollar.

### Why has the price of oil risen so sharply in 2007?

I think the forces at play in the market now are more short- and medium-term than tied to concerns over peak oil or concerns that ultimate recovery of conventional crude resources is declining rapidly.

Various factors around the world in 2003 and 2004 cost the world between 2.5 million and 3 million barrels/day of production that, prior to 2003, we were confident would be available. This kind of shift in expectations places a heavy toll on the market.

I would expect to see some downward pressure on crude prices in the next couple of years, even given rising demand in China and India. Some of the bottlenecks on the upstream side are getting worked out, and the high prices are resulting in adjustments on the demand side.

### Iran and Venezuela are pushing for Euro pricing of oil. What will come of that?

Iran and Venezuela are free to post prices for their crude in any currency they wish, but the rest of the world will continue



EPRINC's Lucian Pugliaresi

to use dollars as long as it remains the world's reserve currency.

### **How would a switch to Euros affect markets globally and in the U.S.?**

The switch away to Euros or any currency as the world's reserve currency would only occur over a very long period of time. Should this occur, which in my opinion is highly unlikely, I suspect the U.S. would suffer a one-time and somewhat dramatic shift in the terms of trade.

### **A substantial gap has developed between the prices for heating oil and natural gas. Why has the price of distillates increased?**

The answer to this question has to start with what has been happening in the downstream market in the U.S. and Europe. Since 2002, world demand for the middle of the barrel has increased twice as fast as demand for gasoline.

This has led to what we believe is a somewhat unbalanced product market (and probably not sustainable over the very long term) where the middle of the barrel (distillates) is priced higher than gasoline.

We are not getting the historic relationship in pricing between the middle of the barrel and gasoline because the Europeans and other world refining centers are running full tilt to meet distillate demand, which is also yielding substantial volumes of gasoline components in excess of local demand. These gasoline components are then sold into the U.S. market.

We at EPRINC don't view distillate as selling at a premium to gasoline, but gasoline being discounted to distillate. Both statements are accurate, but how you look at this problem is important for understanding how the market is likely to shift. Over time we would expect the Europeans to reconfigure their refineries to reduce gasoline and increase distillate output, but this will require substantial capital outlays.

### **Why has the price of natural gas been more stable?**

Among many analysts there is a fundamental disagreement on what factors will drive the price of natural gas in the U.S. On the supply side, we have to look to the production outlook from Canada, the pace of discoveries as well as the expansion of new fields in the U.S. (both onshore and offshore), the timing of Alaskan gas deliveries to the lower 48, and finally volume and pricing of LNG imports. Here we face considerable uncertainty on the supply side, both in terms of volume and price.

The other issue is what is the appropriate competitive fuel for gas? In the absence of a highly integrated and fungible gas market (including a high volume of spot LNG cargos), the North American market can be viewed as sufficiently disconnected at the point where all users who can shift out of oil or refined products have done so.

Are we already at the point? I am not so sure, but clearly we are close to the point where most consumers who can shift out of oil—at least in the medium term—have done so. So then we have the case where gas tends to compete either head-to-head with higher-cost gas supplies, or in some cases against coal supplies for the utility sector.

### **Heating oil prices increased by 35 percent between August and November of 2007, and we did not see a repeat of last year's price collapse. Why has this year played out differently from last year?**

First, there is still plenty of time for adjustments in the market this heating oil season. Weather will probably be the driving variable, but recall my earlier discussion: heating oil is competing for the middle of the barrel on a worldwide basis. We may get some relief if crude prices erode further and refining operations remain at very high levels of availability (with few unscheduled maintenance problems), but there are a lot of wild cards, from Iran to Nigeria, still hanging over the market.

### **Low-sulfur heating oil will likely be mandated in Northeastern states within a few years. How would that development affect supply and price?**

Many heating oil marketers have been looking to very low sulfur products as an opportunity to market the product as environmentally friendly, or at least an opportunity to give the industry more of a green patina. I'm not sure how valuable these efforts are as a strategy to maintain industry's market share.

There are two additional issues to sort through. First, what environmental standard makes sense for the heating oil community? There is really no need from an air quality goal to go to a sulfur standard of 15 ppm. I realize even the higher sulfur distillates have been expensive, but as the refining industry produces larger volumes of 15 ppm to meet on-road requirements, I would recommend the heating oil community move at a much slower pace because (1) it really is not necessary in terms of environmental protection, (2) it's costly to make the adjustments in a hurry, and (3) although we haven't seen many

opportunities for substantial discounting for higher sulfur supplies, there will be from time to time opportunities to obtain higher sulfur distillate supplies at substantial discounts. For the heating oil industry, this is an option they should preserve as long as possible.

### **What are your expectations regarding the future of ethanol and biodiesel?**

We have done quite a bit of work on ethanol over the last year, but haven't given much attention to biodiesel. Biodiesel production remains small, and the product is very expensive to manufacture. Before I go through our ethanol analysis, I would like to point out that we are always concerned about making long-term business decisions based on government mandates and subsidies—what the government gives it can also take away.

I suggest your readers visit our website ([www.eprinc.org](http://www.eprinc.org)) where they can download several reports on ethanol. Our research to date shows that ethanol is a highly valued commodity as a substitute for MTBE (octane booster), and it can help in some gasoline formulations to meet environmental standards in specific markets.

This is about 5 percent of the gasoline pool—between 6.5 and 8 billion gallons per year. Even in this range ethanol starts to go head-to-head with gasoline, and given that it has 30 percent fewer BTUs than gasoline and is more expensive to handle and distribute, it has to discount substantially to get blended into the gasoline pool, even with the 52 cents a gallon blender's tax credit.

So far a combination of the blender's credit and market valuations has driven ethanol demand to levels above mandates passed by Congress. But ethanol prices have declined in the last few months to well below \$2/gallon which has really cooled the enthusiasm in the investment community for new ethanol plants.

The use mandate will increase under current law and is likely to increase further given recent legislation pending in Congress. Here our concern is that the obligated parties (terminal operators, refineries, and blenders) may face very high distribution costs to get the ethanol distributed throughout the entire gasoline pool and at the same time not offering much relief to the ethanol producers.

Ethanol is not oil and we may end up with a train wreck unless Congress revisits the issue down the road. ☒

*(EDITOR'S NOTE: An extended version of this interview can be found at our Web site: [www.nefi.com/oilandenergy](http://www.nefi.com/oilandenergy).)*



## Analysts See Diverging Fundamentals in Heating Fuel Markets

**THE PRICE GAP THAT HAS DEVELOPED BETWEEN HEATING OIL AND NATURAL GAS IS A RESULT** of diverging market fundamentals and could last through next season and beyond, according to leading oil industry analysts.

The analysts say that natural gas prices appear stable, and the two prices are unlikely to converge much unless the price of crude oil drops significantly—which many experts predict it will.

Data from the U.S. Energy Information Administration (EIA) showed that New England consumers were paying an average of about \$20.22 per thousand cubic feet of natural gas as of August 2007, which is the BTU equivalent of retail heating oil at \$2.83 a gallon. Meanwhile, the retail price of heating oil was averaging about \$3.27 a gallon nationally in early December, according to EIA.

“Instead of making one distillate, you’re making a lot more. This year, the new rules for low-sulfur for off-road further constricted supply.”

Other factors squeezed the distillate market as well, he continued. “We had tight supplies of gasoline all winter, and refiners were looking to produce gasoline, and it probably came at the expense of distillate production. Gas also was at record margins in the summer, so refiners tried to follow the money and the demand, and it came at the expense of diesel.”

The weakening of the U.S. dollar has driven up the price of crude oil, taking heating oil prices up with it, while the U.S. natural gas market has been relatively insulated because it is more of a domestic market, Flynn said.

### **GREATER PRESSURE ON OIL**

Neil Gamson, an economist for the EIA, said the oil market is subject to demand pressures that do not reach the natural gas market. “The thing about oil is it is a more versatile fuel. Natural gas is essentially not used for transportation, while oil is used for automobiles and jets and trains, and all these sectors can grow.

### **HISTORICAL ADVANTAGE**

Historical price comparisons between heating oil and natural gas have generally favored heating oil. EIA data for New England (see chart on facing page) indicates that heating oil has been cheaper than natural gas on a BTU equivalent basis in 11 of the last 17 heating seasons. In six of those years, the price of natural gas exceeded heating oil’s price by 25 percent or more.

Analysts attribute the new price gap to different circumstances in the two markets. “Natural gas has been able to build inventory through a half-and-half winter and a mild

summer,” said Phil Flynn, senior market analyst for Alaron Trading Corp., in Chicago. “Early last year, there were concerns about hurricanes, but there were no disruptions, so storage went to all-time high.

“When you look at distillates, you see a whole different story. Overall distillate inventories were 7.3 percent below a year ago. In some areas, heating oil inventories were at multi-year lows as far as supply.”

Since 2006, implementation of the U.S. Environmental Protection Agency’s reduced sulfur standards for distillates have been an aggravating factor, according to Flynn.

"In the case of China, 25 years ago there were hardly any private automobiles, and now there are millions. You're talking 10 million to 20 million private cars in China with the number growing several million a year, and that's just ground transport. Plus there is a lot of building going on, which means a lot of diesel-powered equipment is being used."

Differing market conditions were also cited by Tom Kloza, of Oil Price Information Service (OPIS). "Natural gas had its 'speculative manic period' earlier this decade and has been much more regular and realistic in the last two years," he said. "Oil, on the other hand, has become somewhat disconnected from typical fundamentals, and it moves higher or lower in many cases, like traditional hedges against inflation, such as gold."

He added, "We saw natural gas rise to unrealistically high prices and then sink in even quicker fashion than it rose. One can't buy natural gas and bet on headlines in the Mideast, West Africa or Venezuela as elements that might drive prices higher. It really moves based on two fundamentals—the weather and domestic production, which of course can be impacted by tropical weather."

**LOOKING AHEAD**

The divergence between pricing of the fuels could last for a while if markets follow their current courses.

"Getting back to even within shouting

distance of parity is going to be a long-term project," said Citigroup Analyst Timothy Evans. "I can see risk in the crude oil market that could drive price down to the \$65 or \$70 range, which would potentially reduce heating oil's premium by half maybe. If we also see heating oil lose some of its premium over crude oil, which also is large, we can anticipate a closing of the gap, but fully closing the gap is really going to take a larger combination of crude oil weakness and natural gas strength. It's hard to imagine too much natural gas strength when we have storage at an all-time high for the date. So even if we can get storage down to an average level by the end of the withdrawal season at the end of March, the earliest one would expect possible physical tightness would be in the spring of 2009."

UBS Securities Analyst Jan Stuart said the size of the price gap between the fuels "is completely a weather call now. We need lots of cold weather to bring natural gas closer to oil. Other than that, the sooner the prices converge is after another season or two. You also might get convergence sooner if oil prices come down significantly, which might happen with a mild winter."

**NO REPEAT OF PRICE DROP**

In 2007, heating oil prices surged to near-record levels as the season approached but plummeted as warm weather lingered. This year prices reached record levels before falling back slightly in early December, but the wholesale price remained around \$2.60—nothing like last year's price reversal.

Alaron's Flynn: "Last year we rallied in anticipation of tight supplies, and winter didn't come until late. This year you're looking at the price of oil going to record highs when normally prices go down. It went high because of the liquidity crisis with the banks. The biggest driver is not supply and demand but the fundamental fact that the Federal Reserve was easing credit, which led to the dollar collapsing. That strong downward pressure drove up price of oil."

OPIS's Kloza expects generally lower crude oil prices in 2008. "I recently participated in a meeting where the collective wisdom yielded a projection of \$75 a barrel for 2008 WTI. I went on record in this meeting as "taking the under," as in betting on the "under" in a football game in Vegas sports book. I think we'll see another year of tremendous volatility. I would not be surprised to see crude oil visit prices in the \$50s but also perhaps make one or two runs at \$100 a barrel, but on balance, I think we'll see a number below \$75 a barrel in 2008—perhaps considerably lower if the U.S. economy goes into recession." ☐

**HEATING OIL VS. NATURAL GAS**

Here is a 17-year comparison of prices for heating oil and equivalent natural gas in New England as reported by the U.S. Energy Information Administration (EIA).

Year	Heating Oil Cents/gallon	Natural Gas BTU equiv.
1991	106.7	104.3
1992	95.6	106.7
1993	93.8	110.3
1994	90.3	118.9
1995	87.7	112.8
1996	105.9	114.5
1997	103.7	123.1
1998	88.1	136.1
1999	91.5	120.5
2000	149.3	137.9
2001	132.6	169.0
2002	121.2	152.3
2003	134.8	166.6
2004	177.0	156.4
2005	222.4	209.6
2006	238.6	237.0
2007	265.3	248.2

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The system at Jack Maloney's house includes snow-melt under the driveway immediately in front of the garage.

## Arlex Oil Installs Versatile Hydronic System

**THE SERVICE TEAM AT ARLEX OIL CO. IN** Lexington, Mass. recently installed a versatile hydronic system at the home of the company owner.

Jack Maloney's home in Lexington, Mass. already had a radiant zone and a snow-melt system, and when the installation team was done, the house also had nine heating zones indoors.

Ed Dullea and Bill Lacey did most of the work on the job, which included installation of a Buderus G215 boiler and an 80-gallon indirect-heated water tank. The system employs a Buderus Logamatic control, which integrates outdoor reset control for fuel conservation.

For the nine zones of baseboard heat, the system includes nine Buderus pumping stations, which are covered with sturdy foam insulating covers that reduce heat loss and give the installation a clean, uniform look.

While doing the installation, the Arlex team used the Viega ProPress system for joining copper tubes on the pumping stations. With ProPress, tubes are sealed with pressure applied by special fitting tools, and no soldering is required. The installers said ProPress helped cut their pipe-fitting labor by 50 percent or more.

They added a custom touch on the pumping stations by installing red indicator lights in the foam covers to show at a glance which pumps are running.

The installers brought outdoor combustion air directly to the boiler's Riello burner and built a custom transition box under the burner. The intake uses a vacuum break so that the system can draw air from inside the room if the outdoor intake opening becomes clogged by snow.

The system also uses Taco switching relays, an Amtrol expansion tank, a Bell & Gossett pressure reducing valve and a Spirovent air eliminator.

Arlex added Buderus mixing valves in the garage to temper water for a snow-melt system in the driveway and the staple-up radiant tubing under the family room floor. A plated heat exchanger connects the snow-melt system, which uses anti-freeze, to the boiler system. ☒



Mixing stations in the garage temper water for a radiant floor zone and the snow-melt system.



The snow-melt system features a plated heat exchanger and an expansion tank.



Bill Lacey demonstrates the Viega ProPress pipe-joining system.



Bill Lacey (left) and Ed Dullea performed most of the installation work.



Joints on the pumping stations were made without solder using the Viega ProPress system.



Combustion air reaches the Riello burner through a custom transition box.

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## Call It a Hunch: Arctic Air May Keep Its Grip

By John Bagioni, Fax-Alert Weather Service

**I WILL FIRST HAVE TO ADMIT TO NOT BEING AS** prepared to write a truly comprehensive January 2007 outlook on Dec. 16, (the due date for submission of this article), as I would have liked to be.

The problem was that Dec. 16 was the last day of a very active two-week winter storm pattern. Several storm systems had produced significant disruptive periods across the Northeast, especially north of New York City. I provide winter storm/snowfall forecasting services to dozens of school districts, businesses, and municipal and private snowplow operators. During active winter storm periods, I have precious little time to concentrate on long-range weather prediction.

Combine the active winter storm regime with my need to complete forensic weather reports on a regular basis and there are not enough hours in the day. Unfortunately, Dec. 16 was the deadline for the article even though a quieter weather setup seemed ready to develop shortly thereafter.

The easiest thing for me to do would be to just let the strong La Nina analog composites continue on their merry way and run with a warm January forecast. But what little time I did have to assess pattern trends did give me pause.

### THE QUESTION OF THE YEAR

Through December, the La Nina was behaving about as well as any analog I have ever seen. October was warmer than normal; November was transitional but ended colder than normal in most areas; then December ran solidly colder than normal through midmonth with only modest moderation across the region from New York City northward during the last 10 days of the month.

The October through December weather pattern was right in the wheelhouse of a strong La Nina. There was significant warmth during December, but it ended up exactly where the La Nina composite analog said it should be, from Philadelphia southward.

Now comes the question of the year! Is there any reason to run away from the La Nina winter forecast? Well the answer is

No... and Yes! Ah, spoken like a true weather politician. Let me explain.

The midwinter forecast calling for the January into February period to turn milder than normal was based almost exclusively on the strong La Nina with no other obvious atmospheric or ocean features opposing its impact.

By and large, this is still the overall strongest argument in play as we start the New Year. An assessment of the current atmospheric trends through mid-December and long-range modeling supports a moderating trend during early January. This is based mainly on the tendency for a stronger onshore Pacific flow to develop than what we saw during December.

This combined with a decrease in the cold pool across Canada strongly suggests January having a chance to get off to a milder than normal start across the Midwest, Ohio Valley, Deep South, Middle Atlantic, and possibly parts of the New York/New England region. The chances of a clearly above normal early to mid January period decreases once into Northern New England/Northern New York, but it increases sharply once south of Philadelphia.

### SIGNALS FOR COLD

There are some very warm forecasts out there for January, and I actually thought mine would be one of them. But, as I was looking at

the model trends in late December I started to get wary of overdoing the warmth, especially after Jan. 10 or 15.

My reasoning is a combination of a meteorological hunch and some long-range guidance tools. The hunch part revolves around how good the La Nina analog has been to date. Something almost always seems to shift or go wrong eventually in a long-range outlook.

If a mistake starts to appear in the winter outlook, I think it will be the January period, more specifically mid to late January. Maybe it is the February period we should concentrate on for long-lasting warmth, not January.

There seems little doubt that the potential for warmth increases significantly across portions of the eastern U.S. during early/mid January. The question I have is can it not only get into New York and New England, but also if it does can it hold on for a significant period of time?

I think we will see the cold pool across Canada recharge during January and possibly be fully in place before mid January. I have always felt we would see a very good source of arctic air sitting across Canada. So, after it gets flushed out during late December on into early January, I believe a pattern favorable for its reformation returns.

### NOTHING STRAIGHTFORWARD HERE

I will now break away from the original call for a significantly warmer January by letting arctic air return to parts of the Northeast as January progresses. I am not at all calling for a colder than normal January. I am just going to downplay the degree and length of warming and allow the potential for cold conditions to return to the region sometime during the month, with the overall month anomaly running closer to normal.

Of course breaking away from what has been a wonderful run of the La Nina analog could be a very big blunder, but I just sense a less than simple January forecast and thus the need to skew things closer to normal. ☒

### Degree Day Reporting Form

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Station	Total Actual Accumulation To Date	Normal Accumulation To Date	Actual Accumulation To This Date 1-Yr. Ago	Normal Next 30-Day Period
Caribou, ME	2072	2235	1987	1505
Portland, ME	1364	1568	1313	1152
Concord, NH	1409	1661	1369	1220
Burlington, VT	1384	1630	1400	1246
Albany, NY	1204	1460	1247	1142
Worcester, MA	1202	1429	1202	1119
Boston, MA	917	1044	875	932
Hartford/Springfield	1010	1245	1046	1060
Providence, RI	911	1127	891	966
Chatham, MA	874	1077	864	894
Bridgeport, CT	798	985	842	924

Report compiled by John Bagioni, a consulting meteorologist who runs Fax-Alert Weather Service, LLC, Burlington, Conn. He can be reached at: 860-675-9091, or at: johnbag@comcast.net.

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## Crystal Ball Forecasts Volatility and Tight Supplies

By Lora Claus, Hedge Solutions

**JANUARY ALREADY? IT'S TIME TO PUT AWAY** those new year's resolutions and pull out the crystal ball.

As I look back, I see that my colleague Taylor Hudson made sound predictions in January 2007: predicting a poor prebuy sign-up and the fear of another price collapse delaying program roll-out and hedging coverage. If only he could've known that despite economic concerns, this was the year that crude nearly hit \$100!

**"Dealers struggle to determine the 'right' time to buy. Though earlier was better last year, prices near \$2.50 prevent managers from pulling the trigger."**

Now, it's my turn. Just remember, these predictions are not meant as the basis for next winter's hedging plan or as a commodity trading strategy for your 401(k). Sit back, relax, and don't take these "guesses" too seriously.

• **Program Customers Win.** Thanks to La Nina, weather is good but not outstanding. Heating degree-day totals exceed last year but are nothing to write home about for the 2007-08 season. Enough cold intrusions occur to trigger a few basis blowouts, particularly in locations that are further down the supply chain. Thanks to skyrocketing crude oil prices, homeowners who stayed true to the prebuy ended up with "the best deal" of the

season. Customers that chose to float with the market for the first time in years get burned. Cap programs pay off as the cap price kicks in, avoiding the \$3-plus prices. Budgets and flexible payment plans are winners. Will-call customers struggle to pay the shockingly large bill; receivables grow. Dealers bump up against credit lines with suppliers.

• **Survival of the Fittest.** Sales and acquisitions are plentiful, especially amongst distressed companies whose managers headed into winter short on hedging coverage. Many dealers were whiplashed, covering too much in 2006-07 and not enough in 2007-08. Those that survive finally commit to using a strategy that will protect them no matter which way prices go. A couple of fuel companies leave their customers in the lurch. New legislation mandating that dealers cover programs is passed in states that don't currently have it.

• **Tight Supplies.** Heating oil prices remain volatile after trading actively across a \$1 range over the course of the year. Supply increases from non-OPEC countries are moderate, leaving OPEC to fill the gap. OPEC reluctantly increases production quotas after crude hits \$100 for the first time. Spare capacity declines. Strong product demand keeps heating oil supported well above \$2. Crude inventories, already short, are taxed as refineries ramp up to meet summer gasoline demand. The passage of higher fuel efficiency

standards for cars does little to alleviate the immediate supply tightness. Global crude stocks also run a year-on-year deficit as record prices keep purchasing on a hand-to-mouth basis and inventories fall.

• **When to Buy?** Dealers struggle to determine the "right" time to buy. Though earlier was better last year, prices near \$2.50 prevent managers from pulling the trigger. Wholesalers are more aggressive with differentials to increase contracting interest. A wide range of hedging tools is available, including weather derivatives, from suppliers and brokers. Dealers ask questions to make sure they understand how a given strategy could impact their bottom line in an up or down market, since they know from the last two years that both are possible!

• **Economic Concerns Linger.** Problems in the U.S. ripple out. The housing market continues its decline. A combination of seasonal summer demand and a decrease in new housing starts finally begins to reduce the extra inventory. Inflation works higher, limiting further interest rate cuts by the Fed. The U.S. grows more competitive on the world market as a result of the weak dollar. The European Union is forced to lower interest rates to boost demand for exports. The U.S. dollar begins to stabilize.

• **Tensions Run High.** Geopolitical issues retain their white-hot impact on prices. U.S. and Iranian rhetoric, instability in Iraq, disputes between Iraqi Kurds and Turkey, and militants in Nigeria are repeatedly in the news. Uncertainty increases ahead of the presidential election. Energy policy is a key issue for voters.

• **Hurricane Time.** Colorado State's prediction of an above-normal hurricane season comes true, and a major hurricane makes landfall in the U.S. The energy infrastructure is unscathed, but prices temporarily spike.

• **Program Shifts.** Many dealers come out late after waiting for "better" prices. Program prices are similar to last year's, maybe higher. Offers to customers focus on flexible payment choices (like budgets) first, and then move to price protection. Customers are more frustrated than ever, looking for the answer to "Which program should I choose?" The cap becomes an attractive choice as it covers both "up" and "down" years. Prebuy sign-up increases, as it was the most recent winner. Dealers acknowledge that higher and lower prices are possible in any given year, and are hedged appropriately.

That's all I can see in the crystal ball. I'll be sure to let you know how these predictions pan out next year. While we can't control the future, we can plan for it.

Best wishes to you and your family for a healthy, happy, and prosperous 2008! ☺



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**Connecticut**

**LEGISLATORS SEEK 'PEAK OIL' PLAN; ICPA RESPONDS WITH REALITY CHECK**

Two Connecticut state legislators are promoting the notion of “peak oil” and calling on the state to enact energy saving measures to prepare for what they say is a looming oil shortage.

State Rep. Terry Backer, D-Stratford, and state Sen. Bob Duff, D-Norwalk, are heading up the “Peak Oil Caucus,” which recently called for laws that would create a state Department of Energy, outlaw incandescent light bulbs and force businesses to turn off illuminated signs when they are closed.

The Independent Connecticut Petroleum Association (ICPA) recently took issue with the plan, suggesting that the legislators are raising a false alarm. After the Caucus held a hearing on its concerns, ICPA responded in its membership newsletter. “The hearing featured like-minded believers of the notion that the world is about to run out of the basic fossil fuels that underlie the world’s economies and that Connecticut is at risk for its failure to prepare for the economic depression, famine, and general calamity that is inevitable. Mind you no mainstream energy experts participated in this ‘event,’ only those who believe the world is coming to an end.”

ICPA challenged the concept of “peak oil.” “There are now 2.2 trillion barrels of conventional oil reserves known in the world, more than 200 years supply. In addition, there are three times the proven reserves in tar sands in the U.S., 800 billion barrels, as exist in the proven reserves of Saudi Arabia. That’s 110 years of total U.S. demand at 20 million barrels a day.”

**Maine**

**THIEVES STEAL TRUCK, REMOVE OIL**

Police in Biddeford, Maine are seeking a suspect in the recent theft of an oil truck. The thief stole a truck from the lot of the Dead River Co. on Nov. 26, 2007. When it was recovered in a residential neighborhood several miles away, 530 gallons of heating oil was missing.

**Massachusetts**

**NAZZARO, FERRANTE OFFER GUIDANCE AS STATE CONSIDERS BIOFUEL MANDATE**

Members of the state Legislature are seeking guidance from the Massachusetts Oilheat Council (MOC) and the National Biodiesel Board (NBB) regarding a proposal to mandate biofuel usage in the state.

Gov. Deval Patrick is looking to enact a law requiring the use of biodiesel blends for transportation and home heating, and the state’s Joint Committee on Telecommuni-

cations, Utilities and Energy recently held a hearing on the plan. Michael Ferrante, MOC’s president, and Paul Nazzaro, petroleum liaison for NBB, expressed cautious support for the measure but explained the difficulties that would result.

Nazzaro’s testimony “truly caught the attention of the Committee,” according to Ferrante. “Immediately following the hearing, Committee Chairmen Brian Dempsey and Michael Morrissey asked that MOC immediately meet with Committee staffers to ensure a full understanding of the issues at hand including infrastructure, import/export issues, cost to dealers and consumers, rack blending vs. splash blending, product availability, and sustainability.”

**Vermont**

**MARKETERS DONATE HEATING OIL FOR NEIGHBOR-IN-NEED PROGRAM**

Vermont’s heating fuel retailers are continuing a proud Vermont tradition of giving back to the communities where they work and live. The Patch/Chit Neighbor-in-Need program has collected more than 6,000 gallons in pledges. Cash and fuel donations by Vermont Fuel Dealers Association (VFDA) members add up to more than \$15,000.

The program creates and places pledges or “chits,” usually in 100-gallon fuel increments, in a pool for the use of the Department of Social Welfare’s Emergency Fuel Program and other similar programs. For over 20 years, the program has been used as a statewide “safety net” to address the emergency fuel needs of low-income Vermonters. None of the funds are used for the administration of the program.

VFDA’s Fuel Assistance Program is one of several efforts by Vermont’s heating fuel retailers to help those who need assistance the most during the cold winter. VFDA works with community action agencies, Habitat for Humanity, the Vermont Heating Assistance Program, low-income advocates and the Vermont Military Families Assistance Fund to distribute fuel to those in need.

VFDA members that have donated fuel and/or cash include: Deerfield Valley Energy, Gillespie Fuels, Bourne’s Fuel, Cota & Cota, Gay’s Fuel Service, Parker Oil, Northern Petroleum, Dead River, Suburban Fuel, Vermont Boiler Specialists, Blanchard Oil Co., Leonard’s Gas and Electric Service, Perry’s Oil Service, Fyles Brothers, Hart & Mead, Merrill Gas, Energy Co-Op of Vermont, Ted’s Gas Service, Owner Services, Wheldon Coal, Patch Petroleum, Hutchins & White, Bixby’s, Proctor Coal, Amerigas, Black River Mechanical Services, Patterson Fuels and Fred’s Plumbing and Heating. ☐

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PRODUCTS IN STOCK: MOST RECENT WEEKS**

Ultra-Low Sulfur / 15 ppm and under				Low Sulfur / 15 ppm+ to 500 ppm			
	Week Ending				Week Ending		
District	12/14/07	12/7/07	Year Ago	District	12/14/07	12/7/07	Year Ago
East Coast (PADD I)	14.6	15.9	12.4	East Coast (PADD I)	8.2	8.2	7.0
NEW ENGLAND	1.5	1.7	1.7	NEW ENGLAND	0.4	0.4	0.2
MID-ATLANTIC	7.3	7.4	6.1	MID-ATLANTIC	4.7	4.6	3.4
SOUTH TO FLA.	5.7	6.9	4.6	SOUTH TO FLA.	3.1	3.2	3.4
Midwest (PADD II)	20.2	19.3	15.5	Midwest (PADD II)	5.4	5.3	5.7
Gulf Coast (PADD III)	18.8	18.3	14.6	Gulf Coast (PADD III)	6.9	7.5	9.5
Rocky Mtn. (PADD IV)	2.5	2.4	1.9	Rocky Mtn. (PADD IV)	0.3	0.4	0.5
West Coast (PADD V)	10.4	10.1	7.1	West Coast (PADD V)	1.5	1.5	1.4
<b>U.S. Total</b>	<b>66.5</b>	<b>66.0</b>	<b>51.4</b>	<b>U.S. Total</b>	<b>22.3</b>	<b>22.9</b>	<b>24.0</b>

Greater than 500 ppm (0.05%) Sulfur				TOTAL DISTILLATE STOCKS			
	Week Ending				Week Ending		
District	12/14/07	12/7/07	Year Ago	District	12/14/07	12/7/07	Year Ago
East Coast (PADD I)	31.8	33.6	43.4	East Coast (PADD I)	54.6	57.7	62.7
NEW ENGLAND	7.8	7.9	10.7	NEW ENGLAND	9.8	10.0	12.6
MID-ATLANTIC	21.0	22.4	27.3	MID-ATLANTIC	33.0	34.4	36.8
SOUTH TO FLA.	3.0	3.2	5.4	SOUTH TO FLA.	11.9	13.3	13.3
Midwest (PADD II)	2.2	2.3	3.5	Midwest (PADD II)	27.8	27.0	24.7
Gulf Coast (PADD III)	5.1	5.2	8.6	Gulf Coast (PADD III)	30.8	31.0	32.6
Rocky Mtn. (PADD IV)	0.3	0.3	0.2	Rocky Mtn. (PADD IV)	3.0	3.1	2.6
West Coast (PADD V)	1.2	1.2	2.0	West Coast (PADD V)	13.2	12.8	10.5
<b>U.S. Total</b>	<b>40.5</b>	<b>42.6</b>	<b>57.6</b>	<b>U.S. Total</b>	<b>129.4</b>	<b>131.5</b>	<b>133.1</b>

**Weather Summary**

**Selected U.S. Cities  
(Population Weighted Heating Degree Days)**

The weather for the nation, as measured by population-weighted heating degree-days from July 1, 2007 through December 15, 2007 has been 5 percent cooler than last year and 10 percent cooler than normal.

Location	Current	Normal	% Change
	7/1/07 thru 12/15/07	7/1/07 thru 12/15/07	Current vs. Normal
Boston	1439	1461	-2%
Chicago	1638	1805	-9%
Hartford	1570	1719	-9%
New York	1059	1188	-11%
Philadelphia	1147	1239	-7%
Pittsburgh	1456	1647	-12%
Portland	1987	2087	-5%
Providence	1429	1559	-8%
Raleigh	710	944	-25%
Richmond	852	1057	-19%
Washington	895	1054	-15%

**Sources:**

Energy Information Administration, Weekly Petroleum Status Report. For information about distillate stocks, contact Diana House: 202-586-9667 or by e-mail at dhouse@eia.doe.gov.

**Oil & Energy Securities Recap**

Company	Symbol	12/19	11/15	Change
<b>Ashland Inc.</b>	ASH	46.64	49.13	-2.49
<b>BP-Amoco</b>	BP	72.75	70.27	+2.48
<b>ChevronTexaco</b>	CVX	91.25	84.93	+6.32
<b>Conoco Philips</b>	COP	84.02	77.24	+6.78
<b>ExxonMobil</b>	XOM	91.15	84.12	+7.03
<b>Global Partners</b>	GLP	24.85	27.95	-3.10
<b>Hess Corp.</b> (formerly Amerada Hess)	HES	90.19	68.01	+22.18
<b>Lyondell Citgo Refining</b>	LYO	47.83	46.59	+1.24
<b>Marathon Oil</b>	MRO	58.56	56.34	+2.22
<b>National Grid Plc</b> (formerly Keyspan Corp.)	NGG	82.55	80.66	+1.89
<b>Occidental</b>	OXY	72.00	68.03	+3.97
<b>Royal Dutch Shell Plc</b>	RDSA	81.53	79.73	+1.8
<b>Star Gas</b>	SGU	3.62	3.77	-.15
<b>Sun</b>	SUN	69.43	69.69	-.26
<b>Tesoro Petroleum</b>	TSO	49.58	55.64	-6.06
<b>Total</b>	TOT	78.75	79.00	-.25
<b>Valero Energy</b>	VLO	69.42	66.05	+3.37

**ASSOCIATIONS EARN THEIR KEEP  
IN 'ENRON LOOPHOLE' CAMPAIGN**

**HARD WORK PAYS OFF. A PRIME EXAMPLE** is the pending action as Congress moves to close the "Enron Loophole" and improve oversight in the energy commodities markets.

New England Fuel Institute (NEFI) and the Petroleum Marketers Association of America (PMAA) have long believed that the extreme price volatility and unpredictability plaguing petroleum marketers is largely caused by unchecked speculation. They zeroed in on harmful legislation passed in 2000 at the behest of Enron that enabled traders to swap energy futures in virtual secrecy on unregulated exchanges.

They set a goal of getting Congress to close the loophole and went to work bringing the issue into the public domain and recruiting Congressional support. The battle proved to be a rematch of David vs. Goliath, with the small energy retailers taking on the investment giants.

Success seemed unlikely at times, but the little guys kept plugging away with testimony before Congressional committees and direct lobbying of potential allies. They also formed the Energy Market Oversight Coalition, recruited more than 80 associations and advocacy groups to join, and leveraged that support effectively.

Once Senators like Carl Levin, Dianne Feinstein and Olympia Snowe got on board, the petroleum retailers had their opening. They gave their cause a face on the Internet by creating [CloseTheEnronLoophole.com](http://CloseTheEnronLoophole.com), and they followed up with an ambitious, focused advertising campaign and dozens of media appearances.

These efforts helped consumers make the connection between unchecked speculation and out-of-control fuel prices, making the issue a winner with voters.

The battle is not over. The House and the Senate have approved separate versions of the Farm bill containing "Close the Enron Loophole" measures, but their good work can come undone if Congress loses its nerve or President Bush balks.

Marketers need to keep an eye on the issue and support their associations whenever they ask for more direct lobbying of their Congressmen.

If the coalition secures this victory, they will keep fighting to tighten oversight of foreign-based exchanges and provide better funding for the Commodity Futures Trading Commission.

They're fighting hard for you and your customers. Give them your support! ☑



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