

OIL & ENERGY

OILHEAT • PROPANE • DIESEL FUEL • BIOFUELS

The Case for Treatment

*Service Managers,
Retailers Talk Fuel Quality*

*Plus:
Controlling Paraffin in ULSD,
EPA-Certified Testing,
Additives Marketplace*

Also Inside:

**Bruce: Test or Guess
Succeeding in Tough Times
Europe Plans Bio Tariff
NORA Chairman Looks Ahead
More Cold on the Way
Hedging a Price Cap**

Publication of the New England Fuel Institute
Volume 10/Issue 3



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ASSOCIATIONS PRESS FOR FAIR LIHEAP PRICING

The Petroleum Marketers Association of America (PMAA) is working with New England Fuel Institute (NEFI) and other groups to seek equitable pricing and reimbursement for Oilheat marketers participating in the Low Income Home Energy Assistance Program (LIHEAP). PMAA is preparing a position paper that explains how margin-over-rack (MOR) pricing is unfair for independent fuel marketers. A preliminary draft of the position paper calls on Congress to take one of several steps: remove the leveraging requirement that gives states the incentive to use MOR pricing; discourage MOR pricing; replace MOR with discount-off-retail pricing; encourage the use of existing price programs for LIHEAP customers; encourage leveraging options that do not threaten existing marketer-customer relationships; or restrict leveraging programs to utilities. As an alternative, Congress could combine discount-off-retail pricing with a tax credit that allows dealers to recoup the discount.

GREENHOUSE GAS INITIATIVES COULD AFFECT OILHEAT

Efforts by environmentalists to curb greenhouse gas emissions could eventually lead to new emissions restrictions for heating oil. Gene Guilford, executive director of the Independent Connecticut Petroleum Association (ICPA), recently notified the ICPA that Connecticut and other states are looking to implement "cap-and-trade" programs that would begin with the imposition of emissions caps. Those caps would become starting points for emission reductions programs, and marketers might be forced to trade for emissions "credits" if they cannot reduce their fuel's greenhouse gas emissions.

"No matter who thinks this issue is ridiculous," Guilford wrote to the ICPA Board of Directors. "We have to figure out how to manage our way through it and not be killed by its results."

TACO TRAINING LAUNCHES AUDIO ROUNDTABLE PODCASTS

Taco's contractor training and support program, FloPro, has launched a biweekly audio roundtable podcast discussion program on the Internet aimed at hydronic contractors. Hosted by Taco's John Barba, the program brings together hydronic professionals to discuss new products and applications, system design, maintenance and troubleshooting issues.

Every two weeks a new discussion takes place and is posted at the Taco FloPro website (flopro.taco-hvac.com), where they are archived. To listen to a podcast, contractors must sign up for the FloPro team, which involves no cost or obligation.

MERGED GAS UTILITY MARKETS TO OILHEAT CUSTOMERS

Massachusetts gas utility KeySpan, which has merged with National Grid, recently stepped up its marketing efforts aimed at Oilheat customers. The utility is offering to help homeowners donate unused heating oil to charity and get discounted tank removal when they convert to gas. KeySpan is also offering a money-back guarantee if a customer is not pleased with gas service after two years. "The industry needs to develop a long-term strategy to deal with this type of marketing," said Mike Ferrante, president of the Massachusetts Oilheat Council.

THE DIFF.

Spot Prices (Cents/Gallon) as of February 15, 2008*

New York Harbor No. 2 Fuel Oil / Heating Oil	New York Harbor No. 2 Diesel Low Sulfur	U.S. Midcontinent No. 2 Diesel
264.28	271.7	273.83

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



THE BAROMETER

Comparing Heating Oil to Other Financial Products

	February 15, 2008	One Year Ago
No. 2 Fuel Oil/New York (Cents/Gallon)	264.28 Cents/Gallon	164.08 Cents/Gallon
Crude Oil (Dollars/Barrel)	\$95.57	\$59.86
10-Year Treasury Bill	4.55%	4.79%
30-Year Mortgage	5.77%	6.25%
Dow Jones Average	12,315	12,645



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Retailers, Service Managers Trumpet Benefits of Fuel Treatment 12

Fuel marketers and service managers explain how they treat their fuel and what sort of results they have experienced.



Additive Makers Address Issues With New Fuels 16

Fuel treatment specialists are grappling with a typical assortment of fuel problems this winter and are working on new formulas to treat blends.



Paraffin Precipitation Is a Problem With ULSD 17

Gary Pipenger, president of Amalgamated, Inc., is adamant about the importance of using wax dispersion in ULSD in colder climates.



Additives Marketplace 2008 20

Oil & Energy profiles the additive marketers and their products.



Bently Tribology Offers EPA-Certified Sulfur Testing 24

Based in Peabody, Mass., and Minden., Nev., Bently offers testing for diesel, biodiesel, lubricants and more.



If You're Not Testing, You Are Guessing 28

Emerson-Swan's Bruce Marshall explains the importance of equipment testing and offers some tips. Marshall can be reached at bmarshall@emersonswan.com.



Biz Tip: Don't Be Fooled By Fast Buying Gambles 30

John Nardozi of Nardozi Consulting, LLC, offers advice on managing risk during upheaval. Nardozi can be reached at jnardozi@nardoziconsulting.com.



Proposed EU Directive Could Spur Bioheat® Adoption 32

A proposed European Union directive would require the integration of 20 percent renewable energy in every major energy use sector over the next 12 years.



Q&A: New NORA Chairman Targets Sunset Provision 36

Bob Boltz is hoping to eliminate the National Oilheat Research Alliance's sunset provision and extend the reach of NORA education.



Weather Trends: La Nina Closes In on a Perfect Game 40

John Bagioni expects cold weather to linger in the Northeast. A consulting meteorologist who runs Fax-Alert Weather Service, Bagioni can be reached at johnbag@comcast.net.



Oil Market Stance: Formula Sheds Light on Hedging Costs 41

Lora Claus of Hedge Solutions explains the variables that drive the costs for hedging a capped price program. Claus can be reached at lora@hedgesolutions.com.

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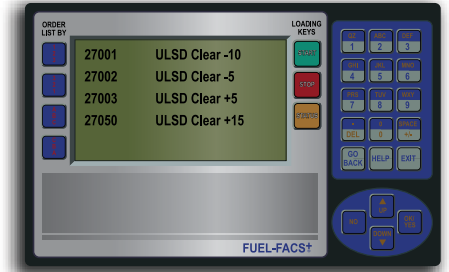
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Calendar p. 39	NEFI FYI p. 7, 8
Classifieds..... p. 45	Products p. 27
Degree Days..... p. 40	Profiles..... p. 26, 27
Firebox p. 34	Propane News..... p. 25
Industry News p. 14, 25, 44, 45	State Updates..... p. 42
LRAC p. 10, 11	The Stats Page p. 46
Marketplace..... p. 38	Think About It p. 46

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-5	Yes	Yes
+5	Yes	Yes
+15	Yes	Yes

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The Service Mentality

A mind-set for serving customers. 30 minutes

- Offering empathy
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- Welcoming the caller
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- Closed ended questions

From Curt to Courteous: Introduces the concept of non-visual communication and “Business Friendly”™ customer service.

30 minutes

- Avoid de-sensitization
- Tone of voice
- Solve the problem

Four Cs of Coaching Skills: A practical approach to improving employee performance. 25 minutes

- What is coaching?
- Why is coaching so vital to managers today?
- The Four Cs

Five Forbidden Phrases: Avoid negatives. Offer positive alternatives. 25 minutes

- Models five positive alternatives
- On the phone and in-person examples

Six Cardinal Rules of Customer Service:

Basics of good customer service. 25 minutes

- Illustrates the six cardinal rules
- Fights mediocrity in the workplace

Telesales Tips From A To Z (3 courses)

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- Features vs. Benefits
- Knowing your objective
- Eliminating credibility busters
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Proactive Customer Service Skills

for proactive customer service: rapport building and cross-selling. 25 minutes

- Cross-selling and up-selling
- Skills to build rapport with customer

“Basic” Basic Telephone Skills

The essentials of managing the phone effectively. 25 minutes

- Answering a business phone
- Accurate messages
- Putting a caller on hold

Six Steps to Service Recovery

Correcting the problem is not always enough in today’s competitive service environment. 25 minutes

- Solve the problem
- Manage their feelings
- Verify satisfaction

Seven Keys to a Positive Mental Attitude

Explores the key essentials to developing and keeping a positive attitude on your job and in every aspect of life. 30 minutes

- Choose Your Attitude
- Visualize Success
- Resist Negative Influences

How to Avoid Emotional Leakage

Prevent stress from “leaking” through the phone wires. 10 minutes

- Realistic illustrations
- Applies to everyone
- 5-step solution

How to Treat Every Caller as A Welcome Guest

Create a great first impression while handling a high volume of calls. 10 minutes

- 3-part greeting
- Handling many lines ringing at once
- Acknowledging the caller’s request

How to Handle the Irate Caller

Quick tips for diffusing angry callers. 15 minutes

- The A.S.A.P. technique
- What to do if someone starts swearing
- Why you should never make excuses

Essential Elements of Internal Customer Service

Helps employees realize we are customers to each other. 25 minutes

- Knowing your role
- The BIF approach
- Internal service is everyone’s responsibility

How to Deal With the Foreign Accent

Awareness makes communication easier with foreign speaking customers. 20 minutes

- Five point awareness program
- Celebrates diversity

That’s Just Rude!

Exploring the Rudeness Matrix. 14 minutes

- Intentional vs. Accidental Rudeness
- Rudeness by omission
- Rudeness by commission

Maintaining Customer Relationships

The importance of follow up after the sale. The five most common scenarios. 15 minutes

- No ulterior motive call
- Sandwich technique
- New contact situations

NOTES: Fee for non-member companies of New England Fuel Institute is \$135. Courses provided via video downstream over the Internet.

Bush Looks to Cut Funding for LIHEAP, Eliminate Weatherization Program

The \$3.1 trillion federal budget recently proposed by President Bush gives short shrift to the independent home heating industry. It includes a 22 percent reduction for the Low Income Home Energy Assistance Program (LIHEAP) and eliminates all funding for the federal Weatherization Assistance Program (WAP). The current fiscal budget includes \$227 million for WAP.

The LIHEAP reduction is especially troubling. Bush has proposed \$2 billion for LIHEAP, including \$1.7 billion in formula funding and \$300 million in contingency

funding. Funding in this fiscal year is \$2.6 billion (\$1.98 billion formula funding; \$590 million contingency), and state programs that administer LIHEAP are already struggling to help low-income residents pay their fuel bills.

The National Energy Assistance Directors Association (NEADA) says the impact of Bush's LIHEAP cuts would be "severe." States could either reduce the share they pay of an average recipient's winter fuel costs from 36.3 percent to 28.2 percent or reduce the number of homes served from 5.8 million to

4.6 million, according to NEADA. The average LIHEAP client now receives \$359 for the season.

New England Fuel Institute (NEFI) will lobby to have both LIHEAP and WAP funded in accordance with the Energy Policy Act of 2005, which called for annual funding of \$5.1 billion for LIHEAP and \$700 million for WAP.

NEFI will also push to increase funding for the Commodity Futures Trading Commission (CFTC) because it considers the \$130 million proposed by Bush, including an \$18 million increase, to be inadequate.

NEFI plans to support Bush's request of \$10 million for the Northeast Home Heating Oil Reserve. There is no funding for the reserve in fiscal 2008 because the reserve had sufficient carryover funding from the \$5 million appropriation made in fiscal 2007.

Another area important to fuel marketers is the Leaking Underground Storage Tank (LUST) Trust Fund, which is slated to receive \$72 million with another \$31 million available from State and Tribal Assistance Grant (STAG) funding. The fund has been consistently under-funded, forcing marketers to pay higher LUST taxes.

Senator Thwarts Strong Industry Bid to Boost LIHEAP in Stimulus Package

Despite the best efforts of New England Fuel Institute (NEFI), the Petroleum Marketers Association of America (PMAA) and other industry groups, Congress failed to expand current funding for the Low Income Home Energy Assistance Program (LIHEAP) in the recently enacted economic stimulus package due to a last minute vote change by one New England senator.

The U.S. Senate nearly pulled through with a \$1 billion supplement, but the expanded appropriations package that included the measure fell one vote short of passage. The Senate then passed a \$170 billion package and sent it back to the U.S. House, where it was approved and forwarded to President Bush.

The Senate's attempt to boost LIHEAP looked like a winner after days of contentious debate, but Sen. John Sununu, R-N.H., changed his vote, claiming that the LIHEAP appropriation was a last-minute change. In fact, senators had been discussing it publicly for weeks leading up to the debate, and

numerous news accounts had reported their intent.

With state energy programs struggling to meet clients' needs in light of this year's increased energy prices, NEFI and PMAA had seized on the economic stimulus package as a vital opportunity. The associations actually lobbied for an additional \$3.62 million for LIHEAP, which would have added to the \$2.43 billion already released for this fiscal year. They also requested \$200 million for weatherization in the package to supplement the current funding of \$427 million.

Lobbying for the economic stimulus package followed closely on the heels of the National Fuel Funds Network (NFFN) Coalition Action Day on Capitol Hill, which was attended by NEFI VP of Government Affairs Jim Collura and marketers and association executives from the Northeast. NEFI, PMAA and numerous state associations raised their concerns about LIHEAP funding and inadequate compensation for Oilheat marketers. They highlighted margin-over-rack reimbursement as an unfair deal for marketers. The Oilheat industry's strong presence in the NFFN lobbying effort is unprecedented.

LIHEAP funding missed the boat in the economic stimulus package, but efforts are continuing to supplement this year's funding. U.S. Sen. Bernard Sanders, I-Vt., plans to propose an \$800 million appropriation for LIHEAP in any bill receiving Senate consideration.

NEFI, PMAA Back Best Available Plan for Improving Energy Market Oversight

It appears unlikely that Congress will make the energy commodity trading truly transparent this year, but there are two bills in play—one in each chamber—that would improve market oversight somewhat, and NEFI and PMAA are throwing their support behind the stronger one.

The issue is addressed in the new Farm Bill, and the U.S. Senate has proffered a version that offers stronger measures than the U.S. House version does. NEFI and PMAA find both bills disappointing but have decided to try to get what they can rather than oppose both. They recently sent a letter from the Energy Market Oversight Coalition to the Congressional conferees who are working up a joint

bill urging inclusion of the Senate's language.

The Senate version would empower the Commodity Futures Trading Commission (CFTC) to determine whether certain contracts on exempt electronic exchanges need to be regulated. The House version would put the onus on the industry and public to call for regulation of trading in such contracts through a tedious and potentially expensive administrative proceeding. The Presidential Working



Group had drafted the original legislation upon which the House and Senate versions are based, and a compromise forged by Sen. Dianne Feinstein, D-Calif., and Sen. Carl Levin, D-Mich., strengthened the Senate version of that bill.

The Senate version also requires the CFTC to make an annual review of all contracts traded on exempt exchanges and places position limits on contracts on both electronic exchanges and Derivatives Transaction Execution Facilities.

Neither version addresses the "foreign markets loophole," which allows trading of U.S. energy commodities by U.S. financial interests on foreign-based exchanges to go unregulated by federal authorities. The InterContinental Exchange, for example, utilizes this loophole to offer trading of West Texas Intermediate (WTI) crude oil out of London, England without any U.S. oversight. NEFI and PMAA plan to re-assess the issue after Congress acts on the Farm Bill proposals.

In related news, the CFTC announced recently that it would form an advisory committee that will represent exchanges, producers, market users and consumers. The committee will hold public meetings and report to the CFTC. NEFI and PMAA have praised CFTC Acting Chairman Walter Lukken for the development and urged him to give independent fuel dealers a seat at the table.



Sen. John Sununu

NEFI Announces Financial Assistance for Industry Training

NEFI Education recently announced the availability of financing through SLM Financial, a subsidiary of Sallie Mae, to help students with tuition. For more information, call NEFI at 617-924-1000 or email school@nefi.com. To view the full range of courses offered this year by NEFI, visit www.nefi.com/training.

NYC, Massachusetts Move to Mandate Bioheat®

Political leaders in New York City and Massachusetts are weighing measures to require the use of biodiesel blends as replacements for pure petroleum heating oil. Meanwhile, New York state is moving to restore the generous Bioheat® tax credit that Gov. Eliot Spitzer eliminated last year.

In New York, City Councilors Jim Gennaro and David Yassky have introduced local legislation that would require heating oil suppliers to deliver B5 (5 percent biodiesel) in 2009, B10 in 2011, and B20 in 2013. John Maniscalco, executive vice president of the New York Oil Heating Association, testified before the City Council in January and said the association supports uniform introduction of Bioheat in the city provided issues of supply and quality control are adequately weighed and the industry is given adequate time to ramp up.

He also recommended that the schedule for implementing mandates be tied both to ASTM approval of specifications for bio-blends ranging from B6 to B20 and to issuance of equipment warranties for blends above B5. He noted that he has spoken with several manufacturers, and all said they would warranty their equipment for use with B5.

At the state level, Gov. Spitzer has proposed a credit against the state income tax of up to 20 cents per gallon for Bioheat—the same credit that was available previously in the state.

Meanwhile, Massachusetts Gov. Deval Patrick has proposed a requirement that biofuel/biodiesel be used as a blend-stock for all home heating oil in the state. The Massachusetts Oilheat Council (MOC) strongly supports the

advancement of biofuel and biodiesel as a blend with home heating oil but is opposed to a statewide mandate at this time.

MOC believes the state legislature should await a final report from the Massachusetts Advanced Biofuels Task Force, then form a legislative study committee to fully examine all the elements of implementing a biofuel/biodiesel energy strategy. MOC would embrace legislative language calling for retail home heating oil dealers to voluntarily offer biofuel blends of up to 10 percent by 2010 to their home heating oil customers.

EPA to Set Standards for Locomotive, Marine Engines

The U.S. Environmental Protection Agency's (EPA) program to reduce sulfur content in distillate fuels will enter its next phase soon when the agency issues new rules regarding locomotive and marine engines with displacements of less than 30 liters per cylinder. EPA is expected to set emissions standards for the engines in advance of the move to ultra low sulfur diesel (ULSD) for those engines in 2012. The rule will not apply to large oceangoing ships but will address all smaller crafts and all locomotives.

The EPA must address the issue of large ship engines no later than the end of 2009, and it is expected to reduce the sulfur limit for heavy diesel to 1,000ppm. Ships use residual fuel that generally is about 2.7 percent sulfur by content (27,000ppm).

NEFI Goes Gaelic for Spring Conference

NEFI has expanded the itinerary for its 2008 Spring Conference in Ireland, Northern Ireland and Scotland while also reducing the per-person cost by \$700. Anyone interested in signing up for the conference, which takes place May 9-23, can contact Tracy Goodwin at tracy@nefi.com or 617-923-5015.



NEFI Welcomes New Members

The following companies have recently joined New England Fuel Institute.

ASSOCIATE MEMBERS

AFLAC-Small Business Health Insurance Network

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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.nefiactioncenter.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

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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
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Roy Brothers Oil Company Ashburnham, MA
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Owner Services, Inc. Proctor, VT
Pioneer Oil Company Worcester, MA
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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

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Ashley Fuel, Inc. Beverly, MA
Augusta Fuel Company Augusta, ME
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Boston Steel & Mfg. Company Malden, MA
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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

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New England Oil Co., Inc. Greenwich, CT
Northfield Fuel Corporation Greenwich, CT
Perry's Oil Service, Inc. Bradford, VT
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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
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2007 CONTRIBUTORS
as of February 22, 2008

Retailers, Service Managers Trumpet Benefits of Fuel Treatment



FUEL TREATMENT HAS COME A LONG WAY IN RECENT YEARS. ONCE VIEWED BY MANY AS

“snake oil,” additives are now seen by many as an essential component of fuel delivery.

Oil & Energy recently reached out to nine oil companies that treat their fuel, and many of them offered strong testimonials about how additives have reduced their fuel-related service calls and helped them build customer confidence.

Arlex Oil Co., Lexington, Mass.

Arlex treats all its heating oil with ODT20 from Advanced Fuel Solutions. Service Manager Dave Bessette tracked fuel-related service calls in the six-month period after treatment began and found they decreased by 12 percent. “The service guys like it. When they’re doing annual tune-ups, they can see the difference when pulling the filter. They’re a lot cleaner,” Bessette said. Arlex uses an injection blending system at its bulk storage plant.

Cubby Oil, Somerville, Mass.

Cubby Oil first started treating fuel about seven years ago after experiencing a rash of oil line freeze-ups on outdoor tanks. President Charlie Uglietto was referred to Paul Nazzaro at Advanced Fuel Solutions, and he began using an AFS pour point depressant with good results.

Next, they started treating all their fuel with a multi-purpose additive, but they were hit with a rash of clogged filters, so they tinkered with the additive/fuel ratio. Since then, the company has reduced oil-related service calls “by a minimum of 50 percent over three to four years,” Uglietto said. “The longer we run the program, the fewer problems we have.”

He admitted to being skeptical at first. “We had bought a lot of off-the-shelf products, and they did nothing, so I kind of felt that what Paul was selling was going to be the same, but through use of the pour point depressant, I realized his product was different.” Cubby drivers now apply AFS’s ODT20 every time they fill their trucks.

Heritage Fuel, Croton Falls, N.Y.

Bob Daros was skeptical when Mark Stellmach of Fuel Management Services pitched fuel treatment to him. “I was overly cautious because additives don’t always have a good name or following, and the price of \$4,000 for a 55-gallon drum was not attractive.”

But the facts worked in Stellmach’s favor, according to Daros, who owns the business with his brother Ted. “We’ve been in the business since 1991, and we were starting to see tanks we had installed in the early 1990s develop pretty serious fuel quality problems. My brother and I felt that we had installed these tanks, and how could we answer to customers about fuel quality?”

Heritage started using FMS’s UltraGuard™. “It’s the best thing we ever did,” Daros said. “It totally transformed our service department. Now we go two weeks without a single fuel-

related service call. Sometimes we go back for our annual service call and we haven’t been there in a year, and it looks like the filter was just changed last week.”

Treatment has reduced Heritage’s overtime dramatically. “Actually the service guys don’t mind, because no one wants to go out at 2 a.m. to change a filter.”

Heritage drivers splash-blend the UltraGuard with the fuel whenever they fill a truck at the terminal. “I couldn’t imagine my business without it,” Daros said. “People can relate to a bad circulator or burner motor, but they can’t relate to fuel-related service calls, especially not with fuel at \$3.50 a gallon.”

Mack Services Group, Berwyn, Pa.

Mack Services was having a lot of problems with clogged nozzles and filters about 10 years ago. “We felt we needed to treat,” said Bill Engle. “We had done it once before, but it wasn’t doing a really good job.” Bob Tatnall, of Fairville Products, convinced Engle that his Fuel Right products could do the job. “It has cut down our service calls tremendously,” Engle said of the treatment. “We’re able to do our work with fewer techs, and they can spend more time doing installs than worrying about service,” he said.

Mack uses an injection system at its own bulk storage plant to blend in the additive.

Maritime Energy, Rockland, Maine

Maritime Energy saw an increase in fuel-related service calls a few years ago, so they decided to follow the advice of Rick Trout at Fuel Advantage/Avalux and treat all their

Continued on page 14...

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MANDATORY ATC IS ON HOLD UNTIL '09

Any move towards mandated use of automatic temperature compensation (ATC) in the retail sales of liquid fuels is on hold at least until 2009. The National Conference on Weights and Measures (NCWM) voted at a recent national meeting not to vote on the issue this year.

ATC became a hot-button issue last year, when some driver advocacy groups started claiming that drivers were being short-changed in fuel transactions because they were buying "hot fuel" that was expanded in volume by heat.

Mandatory use of ATC would require retailers to install new fueling equipment that would automatically compensate for fuel that had changed volume due to temperature. The New England Fuel Institute and the Petroleum Marketers Association of America have opposed mandatory ATC.

**CERA REPORTS THAT LNG MARKET IS OPENING UP**

Momentous investment decisions finalized several years ago assure that Liquefied Natural Gas (LNG) is set to become a more freely traded flexible worldwide commodity, and will reshape the global market's traditional pricing and contracting practices, according to a recent briefing by Cambridge Energy Research Associates (CERA) Senior Director for Global Gas Michael Stoppard.

Despite substantial delays in LNG projects, a slowdown in project go-aheads, tougher upstream terms, joint-venture issues and spiraling costs, "the LNG armada has already set sail," Stoppard says. However, he added, current difficulties "raise major questions about the pace of growth of LNG beyond 2010 and its ability to deliver. They do not materially affect the growth story to 2010 which is 'baked-in,' based on momentous investment decisions made several years ago."

Over the next 24 months, as a result of these investments, according to Stoppard:

- Global LNG supply will grow by almost one-third;
- The supply of flexible or "tradable" LNG will double;
- Global LNG shipping capacity will increase by more than one-half; and,
- Utilization of LNG regasification capacity in the Atlantic basin will fall below 50 percent.

...Continued from page 12

fuel with Avalux additive. "I wanted to give it a year to identify if there are positive results," said Maritime Vice President Susan Ware. "We tested by tracking fuel-related service calls, and when I saw the results, I just about fell out of my chair." Calls were reduced by half or more in the different categories they measured. "The change has been a lot more dramatic than we had expected."

Treatment has improved the bottom line, according to Ware. "Service calls cost us a lot with service contracts," she said. "With our techs not being called out as often as night, it makes them happier and makes us more productive. We can be out doing installations or running regular service calls. It's also better for our customers. They have more confidence in us."

Maritime uses an automated injection system at its bulk storage facility.

Parker Fuel Co. Ellicott City, Md.

Parker Fuel Service Manager Ralph Adams had always regarded fuel treatments as "snake oil" until he went to a service managers' regional meeting and listened to Ed Kitchen, of Fuel Management Services.

"By the time he was done, I was intrigued. A lot of what he said, with the timeframes he referenced, was correct," Adams said. "He was talking about changes in the refining process and the switching to cracking the fuel and I was thinking about when the sludge problems started getting worse, and it all made sense. The timeline started clicking in my head."

Adams invited Kitchen to talk with the company owner, and soon Parker was treating all its tanks with UltraGuard additive. "The following December it was really cold out, and I had guys sitting around doing nothing. Ed said it would cut fuel-related service calls by 25 percent, but it was more like 50 percent," Adams said.

"We used to have a lot of problems with clogged filters. Guys were digging filters out of canisters. They were so saturated they were coming out in pieces. Now those problems are almost nonexistent."

Parker now treats all fuel as it enters the company's bulk storage facility. Treatment raises the company's cost of fuel by about 75 points per gallon, "but it's worth every penny," says Adams. "You pay it now or pay it later when you send a tech out on an emergency call on a service contract."

Scott Oil Co., Manchester by the Sea, Mass.

A few years ago, Scott Oil Co. made a commitment to using UltraGuard, from Fuel Management Services, and fuel-related service calls have been on the decline ever since,

according to General Manager Bob Lewis. "We kept track of how many oil-related problems there were in emergency service calls, and we found that by using UltraGuard, we had a 10 percent incidence in the first year. The second two years, it fell to 8 percent each year.

"Things have stabilized at below 10 percent, and honestly not all the credit goes to UltraGuard, but it deserves a good deal of the credit. If you're going to reduce the number of oil-related problems you have, it involves a program that focuses on very thorough annual tune-ups, which is a part of our philosophy that we take very seriously here."

The company markets its fuel as a superior product. "We are trying to differentiate ourselves from others, and that is certainly a way we can do it," said Lewis. "I make sure customers know that 100 percent of gasoline has additives, because the federal government mandates additives in gasoline, but no such laws mandate the treatment of heating oil. If gas, which is a more refined product, needs additives to work well, it's only logical to assume that heating oil will perform better if additives are introduced." Scott splash-blends the additive into its trucks at loading.

Sono Energy, Norwalk, Conn.

Owner Gil Gonzalez treats his fuel with Technol Fuel Conditioners' 246 Super Sludge Dispersant and STR-2+ Fuel Oil Conditioner, applied directly to customers' tanks. "We have an account in Stamford that used to have a bad, bad sludge problem. Ever since we picked the account up and treated the tank, there have been no instances where the sludge reappeared," he said.

Sono treats tanks at the beginning of the season and then on every other fill, and his customers have started to notice that they don't have service calls as often as they used to. "We really advertise the product and market it as premium heating oil. It's on our logo," Gonzalez said. "If it saves me one service call, it's paying for itself."

W.B. Steward and Son, Woodbury Heights, N.J.

Fuel treatment is paying off for W.B. Steward and Son. The company has been using Fuel Management Solutions' UltraGuard since 1999, and Vice President Don Steward Jr. says the results are excellent. "Prior to 1999, our techs were going out on nozzle and oil filter calls, and now that's gone, eliminated. Needless to say this leads to costs savings because we have a lot of people on service plans."

The cost of treatment gave Steward pause, he said, "but looking at the big picture, I think that these are happy customers staying with Oilheat." ☐

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Additive Makers Address Issues With New Fuels

FUEL TREATMENT SPECIALISTS SAY THEY ARE seeing a typical assortment of fuel problems this winter and are developing new additive formulas to treat biodiesel and to combat new threats as they appear.

Paul Nazzaro, president of Advanced Fuel Solutions, in North Reading, Mass., said he is seeing an increase in the number of marketers choosing to treat their fuel. Fuel problems still occur occasionally, though, and he believes the industry needs to launch a heating oil hotline, similar to one maintained by the National Biodiesel Board (NBB).

As marketers begin blending biodiesels with heating oil, they should feel confident that the fuel will perform well, provided it is supplied by a reputable producer, according to Nazzaro, who is petroleum liaison to the NBB. With good quality biodiesel, a retailer need only treat the petroleum fuel for cold weather, and there will likely be no problem with the bio component, he said.

Retailers should not expect to use only soy-based biodiesel feedstock, according to Nazzaro. "If we're going to make Bioheat® the fuel of future, we're going to need soy and palm and everything that comes down the road," he said. "Even grease tallow and palm can be used if you push down the pour point on the generic fuel. For people who sell from outdoor tanks, you just push the pour point a little deeper so that when the bio component comes in, it's OK."

BATTLING CONTAMINANTS

Rick Trout, of Fuel Advantage/Avalux, in Portsmouth, N.H., said he has been working with customers to combat an undetermined biological contaminant in heating oil in the New Haven, Conn. area. The problem can be treated in marketers' or homeowners'

tanks using a biocide, he said. It involves a contaminant that lives at the fuel/water interface at the bottom of a tank and creates sludge in the fuel, according to Trout.

Bob Tatnall, president of Fairville Products, in Wilmington, Del., said that he is seeing a lot of problems this year with foreign substances in fuel. "We have, for instance, seen in eastern and southeastern Pennsylvania some problems with a liquid, tar-like black substance. I don't know what it is, but it doesn't seem to dissolve. It goes right through filters, even 10 micron filters, and it takes very little of it to mess up a nozzle. A lot of nozzles are being replaced." Tatnall said he has not seen an additive that eliminates the problem.

Tatnall has also encountered some kerosene in New England contaminated with fine particulate material that gets through filters and accumulates on surfaces and in crevices. The substance dissolves in a solvent, so it appears to be organic, according to Tatnall.

Tatnall also has concluded that ultra low sulfur diesel (ULSD) is no worse than higher-sulfur distillates in terms of loosening deposits in tanks. Rather, the problems that many marketers experienced with agitated sediment were the result of the tanks being drained in order to prevent cross contamination of ULSD. "When the conversion was made to ultra low, everyone had to run their systems low to purge the old fuel. I think that's what stirred a lot of stuff up. We gave the fuel a bum rap."

SUBSTANDARD BIODIESEL

One area of concern that Tatnall sees for the industry is the quality of biodiesel fuel. "I have noticed in some areas a heavy preponderance of B100 that does not meet ASTM standards," he said. He said the fuel has pour-point issues and forms yellow gums that

foul equipment. "One of the southeastern states contracted for B20 fuel on a price basis and didn't bother to require the ASTM standard, and they're getting fuel that is giving them all kinds of problems, especially in the colder parts of the state. It's unfortunate, because B20 should not be a problem fuel."

Ed Kitchen, of Fuel Management Services Inc., in Jeffersonton, Va., said he is still seeing a lot of instances of sediment problems brought on by changeovers to reduced-sulfur off-road diesel. "Whether you're bringing in low-sulfur or NRLM (non-road, locomotive and marine fuel), you see the potential for some particulates or sediment being put into the fuel. That's been an issue lately because low-sulfur fuel is getting into the NRLM market. That includes tanks for emergency power, where there are higher chances for a problem because the fuel has been sitting around."

He recommends the use of an additive with an organic dispersant that reacts with particulate on contact to make it submicroscopic. "It breaks particles down to a size that will get through the filter and nozzle without blocking," he said.

Janis Grundmann, of Technol Fuel Conditioners Inc., in Eatontown, N.J., said Technol has been working to develop a treatment for biofuel to raise its Cold Filter Plug Point (CFPP). "We can make it pour to a certain point, but the CFPP prevents it from getting through a filter. That's what we're working on," she said.

Anthony Campisi, of Utility Enterprises, in Westbury, N.Y., said he has been dealing with an unknown fuel contaminant on Long Island that was also seen last year. It forms a film on the fuel surface that clogs vent alarms. "It's not as bad as it was last year," he said. "We're trying to get people to use biocide, because that seems to work," he said. ☐



Solidified paraffin wax from a fuel filter.

Paraffin Precipitation Is a Problem With ULSD

Reduced Aromatic Content Renders Fuel Susceptible, and Treatment Is Needed in Cold Climates

EDITOR'S NOTE: AMALGAMATED INC., OF FORT WAYNE, IND., DEVELOPED A NEW ADDITIVES technology, Wax Dispersing Additives™, in 2007 to treat problems that it had identified with Ultra Low Sulfur Diesel fuel. Amalgamated President Gary Pipenger has conducted extensive research on ULSD since the fuel was introduced in 2006, and he is adamant about the importance of using wax dispersion in ULSD in colder climates. "If you're not using this stuff, you're just kidding yourself. You can drop the cloud point all you want with kerosene, but once you reach the cloud point, you will have precipitation of paraffin content." The following article is adapted from Pipenger's research reports on ULSD and is printed with Pipenger's permission.

Unfortunately, kerosene was in short supply, which translated into extremely high prices or unavailability.

Adding any percentage of biodiesel material into the new ULSD fuels compounded the winter operational issues because the bio portion can also fall out of solution at fuel temperatures below the Cloud Point and increase the precipitated material in the bottom of the storage tank.

In order to prevent damage to the fuel pumps and injection system from contamination in the fuels, today's diesel fuel filters have nominal micron sizes varying from 2um to 10um. Fuel paraffin content solidified into wax crystals that were too large to flow through the equipment fuel filters. This resulted in the paraffin wax crystals "plating" onto the fuel filter elements and stopping fuel flow through the filters, which resulted in fuel flow restriction and engine failure.

KEROSENE DOESN'T SOLVE THE PROBLEM

The popular correction for the ULSD fuel winterization issues is to "blend" light distillate (kerosene) into the diesel fuel to lower the total paraffin content. While this action does reduce the fuel Cloud Point temperature, there are four problems with this solution.

First, adding kerosene to ULSD fuel will lower the fuel BTU content and reduce the fuel economy achieved with the mixture. Thus vehicles will travel fewer miles on more fuel.

Second, kerosene is significantly more expensive than ULSD fuel, so adding any amount will increase the operational costs substantially.

Third, the availability of ULSD kerosene last winter was less than required, and ULSD kerosene is projected to be in even shorter supply for this winter.

Fourth, adding kerosene will not stop precipitation of the solidified paraffin to the bottom of the storage tanks; it will just happen at a lower temperature point.

The proper correction for these ULSD fuel winterization issues is (1) to treat the fuel with chemical additives that produce smaller paraffin wax crystals and (2) treat the fuel with chemical additives that will fully "suspend" the paraffin wax crystals as they form in the cooled diesel fuel.

If the fuel paraffin wax crystals are kept small enough (less than 5 microns) and the solidified paraffin content is fully suspended throughout, the fuel filter will receive liquid fuel along with the solidified wax crystals. Under this condition, the fuel will flow through the filter, the filter will not plug up and the engine operation will not be affected.

Paraffin wax precipitation is not the only issue facing the ULSD fuel users. Moisture content, lubricity value, fuel

THE WINTER OF 2006-2007 REPRESENTED THE first full winter season during which the new Ultra Low Sulfur Diesel (ULSD) fuels mandated by the U.S. Environmental Protection Agency (EPA) saw widespread use in the United States.

This initial nationwide utilization was not without significant operational issues throughout the northern tier of states. Winterization of these new ULSD fuels was found to be an enormous challenge to the diesel fuel producers, marketers and consumers.

HYDROTREATING LEADS TO PROBLEMS

A major cause of the problems was reduced aromatic content in the fuel that resulted from changes to the refining process. Refiners achieved sulfur reduction using a process called hydrotreating, which typically raises the fuel Cloud Points. Unfortunately, we now know that severely hydrotreating a distillate (diesel) fuel also usually significantly lowers the aromatic content of the fuel. When the sulfur content is reduced to less than 15ppm using refinery hydrotreating (and other sulfur reduction methods), the resulting fuel aromatic content is typically reduced by 30 to 35 percent.

And, because the aromatic content is less in these ULSD fuels, the natural tendency of the paraffin content to remain in suspension when it changes to a solid wax at the Cloud Point temperature is dramatically reduced. And the higher Cloud Points aggravate this problem.

In other words, at ambient fuel temperatures below the fuel Cloud Point—the temperature at which the paraffin changes from a liquid to a solid wax—the wax crystals tend to precipitate faster and accumulate in the bottom of the vehicle tank or storage tank.

Because the fuel draw lines and fuel tank pump suction lines are at or near the bottom, pure paraffin material was pulled into the pump filters resulting in a complete plugging of the fuel filter elements.

Many diesel equipment operators (and fuel suppliers) added additional cold flow additives in an effort to resolve these issues. However, the increased chemical concentrations often did not mix with the already clouded fuel (solidified paraffin content) and thus increased the filter plugging problems. Only the addition of substantial amounts of lighter grade (less paraffin) distillate (kerosene) acted to reduce the filter plugging problems.

stability, detergency, and engine cetane number can also affect performance.

MOISTURE CONTENT

Because the ULSD fuel moisture content bonds more readily with the paraffin content in these new fuels, the paraffin wax crystals (when formed) are heavier and more difficult to suspend in cold ULSD fuels. Accordingly, previous beliefs that diesel fuel water contents of 300ppm (or more) would not pose a serious issue need to be reassessed. In fact, moisture contents of as little as 100ppm to 150ppm will

cause serious operational malfunctions (excessive pump wear and injector seizure) in both old and new diesel-powered equipment. This is especially true given the extremely high fuel injection pressures (and temperatures) used in today's modern electronic controlled diesel engines.

Poor lubrication value in the new ULSD fuels can be corrected by treating the fuel with a good lubricity additive chemical. The most common and least expensive (lowest fuel treat cost per gallon) of these chemical compounds is the tall oil fatty acid materials.

2. The amount of cetane improver additive treated into the fuel, as such additives negatively affect stability;
3. The amount of biodiesel product added to the ULSD fuel, as biodiesel negatively affects stability.

DETERGENCY

Because the new ULSD fuels are made from crude oils, they are prone to the formation of varnishes and asphaltene precipitations when subjected to the levels of heat and pressure that occur routinely within today's engines. These



These fuel filters were destroyed by paraffin that precipitated from ultra-low sulfur diesel.



create significant operational issues in these new fuels when fuel temperatures drop below the fuel Cloud Point temperature.

The moisture content in the new ULSD fuels requires a multi-step preventative maintenance approach.

First, the fuel user should limit the amount of "allowable" moisture when purchasing ULSD fuel. Second, the user should ensure that the tanks designated to receive the ULSD fuel are clean and contain no measurable amount of free water. Tank bottoms should be pumped out if water accumulations exceed one half-inch of visible moisture. Third, each ULSD fuel received into a storage facility tank or pumped into the vehicle fuel tank should be treated with a glycol ether de-icing agent chemical additive that will combine with the moisture content and prevent the water from freezing. Appropriate dosage treat rates for these additives should be 100ppm de-icer agent for each 100ppm of moisture present in the diesel fuel as determined by laboratory testing. Treating with de-icing agents should begin 30 days prior to the onset of below-freezing temperatures.

LUBRICITY

Removing the sulfur from diesel fuel reduces the fuel's lubricity value. This can

Non-acidic lubricity additives are also available, but they cost more and are not universally available.

STABILITY

All petroleum diesel fuels (unless treated with preventative chemicals) begin a natural degradation process from the time they are produced in the refinery. This oxidation (degradation) process is a natural breaking down of the chemical components in the diesel fuel that causes the release of heavy "free carbon particulates" that fall to the bottom of the storage container and create fuel sludge.

These free carbon particulates have a very fine particle size that can be picked up by the fuel pumps and sent through the fuel filters to the fuel injection system where they will cause scoring of the fuel pumps and sticking of the fuel injectors, known as injector chatter.

Correcting ULSD fuel stability requires adding anti-oxidant stability additive chemicals to the ULSD fuels. The treat dosage rates for stability additives range from 50ppm to 150ppm, depending on:

1. The time interval between when the fuel is manufactured and when the fuel will be consumed;

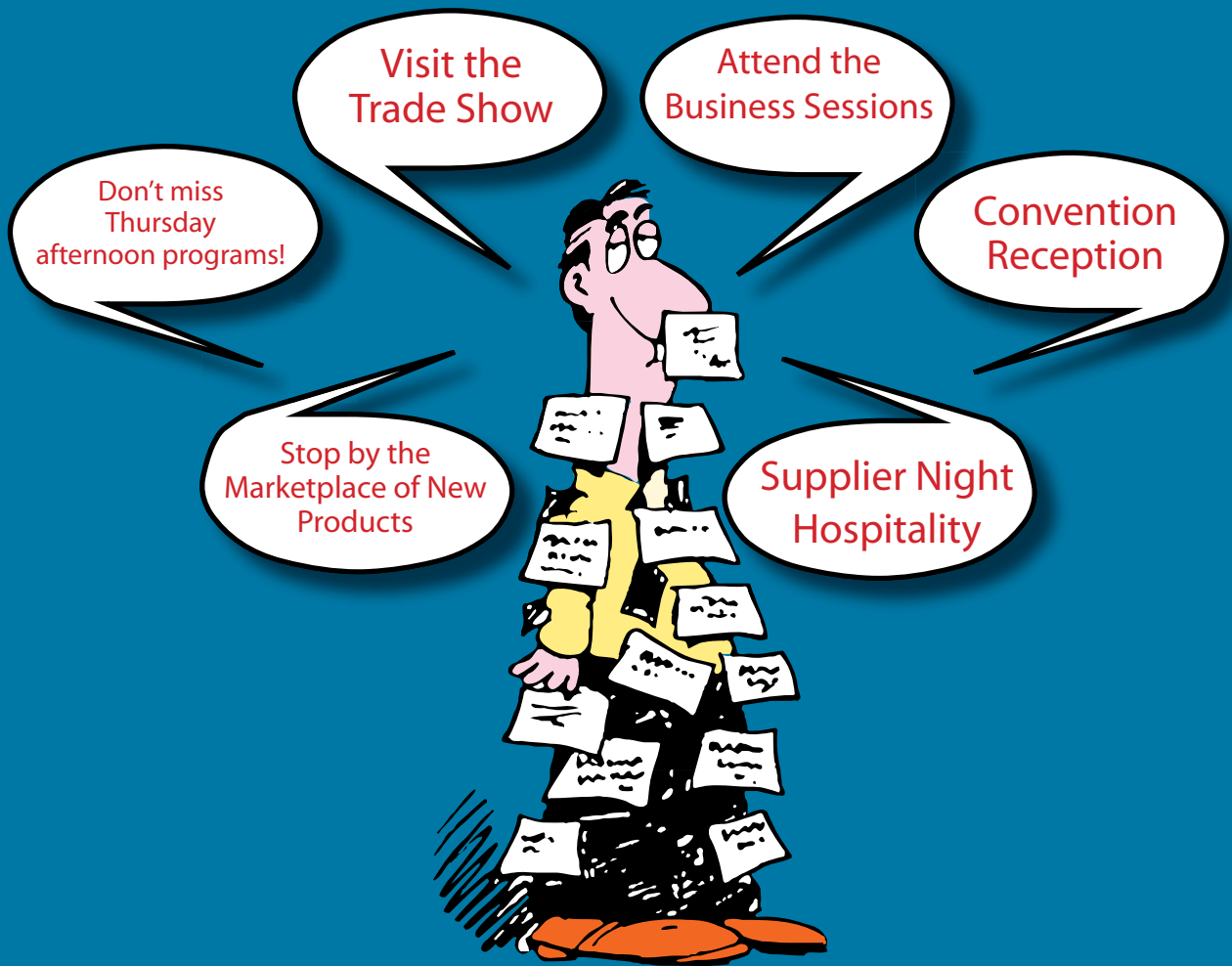
varnishes and asphaltene compounds cause increased fuel system deposits, imperfect injector spray patterns, improper fuel atomization, poor combustion efficiency, increased smoke and reduced engine power productions.

Additionally, any foreign materials present in the fuel storage and delivery systems that mix with the fuel adds to the potential for deposit build-up in the diesel fuel systems.

CETANE

The new ULSD fuel engine cetane numbers can be slightly higher (1.0 to 1.5 numbers) than the previous LSD and HSD fuels produced in North America as a result of the hydrotreating process. However, these fuels may still not provide the most advantageous combustibility for maximizing fuel efficiency and engine power productions.

Cetane improver additive (2-ethylhexyl-nitrate) is the most common chemical additive compound used to increase diesel fuel engine cetane numbers. Assuming all other factors in the new ULSD fuels discussed in this article have been dealt with and corrected, raising the new ULSD fuel engine cetane numbers to above 50 will ensure proper engine starting, maximize combustion efficiency, and optimize fuel efficiency. ☒



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2008 Fuel Additives Marketplace

THE PERFORMANCE OF HEATING OIL AND OTHER DISTILLATE FUELS CAN BE ADVERSELY AFFECTED by cold weather, organic contaminants and other threats. Keeping the fuel flowing and the engines clean is a vital component of customer service, and fuel marketers have plenty of help available to them. The listings below are based on information provided by the companies.

Advanced Distillate Technologies, LLC

P.O. Box 252

Pitman, NJ 08071-0252

Contact: Bud McClintock

Phone: 888-584-2422 for Avalux;

856-589-8564 for diesel additives

Fax: 856-589-8564

Heating Oil Additives: Avalux Premium Heating Oil additive stabilizes fuel in storage, inhibits sludge formation, dissolves existing sludge, protects against tank corrosion and deactivates copper particles in fuel. ADT is the exclusive supplier for N.J., Pa., Md., Dela., Va., Vt, and upstate N.Y.

Multi-Fuel Additives: Climate Control Xtreme has advanced LTFT cold-flow technology; Climate Control CFPP improves low-temperature performance as measured by pour point and cold filter plug point; Clean Fuel Systems meets NCWM premium fuel standards cost effectively with components designed to extend engine life, reduce maintenance costs and increase mileage.

Advanced Fuel Solutions

162 Park Street, Suite 301

North Reading, MA 01864

Contacts: Paul Nazzaro, Jr., Bill Riordan

Phone: 978-664-5923

Fax: 978-664-4020

E-mail: pauljr@fuelsolution.com,

brordan@fuelsolution.com

Web: www.fuelsolution.com

AFS offers a range of truck-mount and terminal-installed injection systems to enable dealers to transition from hand-blending additives. AFS also offers a fuel quality plan for bulk plants to help buyers enforce proper buying specifications, verification of those specifications, as well as the handling, storage and distribution of the fuels.

Heating Oil Additives: AFS's flagship treatment ODT-20 (Oil Defense Technology) provides system cleaning, stability and improved system performance by cleaning and controlling fuel contaminants from tank to burner tip while protecting system components from corrosive and unstable oil. It also controls tank sediment.

Bioheat®: AFS has more than 10 years' experience working with biodiesel and Bioheat

issues on a national level and will help companies make an advantageous move to this new fuel with biodiesel-specific treatments.

AFS-PF (Proprietary Formulas): AFS develops commercial-grade technologies for the downstream marketplace including treatment packages for on-road, off-road, marine diesel and home heating oil. AFS offers a cafeteria-style approach to fuel treatment to give customers a flexible range of options.

Amalgamated, Inc.

PO Box 8977

Ft. Wayne, IN 46898-8977

Contact: Gary Pipenger

Phone: 260-489-2549

E-mail: gpipenger2@att.net

Web: www.amalgamatedinc.com

Amalgamated offers its Fuel Saver Additives™ products in the chemical packages listed below or in custom formulas. There are 10 additive packages offered to replace or reduce No. 1/kerosene blending. At last count, Amalgamated had more than 195 fuel additives registered with the EPA.

Multi-Fuel Additives: Winter Pro 2005™ conditions a broad spectrum of winter distillates. Ultra Winter Pro™ offers cetane improvement, enhances performance and saves fuel. DFA-55W™ increases fuel quality and savings. DFA-55™ is a summer performance diesel additive for quality improvement and fuel savings. DFA-55/SS™ suppresses diesel smoke and saves fuel. FOA-55/HD™ (heavy-duty applications) increases efficiency, burns cleaner and saves fuel.

Biodiesel Additives: USA B-20 Winterizer™ conditions B100 soy and soy blends.

Generators: TFA-55™ is a turbine additive for efficiency and smoke suppression.

Marine: MFA-55™ (light crafts) increases efficiency, burns cleaner and saves fuel. MFOA-55/HD™ (heavy vessels) increases efficiency, burns cleaner and saves fuel.

Arol Chemical

649 Ferry Street

Newark, NJ 07105

Contact: Salvatore Coppola

Phone: 973-344-1510

Fax: 973-344-7127

Arol offers custom formulas, in-house laboratory analyses, on-site troubleshooting, and design and installation of additive injection systems.

Heating Oil Additives: Aropet CC-100 is designed to maintain a clean system from tank to burner with dispersants, solvents and stabilizers to gradually eliminate existing sludge.

Multi-Fuel Additives: Dieselmax fuel conditioner contains pour-point depressant, de-icer (non-alcoholic), water dispersants, lubricity extenders, a cetane improver, smoke suppressants, corrosion inhibitors, and an injector cleaner. Aropet PPD-600 helps with cold weather problems in all distillate grades. Metalube LS-1000 is a concentrated lubricity agent for low-sulfur diesel fuels. Dieselpreme is a concentrated cetane improver. Aropet DSS breaks up and dissolves sludge, paraffin and organic accumulations in tanks. Orkil 100 is an oil-soluble microbiocide that destroys microorganisms and prevents future growth.

Beckett Additives, LLC

Box 1928

Elyria, OH 44036

Contact: Dan Reisner

Phone: 440-353-6330 or 603-828-6505

Fax: 440-353-6047

Email: dreisner@beckettcorp.com

Web: www.beckettadditives.com

Heating Oil Additives: UltraGuard™ (from Fuel Management Services, Inc.) disperses sediment and stabilizes fuel to prevent sediment formation. It also kills bacteria and fungus. Beckett also provides biocides, cold flow improvers, and combustion improvers.

Carter Chemicals

55 Warren Ave.

Westbrook, ME 04092

Contact: James Whitten

Phone: 207-854-9781

Fax: 207-854-5291

E-mail: scarcer3@maine.rr.com

Web: www.aronol.com

Heating Oil Additives: AROTEC 10K is a pour point depressant. Liquifier 275 is an emergency treatment for gelled heating oil. AROTEC 275 is an anti-gel agent and de-icer for outdoor tanks. AROTEC 300 is a sludge breaker.

Kerosene Additives: K1 Plus is a conditioner, stabilizer and de-icer.

Multi-Fuel Additives: ARONOL F1 XBL 350 is a lubricity enhancer for ULSD. ARONOL F1 40 Plus is a cetane improver for high-sulfur, ultra-low sulfur and biodiesel. ARONOL F1 B-20 provides anti-gel and moisture control. Aronol FIPI is a winter additive with injector cleaner. ARONOL PI is a straight injector

cleaner. Liquifier 330 liquefies gelled heating oil or diesel. Micronol Biocide kills organisms in heating oil, diesel, kerosene or gas.

C & S Scientific / Parke Hill

PO Box 1056

Hightstown, NJ 08520

Contact: Jerry Sava, Pat Cerminaro

Phone: 877-448-7037

Fax: 267-200-0430

E-mail: tech@cscsscientific.com

Web: www.cscsscientific.com

C & S provides customized formulations including ultra-concentrates, allowing treatment ratios of up to 1:10,000. The new tank protection program is designed to prolong tank life. C & S also provides technical support, laboratory analysis, on-site troubleshooting, design and installation of automatic injection systems, and customized mailings and promotional flyers.

Heating Oil Additives: Treat Now is a concentrated additive for fuel quality and long-term stability; PMT is a multi-functional additive to maintain a clean and efficient system;

Biodiesel/Bioheat® Additives: BIOTREAT provides customized cold flow improvers and performance enhancers for heating oil and biodiesel blends from B2 to B20.

Multi-Fuel Additives: Antigel is a cold flow improver for all distillate fuels. Diesel-Add is a series of conditioners providing cetane, lubricity, cold flow and smoke control. Formula SB is an organic slime inhibitor and dispersant.

From Parke Hill: OrganoBan, Red Heat, CFI, Sludge Ban, Fuel Guard, Ice Solve, Premium Heat.

ComStar International Inc.

20-45 128th Street

College Point, NY 11356

Contact: Joyce Takiguchi

Phone: 718-445-7900

Fax: 718-353-5998

E-mail: jtakiguchi@comstarproducts.com

Web: www.comstarproducts.com

Multi-Fuel Additives: Super Heat (for heating oil and diesel) lowers pour point, controls waxing and gelling, dissolves sludge, cleans strainers, nozzles and filters, melts ice, eliminates water and reduces carbon and soot build-up. Ice Free (for heating oil and diesel) prevents and eliminates ice crystals, waxing or gelling, and lowers pour point. Sludge Solve breaks down and liquefies built-up sludge. Water Absorber (for heating oil, gasoline or kerosene) eliminates water, disintegrates water-based sludge and prevents corrosion and ice formation.

Biodiesel Additives: BioFuel Treat prevents

and corrects problems such as spider web sludge and semi-solid materials that can cause alarm vent and filter clogging.

Fuel/Lubricant Additives: Fuel Anti-Bacteria eliminates bacteria or fungi build-up in all grades of fuel and lubricating oils, hydraulic fluids in marine environments or diesel fuel.

Clean-Up: Fuel Spill Sponge transforms petroleum, oils and chemicals into an easy-to-collect rubber-like material after a spill. Safe! transforms petroleum spills into an organic liquid, soaking up petroleum-based liquids. Liquid Safe! Is a ready-to-use bacterial and enzymatic blend formulated to degrade and decompose hydrocarbon petroleum spills.

Odor Control: Cherry Bomb gel cup eliminates petroleum odors for months. Sweet Air Spray and Absorbant Powder is cherry scented for oil odor elimination.

E-ZOIL Products Inc.

2355 Bailey Ave.

Buffalo, NY 14215

Contact: Arnette Rauh

Phone: 716-892-4632

Fax: 716-892-4692

E-mail: info@ezoil.com

Web: www.ezoil.com

Heating Oil Additives: H.O.T. Shot disperses water; eliminates premature pump and injector wear; lubricates and cleans injectors; reduces gelling; dissolves carbon, varnish and gums; and prevents the growth of bacteria and algae.

Multi-Fuel Additives: Artic Power improves low-temperature flow characteristics, reduces pour point, protects against waxing and gelling (even in sub-zero temperatures), raises cetane, and lubricates and cleans pumps and injectors. Artic Flo is a pure anti-gel that depresses pour point by as much as 40°F by inhibiting the growth of wax crystals and leaves no harmful residue. D•Gel is an emergency treatment that re-liquefies gelled or iced fuel and melts wax on contact. Clean & Lube cleans and lubricates pumps and injectors, reduces emissions and increases fuel economy by restoring proper spray pattern.

Energy Additives, Inc.

PO Box 1694

Battle Creek, MI 49016

Contact: Lloyd Lack

Phone: 269-965-8085

Fax: 269-965-3157

E-mail: sales@energyadditives.com

Web: www.energyadditives.com

Heating Oil Additives: HFX enhances combustion, reduces varnishes, gums and carbon deposits, lowers emissions and improves fuel efficiency.

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Beckett

Phone: (800)645-2876

Fax: (440)327-1064

Diesel Additives: DSL-5 improves cold weather performance, reduces smoke, cleans injectors, cuts engine deposits and increases power/mileage.

Propane Additives: CGX-4 improves mileage and power in propane engine, eliminates tank condensation, lubricates top cylinder area and decreases CO and particulate emissions. Vapo-Kleen cleans direct and indirect LP-gas vaporizers, process systems, standby systems while preventing gas valve failure, regulator failure, oil deposits, wax buildup and water problems.

Fairville Products, Inc.

302 Robinson Lane
Wilmington, DE 19805
Technical Contact: Bob Tatnall
Phone: 800-642-1910
Fax: 302-425-5661
E-mail: Bob@fuelright.com
Web: www.fuelright.com

Fairville offers testing and examination of fuel and component samples at no charge to Fuel Right users.

Multi-Fuel Additives: Fuel Right® EP treatment (heating oil and diesel) eliminates sludge and prevents corrosion and freeze-ups. Fuel Right® 6000 bulk-treats fuel for injection at the rack. Fuel Right® 15K bulk splash treats large quantities of fuel. Fuel Right® Cold Flow treats outdoor tanks in mid-winter to prevent waxing, gelling and freeze-ups. Fuel Right® Summer Diesel (bottled) direct-treats equipment tanks in summer. Fuel Right® Winter Diesel (bottled) direct-treats equipment tanks in winter.

Fuel Advantage/Avalux

PO Box 6661
Portsmouth, NH 03802-6661
Contact: Rick Trout, Ryan Trout
Phone: 888-584-2422
Fax: 603-430-4001
E-mail: sales@fueladvantage.com
Web: www.fueladvantage.com

In addition to additives, Fuel Advantage offers additive injection systems for bulk plants and trucks, with financing available.

Heating Oil Additives: Avalux, which was developed by a major oil company and Innospec Fuel Specialties, stabilizes heating oil, reduces sludge formation and gradually dissolves existing sludge. It has a detergent to reduce nozzle deposits, a corrosion inhibitor and a metal deactivator to prevent problems caused by free copper particles in fuel. Fuel Advantage also offers Innospec cold flow improvers for outdoor, aboveground storage tanks.

Fuel Management Services, Inc.

17321 Berkshire Drive
Jeffersonton, VA 22724
Contact: Ed Kitchen/Mark Stellmach
Phone: 540-937-8226
Fax: 540-937-3454
E-mail: edkitchen@aol.com
Web: fuelmanagementservices.com

Heating Oil Additives: Ultra-Guard™ disperses existing sediment in a controlled manner and stabilizes fuel so that it will not produce new sediment, and kills bacteria and fungus. It also cleans fuel-wetted components such as nozzles and provides corrosion inhibition. Biocides, cold flow improvers, and combustion improvers are also available. Beckett Additives (see separate listing) is an authorized distributor.

Fuel Quality Services, Inc.

PO Box 1380
Flowery Branch, GA 30542
Contact: Howard Chesneau, Angie Coley
Phone: 770-967-9790 / 800-827-9790
Fax: 770-967-9982
E-mail: sales@fqsinc.com
Web: www.fqsinc.com

Multi-Fuel Additives: Kathon FP 1.5 Biocide (gasoline, biodiesel, kerosene and jet fuel) is stable and long lasting to prevent microbial attacks and keep fuel systems biologically clean. LTSA-35A Fuel Stabilizer is a MILSPEC-approved, non-phosphorous treatment that provides rust inhibition, dispersancy, antioxidant properties, color, stability, and copper deactivation.

Fuel Testing: Bug Alert™ Fuel Test Kit makes routine determinations of fungal and bacteria populations quick and easy. Kits contain flexible plastic strips, to which nutrient-containing filter paper is attached. HY-LiTE Biological Fuel Testing System provides rapid detection of microbiological contamination in fuel, fuel storage and distribution systems, with results available in as little as 15 minutes.

Fuel Treatment Specialists, LLC

43 Colonial Road
Middletown, CT 06457-4903
Contact: Paul Dodge
Phone: 860-346 8004
E-Mail: pedodgefts@aol.com

Serving the petroleum industry for 41 years, FTS offers fuel oil sampling and analyses, educational seminars and consultation services. FTS is the New England marketer of Innospec additives.

Heating Oil Additives: Product 3000
Diesel Additives: Legal Diesel Fuel Additive Winter Flow; Legal Diesel Fuel Additive Red Alert; Legal Diesel Fuel Additive AP-75 Type III; Innospec 6000 (biocide).

Global Companies LLC

800 South St.
Waltham, MA 02454
Contact: Duane McLevedge
Phone: 800-685-7222
Fax: 781-398-4162
E-mail: dmclevedge@globalp.com
Web site: www.globalp.com

Heating Oil Additives: Heating Oil Plus™ reduces fuel-related service calls by preventing many of the problems associated with today's fuel. Consistent use of Heating Oil Plus™ can help reduce unscheduled service calls, retain service contract dollars, reduce operating costs, differentiate your company, and strengthen customer confidence in heating oil. SubZero® is a proprietary pour point depressant designed to complement Heating Oil Plus™.

Petro-Green, Inc.

PO Box 814665
Dallas, TX 75381
Contact: Arnold Paddock
Phone: 972-484-7336
E-mail: petrogreen@hotmail.com
Web: www.petro-green.com

Clean-Up: ADP-7 Surface Washing Agent is added to fuel oil that has spilled on the ground to emulsify it so that it can be flushed off of a hard surface and soak into soil, where ADP-7 promotes biodegradation by attracting native bacteria to the surface of the oil droplets. There are no oily rainbows remaining and the odor is reduced.

Research Laboratories, Inc.

6209 Discount Drive.
Fort Wayne, IN 46818
Contact: Jeb Ray
Phone: 260-489-2551
E-mail: jray@amalgamatedinc.com

Research Laboratories is a fuel/petroleum laboratory that tests fuels and additives. Tests include comparative fuels and additives testing, Gas Chromatograph (GC) fuel fingerprint testing, Ultra-Low Sulfur testing, automatic CFPP testing, HFRR lubricity testing, bio-fuel testing, and emergency generation stored fuel testing along with CP & PP, plus other fuel analyses.

SOS Products Co. Inc.

4th and Railroad Streets
East Greenville, PA 18041
Contact: Bill Pryor
Phone: 800-345-6300
Fax: 215-679-0700
E-mail: info@sos-prod.com
Web: www.sos-prod.com

Heating Oil Additives: Atomic Heat™ 10-in-1 Heating Oil Treatment controls waxing and gelling, melts ice, disperses water, cleans filters, nozzles, strainers, inhibits rust and

corrosion, dissolves sludge, assures fuel flow. SOS "PEP" improves combustion by means of a catalytic effect on the oil fire. "PEP" dissolves and removes gum and sludge. WATEROUT eliminates water, sludge and gum in tanks. It picks up water lying below the oil in the tank and holds it in colloidal suspension so that it burns with the oil. With a slightly alkaline nature, it neutralizes acids to reduce corrosion dissolves existing sludge and dissolves the components that form sludge.

Technol Fuel Conditioners, Inc.

12 Christopher Way
Eatontown, NJ 07724
Contact: Janis Grundmann
Phone: 800-645-4033
Fax: 732-543-0109
E-mail: salesdept@technol.com
Web: www.technol.com

Heating Oil Additives: Technol STR-2+ Fuel Oil Conditioner reduces cloud and pour points, cleans the system, enhances combustion, prevents gelling and formation of ice and sludge and emulsifies water so that it burns with the fuel.

Multi-Fuel Additives: Technol 050 Cold Flow Improver prevents gelling and ice in a ratio of 1:2,000 or melts gelled fuel and ice in a ratio of 1:200. Technol 246 Super Sludge Dispersant, designed for sludge-contaminated tanks, cleans the fuel system from tank to combustion chamber and dissolves sludge. Technol 403 (winter) and 453 (summer) are seasonal conditioners that increase lubricity, clean the system and improve combustion. Technol 453 also lowers the Cold Filter Plug Point (CFPP) and pour points. Both can be used successfully in B20 biodiesel.

Biodiesel Additives: Technol B100 Cold Flow Improver is designed for use in SME 100 percent biodiesel to lower pour point by as much as 30°F, enabling biodiesel equipment to operate in freezing temperatures.

Utility Enterprises, Inc.

700 Main St.
Westbury, NY 11590
Contact: Anthony Campisi
Phone: 516-997-6300
Fax: 516-997-6345
E-mail: info@utilitychemicals.com
Web: www.utilitychemicals.com

Heating Oil Additives: Liquid Heat controls waxing and gelling, disperses water, cleans pump and filter, prevents corrosion, cleans and reduces smoke.

Multi-Fuel Additives: Petro-Cide is a fuel oil biocide. Sludge Kleen is a sludge solvent and fuel oil conditioner. Hy-Dro-Sol is a fuel tank water absorber. Free-Flo is a fuel de-icer.

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Lab technician Bujar Veliq tests fuel samples in the Bently Tribology laboratory in Peabody, Mass.



Bently Tribology Offers EPA-Certified Sulfur Testing

DIESEL FUEL MARKETERS WHO WANT TO PROTECT themselves against possible enforcement action from the U.S. Environmental Protection Agency (EPA) can gain some security by periodically testing their ultra low sulfur diesel (ULSD) for compliance.

Bently Tribology Services, of Minden, Nev., and Peabody, Mass., is certified by the EPA to test ULSD and certify that a batch of fuel complies with the EPA's sulfur limit of 15 parts per million (ppm).

The EPA states in its document *Questions and Answers on the Clean Diesel Fuel Rules* that there are no testing requirements downstream of the refiner and importer to verify sulfur content. "However, every party in the fuel distribution chain that has had custody of a fuel batch with a sulfur content found to be excess of the sulfur standard reported on the PTD could be held presumptively liable for the resulting violation if they lack sufficient affirmative defenses," the document states. (This document and other resources can be found on the EPA's compliance help page at www.epa.gov/cleandiesel/comphelp.htm.)

Bently's Joe Medici explained that regular testing can serve as a defense by demonstrating that the marketer is making a good faith effort to comply. EPA fines for non-compliance can run as high as \$32,500 per day.

Medici said the company has seen an up-tick in requests for compliance testing after he and Bently General Manager Dan Walsh

addressed fuel marketers at the New England Fuel Institute's (NEFI) North American Heating and Energy Expo last summer.

Marketers can get their fuel tested at a cost of \$75 per sample, with results available in as little as 24 hours. Samples must be delivered by hand or sent in a Department of Transportation-approved hazmat container. Bently is an associate member of NEFI and offers discounts to NEFI members.

Forensic fuel testing can also help marketers when a customer challenges them regarding the quality of the fuel they sell.

FROM LUBRICANTS TO FUEL

ULSD testing is a fairly recent venture for Bently, which got its start as a lubricant-testing lab. Founded in the 1980s as National Tribology Services, the company was purchased in 2001 by engineer Don Bently, who was a pioneer in the field of machinery health monitoring. Bently had already developed technology for testing machine vibrations, and by purchasing National Tribology he acquired the expertise to test lubricants for soundness. His clientele included power plants and other companies with no tolerance for machine downtime. By testing both machine vibration and lubricant soundness, Bently could help his clients maintain the machines more effectively.

Don Bently also took a strong interest in biodiesel. Starting in 2003, he grew his own feedstock crops in Nevada and collected waste

oil locally to manufacture biodiesel to fuel local ranchers' trucks.

The expertise in testing lubricants and biodiesel easily transferred to testing for the fuel industry, and Bently does a lot of testing for biodiesel producers to determine compliance with the ASTM D 6751 specification.



Bently Tribology Account Manager Joe Medici opens a biodiesel sample.

In Peabody, Mass., Bently operates a lab with a wide array of sophisticated equipment, such as gas chromatographs. Test information is relayed to computers where analysts crunch the numbers to generate results.

For information, visit www.bentlytribology.com or contact Medici at 978-535-9990 or email joe.medici@bentlytribology.com

IRS PANEL WEIGHS OPTIONS FOR BIODIESEL TRACKING

A working group set up by the Internal Revenue Service (IRS) is studying methods for tracking biofuel sales for tax purposes and is reportedly leaning in favor of a method supported by the Petroleum Marketers Association of America (PMAA).

PMAA reports that there is no practical way for the IRS to make certain that the federal excise tax (FET) on blended biodiesel volumes is remitted. Congress mandated the IRS to act in order to help shore up the faltering Highway Trust Fund, which derives its revenue from the FET and is close to insolvency.

The working group developed two competing methods for tax remittance: "designate and track" and "tax or dye." PMAA opposes the first and supports the second.

"Designate and track" is based on the EPA RINS program designed to track ethanol volumes blended into gasoline. Under this method, each gallon of biofuel would be assigned a unique 38-digit tracking number that follows the product until blended into a taxable fuel. Blenders would be required to track and report the assigned numbers for biodiesel volume to the IRS on a monthly basis. Blenders would also assume liability for late and incorrect reports with a mandatory \$10,000 penalty for each occurrence.

PMAA vigorously opposed this method because it would be complicated and costly while creating an unacceptable risk of liability for late or incorrect reports.

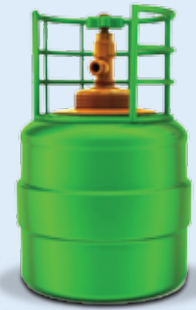
"Tax or dye" would create a program for biofuel similar to the one that exists for diesel fuel. B99 would be taxed or dyed just like diesel fuel, and biodiesel producers and terminals would tax or dye B99 and file all IRS reports and claims. Petroleum marketers could purchase dyed or clear B99 for blending below the rack or simply purchase pre-blended biofuel mixtures at the rack. There would be no reporting or claim requirements under this method because the biofuel has already been taxed or dyed.

PMAA predicts the use of "tax or dye" would move most blending, including Bioheat®, to the terminal rack, although below-the-rack blending would still be allowed. Below-the-rack blenders would also maintain their current ability to add red dye to blends up to B20 to prevent dilution of dye concentrations when clear biodiesel is added to dyed diesel fuel.

Petroleum marketers could apply for the credit or refund of clear B99 blended into dyed diesel fuel only if the resulting blend was sold to a state or local government. In all other sales where clear B99 is blended into dyed diesel, the ultimate purchaser would be entitled to a credit or refund on the portion of the blend that was taxed. ☐

ENERGY TRANSFER PARTNERS ACQUIRES NINE PROPANE RETAILERS

Energy Transfer Partners recently announced that its Heritage/Titan Propane Division has acquired nine retail propane businesses with combined sales of 22 million gallons to over 32,000 customers. The businesses are located in North Carolina, Ohio, Michigan, Missouri, Illinois, Texas, Arkansas and Arizona. Several of these newly acquired businesses will be blended into existing Heritage/Titan districts in the same marketing areas.



COMPANIES PARTNER ON CENTRAL PROPANE SYSTEM

HBH Gas Systems and JARSCO Gas Utilities recently formed a strategic partnership to develop, manage and maintain what they call Central Propane Gas Systems. Central Gas Systems serve entire off-grid communities and resort developments with gas from a single, centralized propane tank. They allow developers working off of the natural gas grid to market gas to homeowners without individual tanks.

NPGA LAUNCHES BUILDER INITIATIVE

The National Propane Gas Association (NPGA) is offering builders complimentary passes to attend the Southeastern Convention and International Propane Expo in Atlanta March 30-31, 2008. The program is an initiative to increase builder attendance at the tradeshow and educate the building industry on using propane.

Marketers are encouraged to invite their local builders to attend the Expo and to create successful partnerships between the propane and builder industries. The builder Expo pass is available for download at www.npgaexpo.com or by contacting NPGA's Meetings Department at 202-466-7200 ext. 234.

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REG ASSISTS BIOFUELS TRAINING CONSORTIUM

Biodiesel producer and marketer Renewable Energy Group, Inc. (REG), of Ames, Iowa, is providing support for the recently launched Iowa Biofuels Training International (IBTI) consortium. REG helped develop the curriculum for IBTI, which will prepare potential employees, community leaders and first responders to work in and around biodiesel and ethanol production facilities. The U.S. Department of Labor is providing financial support for the consortium.

IBTI pairs educational institutions and biofuels producers to train individuals for full-time ethanol and biodiesel laboratory, maintenance and operations positions. Participating schools are Kirkwood Community College of Cedar Rapids, Iowa, and Indian Hills Community College of Ottumwa/Centerville, Iowa. For more information on IBTI, visit www.biofuelstraining.org.

PROTECH UNVEILS UPDATED WEB SITE

ProTech Systems, Inc., a manufacturer of venting products based in Albany, N.Y., recently overhauled its Web site. The new



site offers improved navigation and a contemporary look and feel while maintaining the company's domain name of www.protechinfo.com.

BLACKMER DONATES HAND PUMP TO FIRE MUSEUM

Blackmer, of Grand Rapids, Mich., recently donated a specially designed sliding vane hand pump, along with hose, nozzle and



all necessary adapters, to the Fire Museum of Maryland in Lutherville, Md. The pump is being used in the Fire Museum's "Charge The Line!" program, which offers fire-safety and fire-prevention learning opportunities for groups of elementary-school children. Every year, the Fire Museum hosts school trips for approximately 5,000 children from inner city Baltimore and surrounding counties.

INTELLIDYNE HELPS LEVITTOWN GO GREEN

Intellidyne, LLC, of Glen Cove, N.Y., is helping Levittown, known as the nation's first suburb, go green in celebration of its 60th birthday. Working with Nassau County executive Thomas Suozzi and a local energy company, Intellidyne is contributing to a greener Levittown by offering its microprocessor-based IntelliCon®-HW+ Hot Water Heating System Fuel Economizer to 50 Levittown households at no cost.

The Intellidyne IntelliCon-HW+ is a microprocessor-controlled, hot water (hydronic) heating systems fuel economizer. It reduces energy consumption by adjusting the burner run pattern to match the system's heat load. IntelliCon-HW+ determines the heat load by dynamically monitoring the boiler out-flow water temperature and the rate at which this temperature is changing. For more information on Intellidyne, visit www.intellidyne.com.

PEI OFFERS NEW UST INSPECTION DOCUMENT

Print copies of the Petroleum Equipment Institute's (PEI) Recommended Practices for the Inspection and Maintenance of Underground Storage Tank Systems are now available for purchase. This latest Recommended Practices document was produced by PEI's Underground Storage Tank (UST) System Inspection and Maintenance Committee and is intended to provide a basic reference that consolidates information concerning the proper inspection and maintenance of UST equipment.

The recommended practices apply to USTs and associated equipment intended to store and dispense gasoline, diesel and related petroleum products at vehicle-fueling facilities. The equipment covered includes all below-grade, liquid- and vapor-handling components accessible from grade over or near the top of the storage tank.

Printed copies of this 34-page document can be purchased on PEI's Web site at www.pei.org/rp900 or by contacting PEI by phone at 918-494-9696. Single copies can be purchased for \$40 by PEI members and \$95 by non-members.

TACO OFFERS ADVANCED TRAINING

Taco, Inc., a Cranston, R.I.-based manufacturer of hydronic equipment, recently announced a series of advanced training courses for professional hydronics installers and designers.

Three different courses will be available in three separate "trimesters" beginning in March and extending through the end of July. All training will be conducted at Taco headquarters in Cranston, R.I. Complete information on the courses, cost and schedule is available online at www.taco-hvac.com/flopro.

Taco Factory Training is available to any contractor who is registered as a member of the FloPro Team, which is Taco's technical and professional development program.

- The "Compleat" Boiler Room (CBR), covering the latest in controls and products to design and install top-quality boiler rooms, including topics such as sizing and application of circulators and zone valves, zoning strategies and hydronic electronics.

- Strictly Radiant (SR), which includes both the concepts and theories behind radiant heating and the latest technology.

- Hydronic Heat Loss & Design (HHD), which covers how to conduct an accurate residential heat loss analysis using the traditional tools of pencil, paper and calculator, and with Taco's FloPro Design Software.



EPA ANNOUNCES RENEWABLE STANDARD FOR GASOLINE

The Environmental Protection Agency recently announced that the nation's gasoline supply must include 7.76 percent renewable fuel content in 2008, according to the Petroleum Marketers of America.

EPA said it is increasing the renewable fuel standard to comply with the new minimum of nine billion gallons of renewable fuel that the United States must use in 2008 under the Energy Independence and Security Act signed into law in December 2007. The law increases the overall volume of renewable fuels that must be blended each year, reaching 36 billion gallons in 2022.

While the Energy Independence and Security Act requires a "substantial change" in the 2008 standard, the EPA believes that the required renewable production capacity will come on line this year. In addition, EPA said that at current oil prices, it expects the volume of renewable fuel required by the new law for 2008 to be used economically.

SIMPSON DURA-VENT WILL CONSOLIDATE FACILITIES

Simpson Dura-Vent Co., Inc., a manufacturer of chimney and venting products, recently announced the scheduled closure of the company's Vicksburg, Miss. manufacturing facility and the consolidation of manufacturing operations into its existing Vacaville, Calif. facilities.

With the recent addition of 38,000 square feet to its Vacaville facilities, Simpson Dura-Vent will meet all of its manufacturing needs from one location. Future plans include establishing regional distribution warehouses in markets across North America. The closure of the Vicksburg operations will occur over a 24-month period.

Stephen Eberhard, president and CEO, said the consolidation will make the company more competitive by reducing costs and improving efficiencies. For more information about Simpson Dura-Vent and its products, visit www.duravent.com.

MONITOR PRODUCTS, INC., INTRODUCES NEW LOOK, NEW LOGO

Monitor Products, Inc., a Monmouth Junction, N.J.-based marketer of air and water heaters, is introducing a new logo and a new look for its products. The new symbol, a multicolored trio of intertwined flames, will appear on the company's product line, next to



DEPARTMENT OF COMMERCE TOUTS CELLULOSIC ETHANOL

The Department of Commerce has found that the U.S. economy would greatly benefit from the commercialization of cellulosic ethanol, according to a report issued by the department's Bureau of Manufacturing and Services entitled *Energy in 2020: Assessing the Economic Effects of Commercialization of Cellulosic Ethanol*.

According to the report, cellulosic ethanol production of 19.5 billion gallons annually would reduce U.S. crude oil imports by 4.1 percent by 2020. The reduction amounts to about 460,000 less barrels of crude per day. In addition, the report concludes that the worldwide price of oil would decrease by 1.2 percent from current projections while domestic fuel price would drop 2 percent lower than projected in 2020.

Additionally, the agricultural industries and their suppliers would see between a 2.4 percent and 4.3 percent increase in output over baseline projections, and 20,350 new jobs would be added to the agriculture sector. The DOE is currently researching methods to make cellulosic ethanol commercially viable.

the name Monitor. Look for the new logo to replace the current "MPI" markings on all Monitor products starting in 2008 and on the company's Web site, www.monitorproducts.com. Founded in 1984, Monitor distributes the FCX, which is one of the only condensing oil-fired boilers available in the U.S.

JOHN NARDOZZI ESTABLISHES BUSINESS VALUATION PRACTICE

(EDITOR'S NOTE: John Nardozzi recently left the accounting firm of Gray, Gray & Gray to form his own business, Nardozzi Consulting LLC. Oil & Energy ran a story in February that stated the news incorrectly. The following is an announcement from Gray, Gray & Gray.)

Former Gray, Gray & Gray partner John Nardozzi, has established his own independent valuation and consulting firm, Nardozzi Consulting, LLC. As an accredited Certified Valuation Analyst, John will provide clients with independent business valuations and fair market value calculations for audits, financing, tax transactions (gifts and estates), mergers and acquisitions and other purposes. He also will provide consulting services to clients in the energy and petroleum industry.

"While John will no longer be a Gray, Gray & Gray partner, he will continue to be our friend and a trusted independent professional. We wish him the very best in his new endeavor," said Joe Ciccarello, managing partner of Gray, Gray & Gray. "We may from time to time engage John's independent firm to assist us on a consulting basis in meeting Gray, Gray & Gray client needs."

For additional information, contact Gray, Gray & Gray at (781) 407-0300.

TACO INTRODUCES NEW LOW WATER CUTOFF CONTROL

Taco, Inc., of Cranston, R.I., recently introduced its new LTR Series Low Water Cutoff (LWCO) control for use with residential hot water boilers. The LTR Series incorporates advanced signal processing technology from Taco's commercial boiler Low Water Cutoff and places it in a one-piece sealed design that also includes a test button, a plug n' play wiring harness and instant feedback maintenance LED lights.



The control's test button quickly verifies that the control was installed and wired correctly. The LTR has two LED lights—a green-to-red one to indicate when the water level in the boiler is low and the second amber colored light to indicate when the unit's probe needs cleaning.

The probe has an extended probe impedance sensitivity up to 40K Ohms, which the company says is especially useful in new installations where oil or flux deposits come to cover the probe during system commissioning, reducing the amount of signal that the control can detect.

For more information on Taco's LWCO products, visit www.taco-hvac.com.

INTELLIDYNE INTRODUCES FUEL ECONOMIZER FOR FORCED-AIR SYSTEMS

Intellidyne, of Glen Cove, N.Y., recently introduced the IntelliCon®-FA, a microprocessor-controlled fuel economizer for forced air heating systems. The company says that its proprietary technology saves energy and improves efficiency by modifying the normal burner run patterns and dynamically adjusting the length and number of cycles. The IntelliCon-FA has been shown to reduce fuel consumption by an average of 11 percent, while also decreasing pollutant emissions, according to the company.



The control has an illuminated LCD display that displays a readout of the percentage of fuel being saved and the hours of "economizing time." The display also offers information on operating modes, system diagnostics and discharge and return air temperatures.

Intellidyne's patented IntelliCon Technology uses real-time 'load-demand' analysis and control. According to the manufacturer the control continuously determines the optimum firing pattern while the unit is in operation, modifying the burner cycle to offer reductions of energy consumption, equipment maintenance requirements, and pollution, all without sacrificing comfort level. ☐



If You're Not Testing, You Are Guessing

By Bruce Marshall, Emerson-Swan

AS MECHANICS, WE NEED A VARIETY OF TOOLS in our arsenal. Good tools make the job go much easier, and using the right tool for the job is key to success.

To do our jobs effectively, we need an array of equipment to test electricity, vacuum, pressure, draft and combustion. We also must understand the meaning of the reading the instruments are giving us.

Today's electronic combustion analyzers have the ability to give you "real time" combustion measurements so you can see the equipment react to your adjustments almost immediately. They have the ability to read CO₂, O₂, CO, stack temperature, ambient temperature and draft, all in one instrument.

A large segment of our daily routine as service techs involves troubleshooting and diagnosing problems. Occasionally the

problem is obvious and can be resolved quickly and easily. But more often than not, the problem is hidden from view.

Too many technicians will opt for the easy route and take a guess. Every now and then, they actually guess right, which only serves to empower them to do it again. When they guess wrong and the call comes in again, they take another guess and change another part.

MONKEYS OR MEN?

A long time ago when I was in school learning our trade, one of my teachers told me something that I still remember today. He said, "You can train a chimpanzee to change parts; are you monkeys or men?" I never forgot that and always tried to use diagnostic tools and logic when troubleshooting.

Today's heating equipment is more sophisticated than ever, with computerized controls and multiple safety devices. To be a successful heating technician today you

need to understand electricity, plumbing, hydronics, and building design.

A good digital multi-meter is necessary to diagnose a multitude of electrical problems that can occur in a heating system. Just knowing



A Wohler combustion analyzer with printer.

that the power is on is not enough. Solid state electronic equipment is sensitive to voltage drops and there are operating minimums

beyond which the device will not operate. How do you tell a motor is drawing too much amperage without using a meter?

If an outside sensor is sending back the wrong resistance signals, the control will not function properly. By performing a simple ohms check of the sensor and consulting a chart that shows the temperatures at different resistance values, a tech can quickly determine whether the sensor is at fault.

PRESSURE AND VACUUM

With oil burners, the two most important gauges in your toolbox are the pressure and vacuum gauges. The vacuum gauge is a great diagnostic tool and can reveal unseen problems in the fuel system.

A system where the entire oil supply is above the pump should not show any vacuum at all since the pump is not doing any work.



A pressure gauge can identify fuel line problems.

A vacuum reading in a gravity-fed system is an indication of a restriction such as a plugged oil line or filter. A vacuum reading on an overhead oil line indicates an air blockage.

Technicians frequently misdiagnose this condition as the pump having “lost its prime.” The minimum oil pressure required for atomization is 100 PSI, but much of today’s equipment requires higher pressure, and the only way to know is by using the pressure gauge.

INFORMATION NEEDED

Gas equipment today requires more analysis than before and it is imperative that you use a combustion analyzer to set up the burner. Once upon a time, you could look at the fire and know that if it was blue you were all set, but those days are over.

Modulating/condensing boilers must be set up with instruments to ensure that they are operating to the manufacturer’s specifications. These boilers are also very

sensitive to incoming gas pressure and have very defined minimum and maximum limits.

I had a phone conversation the other day with a technician who was having intermittent lockout problem with a mod/con. The first question I asked him was what the incoming pressure was. He didn’t know because he hadn’t checked, and was ready to start changing parts.

After a few more questions, he revealed that the house was on a dead-end street on top of a hill and it was a cold day. Gee, do you think it could be a pressure problem? Without a manometer, there is no way to know what pressure is in that pipe.

A few weeks ago I had another phone conversation with a tech who had a similar problem with a propane-fired unit. I asked him the same question; what was the pressure? And again got the same answer. He didn’t know, and he wanted another boiler!

This particular unit had a maximum inlet pressure of 14” WC. When we tested, we discovered that the regulator had malfunctioned and the pressure was over 16.5”. Once again, a simple pressure test would have revealed the problem in minutes.

ANALYZING COMBUSTION

Combustion testing has always been a necessity, but some techs still think they can “eyeball” the fire. This is a myth! No one could ever tune an oil burner by eye despite what the old timers will tell you. When I was in the field, electronic combustion analyzers were just coming into their own but were bulky and cumbersome. We mostly used wet kits back then, and they did an adequate job.

Modern high efficiency oil- and gas-fired equipment is smaller and contains much less water. It is possible to have the temperature in the boiler go up to limit before you can finish testing with a wet kit.

Today’s electronic combustion analyzers have the ability to give you “real time” combustion measurements so you can see the equipment react to your adjustments almost immediately. They have the ability to read CO₂, O₂, CO, stack temperature, ambient temperature and draft, all in one instrument.

One excellent feature of most combustion analyzers is the ability to have a printout of the readings. In today’s litigious society, you have to do all you can to protect yourself from liability. I think the technical term for it is CYA. If you leave a printed record of the test

results and keep a copy in your files, you have proof that on the day you were there, the equipment was functioning normally.

MEASURE THE CO

The dangers of carbon monoxide cannot be stressed enough. Every year, over 200 people in the United States die from carbon monoxide produced by fuel-burning equipment and several thousand go to hospital emergency rooms for carbon monoxide poisoning.

More frightening is the fact that as many as 20 HVAC techs die every year due to carbon monoxide exposure. The only way to know what you are walking into is by taking a CO ambient reading in the boiler room.

With the emerging technology today, many new problems will arise and we will need new skills to solve these problems. Having the right tools and knowing how to use them will make you into the professional our industry needs so stop guessing and start testing! ☞

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Don't Be Fooled By Fast Buying Gambles

By John Nardozi, CPA, CVA, Nardozi Consulting

DESPITE THE PANIC AND ANXIETY IN THE Oilheat marketplace, this is not the first season that things have gone terribly wrong. How will you make sure you are still standing when the snow finally melts and the season is over? Like a wily poker player, you must become a master at managing risk to avoid losing your shirt.

Risk is a part of our business. With risk comes the possibility that things could go wrong. Market timing, market strategies, collars, puts, calls—even the best minds in the business can't play the game without risk.

"Let's make the lesson simple this time: 'Buy when you sell and sell when you buy.' If you sell gallons or commit to a program, you must buy the product or the hedging instruments to protect the margin your business requires to operate."

But it is important to know which risks you should take and which you should leave alone. And that means having the insight to "know what you don't know."

KNOW YOUR LIMITATIONS

Are you an option specialist? A Wall Street arbitrageur? Or are you a refiner, producer or wholesaler? These are all specialists in their own worlds.

Too many Oilheat and propane retailers believe they are also experts in these areas. They spend hours and hours trying to time supply purchases and play the market to squeeze out

a few cents more profit. (Often at the expense of other aspects of their business, like customer service and new business development.)

Yet history has shown the retailer that he cannot win this game. Every year more dealers learn this painful lesson.

This season, as in past seasons, many dealers played the game by offering prebuy programs, or sold customers on fixed price plans and cap plans—but did not lock in the supply. The flawed logic behind this strategy changes with time.

- Initially the dealer thinks, "Customers demand or expect the programs and the competition is already out there with their plans. So I have to play along."
- Soon the rationale becomes, "I'll wait to lock in later in the summer when the prices will drop. They always drop."
- Then comes, "I bought protection a couple of years ago, and it was a waste of money."
- And finally, "I need the customer prepay money to clean up last season's mess. I can make it up later."

Obviously mistakes were made and continue to be made. Some dealers today are delivering product at 15 to 38 cents per gallon below cost. They cannot stay in business at that rate.

STAYING OUT OF TROUBLE

It gets worse. Many of these companies are finding themselves under investigation and in the news. Some have been convicted under consumer fraud laws. Most have had to close

the doors and tell their customers to find fuel somewhere else.

Keep yourself out of trouble—both legal and financial—by taking a few simple steps.

- Lock in supply, add the margin you require, add the cost of hedging and then offer customers a program. When those gallons run out and you see more demand, do the same thing for the next offering.
- Calculate your needed margin. Talk to your suppliers and hire a hedge specialist to help you plan your buys to support your margin. Then make a business decision, not an emotional one.
- Charge an up-front fee for fixed price programs and cap programs equal to the hedging cost for those gallons. Otherwise you are giving money away.
- Get a written contract with prebuy and price program customers that states the number of gallons, the cost per gallon and the fee for the program.

When you play Texas Hold-Em and you look around the table before the game starts, try to pick out the "sucker." If you look around and can't pick him or her out, guess what? You're it! Don't be a sucker. Your business is not a poker game.

Let's make the lesson simple this time: "Buy when you sell and sell when you buy." If you sell gallons or commit to a program, you must buy the product or the hedging instruments to protect the margin your business requires to operate. ☒



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The NEFI Technical Training Center offers both professional training for entry level heating technicians and continuing education for experienced Oilheat personnel. Courses are held at NEFI's training center in Watertown, Massachusetts, and at several schools throughout New England.



The entry level course is designed to prepare each student for employment as a qualified oil heating technician; the receipt of a certificate of competency can lead to a license appropriate to the state or regional authority where the student plans to work as a professional technician.

Continuing education programs are designed to accelerate understanding of new and existing energy concepts (and applications) and provide opportunity for career advancement within the service industry. These courses include:

- Residential Home Heating
- Electrical Management Control Systems
- Residential Whole House Air Conditioning
- NEW! Masters Course for advanced training on controls, venting, and whole house comfort systems
- Gas Heat Training for the Oilheat technician

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success of Bioheat® in the U.S., at B5 through to B20 blends.

Bennett said that biodiesel imports from the U.S., subsidized by the U.S. blender's credit, could become the target of EU restrictions because industry leaders in Europe see the imports as "jeopardizing the nascent home-grown EU biodiesel market." The European Commission decided late last year to file an anti-dumping and anti-subsidy complaint against the U.S. to block the shipments.

SUSTAINABILITY IS TARGETED

The move to biofuels is designed to improve the continent's security of supply and reduce greenhouse gas emissions, but regulators also want to encourage sustainability. "The EU wishes to encourage the responsible, energy-efficient cultivation of biofuel source crops within the EU's borders. It should also be noted that the same high sustainability criteria standards will apply to non-EU countries wishing to import biofuels, or vegetable oil product, into the EU," he said.

The recent oil price spikes that have made it harder for U.S. Oilheat dealers to compete against natural gas in recent years have also hit Europe, but Bennett said that pricing is complex in Europe and not as clearly unfavorable for the Oilheat industry. "A fair comment in Europe is that oil dealers are used to hard competition from the natural gas industry," he noted. "However, the relative prices per BTU or per kilowatt-hour depend very much on the national circumstances, both with regard to the tax regime applied to each fuel in each country, and also national charges regarding quarterly connection fees to the gas network."

"Some of these differences are due to the differing stages of truly open competition in the different EU member countries. Energy remains a policy and resources issue, nearly always to be decided at national, rather than EU level. In Europe, a rule of thumb is that gas prices follow oil prices after a short delay, generally between three to six months. In most EU countries, electricity prices generally also follow similar trends. Consequently, there have been complaints from customers of all energy sources over the past one to two years throughout Europe; i.e., it's not a problem solely restricted to heating oil."

Sulfur reduction in heating oil has already reached Europe in the form of 1,000ppm limit that took effect at the start of this year.

Oil heating equipment has also become the target of mandates in some countries. In the United Kingdom, condensing appliances have been mandated since the spring of 2007. "Elsewhere in the EU, both customers and ecodesign policies are moving the market towards condensing boilers, or at the very least, very high heating system optimization," Bennett said. ☐



Proposed EU Directive Could Spur Bioheat® Adoption

THE USE OF BIOFUEL BLENDS FOR HOME HEATING COULD TAKE OFF IN EUROPE IF THE EUROPEAN UNION ADOPTS A PROPOSED DIRECTIVE THAT WOULD REQUIRE THE INTEGRATION OF 20 PERCENT RENEWABLE ENERGY IN EVERY MAJOR ENERGY USE SECTOR OVER THE NEXT 12 YEARS.

Meanwhile, the European Union is planning to bring legal action against the U.S. government to curtail shipments of government-subsidized biodiesel.

A recent story in the *Wall Street Journal* suggested that European aspirations to integrate biodiesel into the distillate supply have faded due to increasing product costs, disappearing tax breaks, less-costly imports and waning public support.

Oil & Energy recently reached out to Michael Bennett, executive director of the European Oilheat association Eurofuel, for his take.



Eurofuel's Michael Bennett says the EU might target subsidized imports from the U.S.

Bennett acknowledged some problems in the biodiesel market but said that adoption of the proposed EU directive would likely bring more biodiesel into the Oilheat supply. "It is true that some of the tax breaks given to biodiesel producers, and to the product itself, in the EU have become less generous in recent years," he said.

NO CONCRETE MANDATES

The proposed directive would require member countries to incorporate 20 percent renewable energy sources overall in heating/cooling, transport and electricity generation. "There is no concrete mandate to require European member states to use biodiesel in conjunction with heating oil, but Eurofuel's member organizations are actively promoting the opportunities afforded in the domestic heating sector by voluntarily offering lower percentage biofuels (e.g., B5 and B10), together with solar thermal systems for both hot water and to assist room heating," he explained.

In the meantime, Bennett said, "It is fair to say that Europe is in more of an R&D and customer trials phase than widespread actual take-up of the product. Eurofuel's national member organizations are undertaking customer trials with a variety of biodiesel/heating oil blends (biodiesel-kerosene blends in the UK and the Republic of Ireland), mostly in conjunction with the Association of the European Heating Industry (EHI), but in some cases separately.

"So far, the only EU country to explicitly put on sale a biodiesel/heating oil blended product is Germany, where one oil company has offered B5 heating oil in a limited geographical area since August 2007."

Awareness and interest in Bioheat is growing fast, and consumers want to know how feasible a solution it is, with present technology, according to Bennett. In promoting biofuels, Eurofuel's members have cited the

Welcome

Griffith Energy Services welcomes the following companies, employees and customers who have recently joined our family:

Formaggioni Oil Company	Torrington, CT	January 2007
Holcomb Fuel Company	Newtown, CT	February 2007
White Fuel Co.	Providence, RI	February 2007
Mercurio & Herring	Fairfield, CT	May 2007
Monster Fuel Group	Conshohocken, PA	September 2007
Excel Fuel	Jenkintown, PA	
Trevoise Oil	Langhorne, PA	
Keystone Fuel	Newtown Square, PA	
ProTech Services	Andover, CT	September 2007
John R. Bileau Co.	Woonsocket, RI	September 2007
Cliggott's Oil	Monroe, CT	September 2007
Clipper Petroleum	Baltimore, MD	October 2007
ACF Fuel	Roxbury, CT	November 2007
Seaboard Oil	New Haven, CT	December 2007
Hollywood Oil	Huntingdon Valley, PA	December 2007
Kelley Energy	Philadelphia, PA	January 2008
Massey Fuel	Bridgeport, CT	January 2008

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CERA SEES \$7 TRILLION OPPORTUNITY IN CLIMATE CHANGE RESPONSE

Increasing public concerns about climate change are rapidly driving public policy and private investment to bring clean energy technologies from the fringes of the global energy industry to the center of activities, a recent analysis by Cambridge Energy Research Associates (CERA) has concluded. The result is an increase in worldwide clean energy investment that could surpass \$7 trillion by 2030, according to the CERA report *Crossing the Divide: The Future of Clean Energy*. "The rapidly advancing new paradigms of climate change, energy security, and policy implementation and cooperation among the United States, the European Union, China and others will produce a broad range of opportunities, risks and pitfalls as the modern energy industry increasingly moves to adopt clean technologies that will be part of the alternative, low-carbon pathway to the energy future," said Robert LaCount, head of CERA's Climate Change and Clean Energy Group. For more information, visit www.cera.com.

NEW EPA CALCULATOR HELPS CONSUMERS SEE GHG SAVINGS IN EVERYDAY TERMS

The U.S. Environmental Protection Agency (EPA) has developed a Greenhouse Gas Calculator to help consumers understand the magnitude of greenhouse gas (GHG) savings by using everyday terms. The calculator converts GHG-related savings estimates, typically presented in "million metric tons of carbon dioxide equivalents," into familiar terms such as driving a particular number of cars for a year or using a particular amount of gasoline. For example, if a typical household switched all its incandescent light bulbs to Energy Star-qualified compact fluorescent light bulbs, in five years it would save the equivalent of 530 gallons of gasoline. For more information, visit www.epa.gov/cleanenergy/energy-resources/calculator.html.

DUTCH GROUP DEVELOPS CAR-FUELING ROBOT

A group of Dutch inventors recently unveiled a robot designed to fill automobile gas tanks at filling stations. Known as "Tankpitstop," the machine begins the fueling process by identifying the car make and model as it pulls up and calibrating the fueling process based on a database of vehicle fuel types and fuel caps. A robotic arm fitted with multiple sensors then extends from a regular gas pump, opens the tank flap, unscrews the cap, picks up the fuel nozzle and directs it towards the tank opening. The creators hope to introduce the robot in a handful of Dutch stations by the end of the year.

DOE FUNDS RESEARCH INTO WOOD WASTE FUEL PROJECT

The U.S. Department of Energy is funding a \$3.2-million research project to study the conversion of biomass products like wood waste and sawdust into liquid fuels. The project is run by the newly formed Research Triangle Energy Consortium, which combines the efforts North Carolina State University, RTI International and the University of Utah. The group is looking to use gasification to convert wood components into syngas, a reactive mixture of carbon monoxide and hydrogen. Unlike the common methods used to ferment sugars into ethanol, gasification processes can use almost any biomass feedstock, circumventing the issues with decay of stored biomass.

2007 WAS ONE OF WARMEST YEARS ON RECORD

The year 2007 was either the second-warmest or fifth-warmest year on record, depending on which group of researchers you listen to. The Goddard Institute of Space Studies (GISS), a part of NASA, claims that 2007 ties with 1998 as the second-warmest year on record, but the National Climatic Data Center, a part of the National Oceanic and Atmospheric Administration (NOAA), puts 2007 in fifth place. Regardless of the rankings, the two agencies agree that the eight warmest years on record have all occurred since 1998, making the past decade a clear record-breaker.

DOE REPORT FINDS PLENTY OF POTENTIAL IN ALASKA'S NORTH SLOPE

The future for Alaska North Slope oil and gas resources ranges from very promising to limited depending on how it is developed, according to a comprehensive report issued recently by the U.S. Department of Energy's Office of Fossil Energy. An additional 36 billion barrels of oil and 137 trillion cubic feet of natural gas would be added over current reserve estimates if the following assumptions apply: a North Slope natural gas pipeline is operational by 2016; oil and gas prices remain near current values; federal and Alaskan fiscal policies support the huge investments required; reserves in known fields increase through discovery of new pools; and exploration is expanded.

DOE WILL INVEST \$114 MILLION IN SMALL-SCALE CELLULOSIC BIOREFINERIES

The U.S. Department of Energy (DOE) recently announced that it would invest \$114 million in four small-scale biorefinery projects over four years. They are expected to produce about 2.5 million gallons a year of ethanol, as compared to the 20 million to 30 million gallons that a full-sized facility can produce.

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- Hydronic Systems**
April 16, 2008
1 Day Seminar, 7:00 AM - 3:30 PM / \$195
- Riello Troubleshooters Workshop**
April 17, 2008
1 Day Seminar, 7:00 AM - 3:30 PM / \$205
- Applied Service Management**
April 23 & 24, 2008
2 Day Seminar, 7:00 AM - 3:30 PM / \$399
- Advanced Common Sense Troubleshooting**
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2 Day Seminar, 7:00 AM - 3:30 PM / \$399

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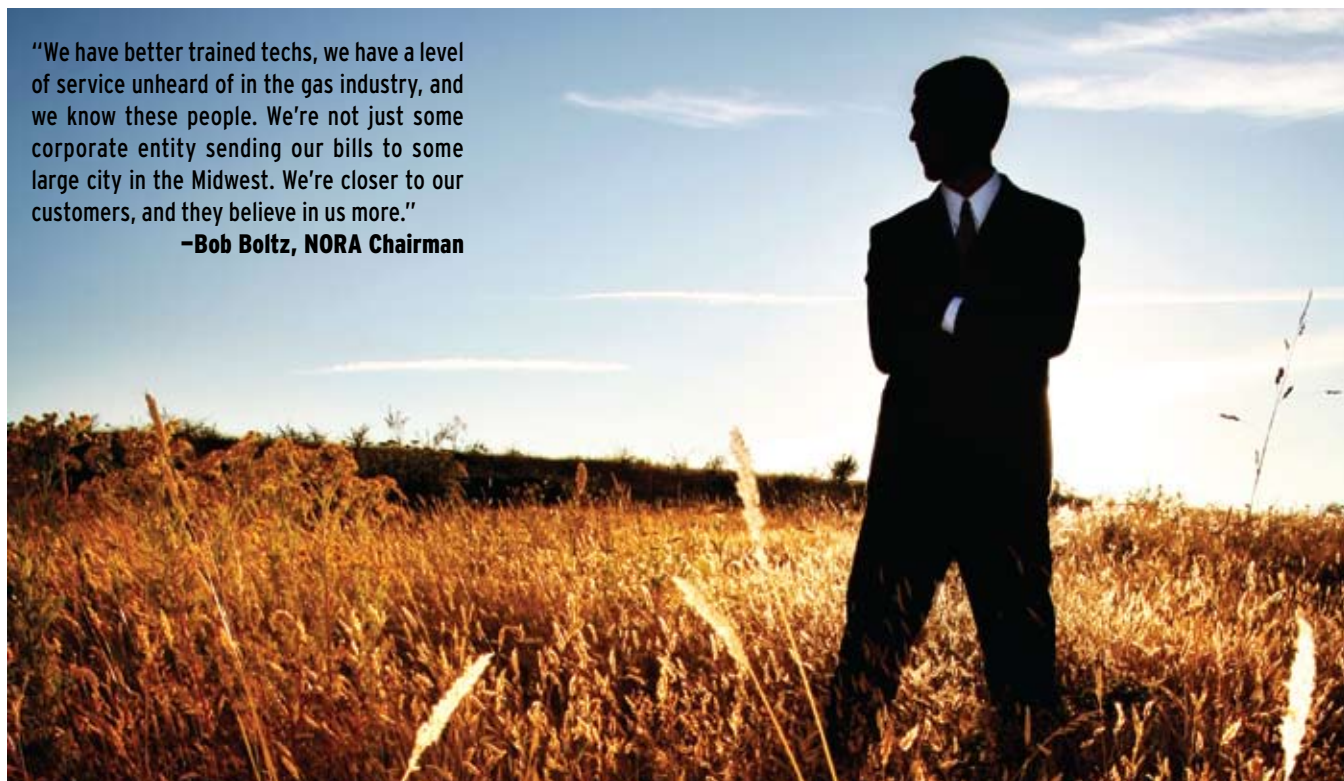


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-Bob Boltz, NORA Chairman



New NORA Chairman Wants Sunset Provision Gone

OILHEAT MARKETERS ARE STRUGGLING THROUGH A TOUGH HEATING SEASON MARKED BY high energy prices and slow receivables, and the challenges will continue in the months and years ahead.



Bob Boltz

The National Oilheat Research Alliance (NORA) is up for reauthorization in 2009, and NORA leaders face a fight trying to eliminate the "sunset provision" which requires the Alliance to win reauthorization every four years. Marketers will also continue to grapple with fallout from the U.S. Environmental Protection Agency's (EPA) sulfur reduction program for on-road and off-road diesel, and regulators are expected to begin enacting new sulfur-reduction mandates soon that will target heating oil.

Amid all these challenges, NORA is coming under new leadership, with James Townsend ending his two-year tenure as chairman and Bob Boltz stepping into the position. Boltz is president of Vincent R. Boltz

Inc., of Lebanon, Pa., and has held leadership positions in numerous industry associations, including the National Association of Oil Heating Service Managers (NAOHSM) and the Petroleum Marketers Association of America (PMAA). From 2001 to 2007, he chaired NORA's Education and Training Committee. He recently fielded questions from *Oil & Energy*.

getting more into lawn care and HVAC. As we see more conservation and better insulation, how does the dealer evolve? That will be the thrust of this training: where do we go from here, what is our future and how do we have to prepare for it?

What else can NORA do to ensure that technicians and installers have access to all the information they need?

We have to get more information out on what the different Web sites carry for manuals, installations and troubleshooting. When I started in the business, the supply houses were where the training was done, and they don't have that any more, and they don't have quite the knowledgeable staffs that they once had. I think we'll be seeing more and more of the manuals online, and we have to look at some ways to get more comfortable accessing the information.

You are stepping up to be chairman of NORA. What do you want the Alliance to achieve in the next two years?

I think the highest priority is getting reauthorized without the sunset provision. It's really hard to invest in the R&D without assurance of a revenue stream. After that, the priority is getting more into the R&D for better equipment and to improve the training. Our assets are our equipment and our people, and they're good. It's reinvesting back into that.

What are some of the challenges that NORA faces in getting the right training to the right people?

I think that location and time are the challenges. We're talking a lot now about online courses because of all the people in the hinterlands. How do you train people in Washington state when all the training is in the East? And the training season is only about six months, so it's training at the right time of year with the right programs. The second problem is that it's hard to have full-time trainers because of that short schedule.

Outside of nuts-and-bolts burner training, are there other topics that should be taught more?

With pricing as it is, the business management courses are going to have to be looked at a lot more this year. Smaller dealers have to look at this much more in terms of business management, such as cash flow and dealing with bankers. We're working with [the Massachusetts Institute of Technology] to start a management course. In the 1970s and 1980s we went from delivering 1,200 gallons to 800 gallons [per customer] and started

condensing technology. How important is that consideration?

It would help some, but we do have some condensing equipment that uses existing fuel, and there is R&D on more systems, but that would open the door a little more. I think the huge part of going to low-sulfur is the cleaning of equipment and reducing the NOx and SOx emissions. From an air pollution standpoint that only makes sense and makes it a more valuable fuel for us. I'm from the 1960s, and if we can do something for the environment and it really doesn't cost us to reduce the sulfur, we should be doing it, from a common sense point of view. We're either behind the curve or ahead, and I think we should be looking ahead of the curve. If we have a low-sulfur, low-polluting fuel, that's an advantage. And if we're at 15ppm we're cleaner than natural gas. They always say how clean they are, and we're going to be even cleaner. There is no downside to that.

Please give us your take on Bioheat® as a marketing tool.

I think Bioheat is an environmentally friendly thing, and if we can do it, why not? As long as we do what the industry recommends on equipment and stay at B5 or below, I believe we should be stepping in that direction. It would help if the whole heating oil pool was partially bio.

Are you selling it?

Right now, we're selling B2. I do not handle anything without B2.

(NOTE: To read an extended version of this interview, visit www.nefi.com/oilandenergy.)

Sales of heating oil decline almost every year and we are steadily losing market share. What sort of future do you foresee for the Oilheat industry?

Are we really losing market share? I'm not sure of that. Where we're really losing is the new construction market share, and that is why the new equipment has to be developed. If you look at the existing housing stock, we're losing the same as gas through conservation, insulation and new equipment. The cost differences [between oil and gas] have to level out over time, and we have something the gas industry doesn't have. We have better trained techs, we have a level of service unheard of in the gas industry, and we know these people. We're not just some corporate entity sending our bills to some large city in the Midwest. We're closer to our customers, and they believe in us more.

How essential is diversification to the typical Oilheat dealer?

For what it takes to get an oil driver on the road these days, you can't afford to lay them off and not get them back, so the idea is to have full employment all the time for all your people, and diversification is how you do it. We're evolving more into mechanical contractors, and the other thing is we realized we have to make a profit in service. For years they used to give that away.

We've already seen a number of oil companies renege on pre-buy agreements this winter. How bad is that for the industry?

It's a huge black eye. However, since many customers have been with their dealers for years, it may help customers understand the need to find a company that is dependable and trustworthy. Trust is always going to be our main thing. Most of these companies made a strategic error in a very tough time, and that is unfortunate. However, if there is fraud, then prosecution is appropriate. The problem is that sometimes the people that go to a lot of training aren't the ones who really need it. People should be talking to their accountants more before doing pre-buy. I think this whole pre-buy and caps thing has taken over the industry and caused a lot of problems for everybody. It's a very sophisticated market. I'm not sophisticated enough to do it, and I don't know how many are.

Is there anything NORA or any industry group can do to head off future company failures?

We can get the training out for management, but how do you get it down to the people who really need it? Our biggest advantage is that we're independent businessmen, and our biggest disadvantage is that we're independent

businessmen. We try to get the word out on sound business practices through the conferences and the state associations, but in NORA we can't even lead a horse to water, let alone make him drink.

Some states are requiring contracts and evidence of solvency for pre-buy contracts. Should the industry support those initiatives?

We're in the midst of this in Pennsylvania now, with some legislators looking at a law similar to Connecticut and Vermont. I guess it really comes down to what's in the law and how it pertains to us. If you dedicate a line of credit to covering a pre-buy program, that leaves no line of credit for oil, and most companies can't afford the bonding. If there was a way to help the customer and not put the dealer out of business, I think I'd be for it.

Some people say we can't transition to reduced sulfur heating oil fast enough, and others say it's better to delay the switch for as long as possible. What is your take?

I'd like to see one low-sulfur fuel, but when should it happen is the next question. In NORA we are undertaking a study about that exact question. I've handled low-sulfur fuels, and I know the advantages on the equipment side. I think there's a tremendous advantage, but the supply has to be there at a price point where everyone can afford it, and there can't be price blowouts. The whole world is going low-sulfur, and when there is enough to supply everyone, then we should go.

What are the major advantages of low-sulfur fuel for the heating oil industry?

The advantages I see is one storage unit instead of three for heating oil, on-road and off-road. We have a lot of dealers now running three trucks for three products, when we could go to one truck. The fuel could be more expensive, but it could also be cheaper to deliver. We have to look at how many trucks are duplicating the same route with different fuels. The advantages of having one fuel and not worrying about cross-contamination would be huge, and I think it would help everyone. I also believe that taking the sulfur out helps with emissions, which is someplace we have to go. It would also put us into a different product pool and help us solidify supply. As heating oil becomes less of a factor in the big picture, there will be dislocation of product. As we speak today, it's only three cents' difference between ULSD and heating oil. That could change, but that's what it is today.

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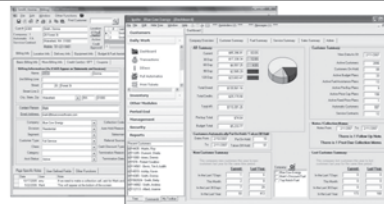
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NBB OFFERS ASSURANCE ON RINS FOR 2008 AND 2009

The National Biodiesel Board (NBB) recently announced that it welcomes the Environmental Protection Agency's (EPA) publication of the new 9 billion gallon Renewable Fuel Standard (RFS) for 2008. "In 2008, we anticipate the domestic biodiesel industry will produce more than 500 million gallons or at least 750 million worry-free renewable identification numbers (RINs), which can be used by the petroleum sector to meet its renewable fuel requirements in both 2008 and 2009," said NBB CEO Joe Jobe.

The petroleum sector is preparing for compliance with the updated RFS and must secure enough infrastructure to move renewable fuels in the marketplace. All RINs generated in 2008 will meet the minimum lifecycle analysis of 20 percent, which according to Congress, is required to carry a renewable fuel RIN into 2009.

"Biodiesel RINs offer 'safe' RINs for the petroleum industry," said Jobe. "First, biodiesel will exceed the 20 percent lifecycle greenhouse gas reduction requirements for the base renewable fuel mandate in 2009. In fact, according to a USDA/DOE life cycle study, soy-based biodiesel has a 78 percent carbon dioxide reduction. Second, biodiesel can be used in 2008, and the RINs can be safely carried forward to 2009, which means the RINs can be sold or purchased without fear of whether or not they will be valid." Furthermore, infrastructure is not currently an issue for biodiesel. The current 500 million gallons of domestic biodiesel production can easily be added to the infrastructure of the U.S. 60 billion-gallon diesel marketplace.

In 2007, the U.S. biodiesel industry produced nearly 500 million gallons of biodiesel, with a RIN value of approximately 750 million "ethanol-equivalent gallons." EPA bases RINs on an "ethanol-equivalency value," and according to a recent posting by the Oil Price Information Service (OPIS), the current "Biodiesel RIN Value" based on an ethanol-equivalent gallon was approximately \$2.32 per gallon, during the same week the New York spot price for ethanol was \$2.47 per gallon. ☐

March 2008

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12-13 North American Oil Burner Workshop with George Lanthier, NEFI, Watertown, MA. 617-924-1000 www.nefi.com/training

13 Penn. Petroleum Marketers & Convenience Store Assn. (PPMCSA) "Liberty USA/PPMCSA C-Store Trade Show," Pittsburgh ExpoMart, Monroeville, PA. 717-902-0210 • www.ppmcsa.org

25-27 NAOHSM/NORA "Train the Trainer" Seminar, Manchester, NH. 888-552-0900 • www.naohsm.org

April 2008

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7-11 Affordable Comfort, Inc.'s (ACI) Home Performance Conference, Pittsburgh, PA. 800-344-4866 or 724-627-5200 www.affordablecomfort.org

9-10 Propane Gas Assn. of New England Spring Meeting, Hilton Garden Inn, Portsmouth, NH. 603-544-2226 • www.pgane.org

10 NEFI Annual Meeting/Board of Directors Open Meeting and NEFI Executive Committee Meeting (Closed), Doubletree Hotel, Westborough, MA. 617-924-1000 • www.nefi.com

10 "Technical Training for Non-Technical People" with Bob Hedden, NEFI's Tech. Training Center, Watertown, MA. Phone: 617-924-1000 www.nefi.com/training

22-24 Atlantic Region Energy Expo (AREE), Atlantic City Convention Center, Atlantic City, NJ. 973-467-1400 • www.areetradeshow.com

22-24 M-PACT Midwest Petroleum and Convenience Tradeshow, Indiana Convention Center, Indianapolis, IN. 614-792-5212 • www.m-pact.org

23 NORA Board of Directors Meeting, AREE, Atlantic City, NJ. 703-340-1660 www.nora-oilheat.org

May 2008

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9-24 NEFI's Spring Energy Conference in Ireland, Northern Ireland and Scotland Phone: 617-924-1000

12 Independent CT Petroleum Assn. Golf Classic. 860-613-2041 www.icpa.org/events.htm

14-16 PMAA Washington Conference & Day on the Hill, Washington, DC. 703-351-8000 • www.pmaa.org

18-22 NAOHSM Convention & Tradeshow, CT Convention Center, Hartford, CT. 888-552-0900 • www.naohsm.org

27-29 Vermont Fuel Dealers Assn. Spring Conference, Basin Harbor Club, Vergennes, VT. 802-485-7999 • www.vermontfuel.com

June 2008

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2 Oil Heat Institute of Rhode Island's Annual Golf Tournament and Hall of Fame Dinner. 401-464-8000

22-25 Maine Oil Dealers Association 54th Annual Convention, Samoset Resort, Camden, ME. 207-729-5298 • www.meoil.com

22-25 Joint North Carolina Petroleum & Convenience Marketers/Virginia Petroleum & Convenience Grocery Assn. Summer Convention, Marriott Resort, Hilton Head Island, SC. NCPM: 919-782-4411 • www.ncpcm.org VPCGA: 804-282-7534

25-26 Propane Gas Assn. of New England Summer Meeting, Stoweflake Resort & Conference Center, Stowe, VT. 603-544-2226 • www.pgane.org

COMING NEXT MONTH: TRAINING & EDUCATION

NORA is expanding its focus on education. We explain what's new and look at training opportunities.





La Nina Closes In on a Perfect Game

By John Bagioni, Fax-Alert Weather Service

ANY LONG-RANGE FORECASTER WHO BASED his/her 2007-08 winter forecast on the La Nina not only reaching strong intensity but also becoming western-based (coldest sea-surface temperature anomalies located in the western portion of the equatorial Pacific, not the eastern sector) likely ended up with a near perfect call.

This has been one heck of a powerful La Nina. I do not ever recall observing such cold anomalies with such depth across the equatorial Pacific.

NO INTERFERENCE

The question has always been whether any other global features would come into play strongly enough to offset the La Nina warm signal for the eastern U.S. during the December through February period. Well, the strength of this La Nina was able to overpower any attempt to modify the classic moderate to strong La Nina analog.

During this year's meteorological winter (December, January, and February) the best cold delivery set up from the Northern Plains westward, and the East had long running above normal periods. Meanwhile, big storms hit the Midwest, snowfall was almost non-existent across the Mid-Atlantic, and New England saw above normal snowfall, even though many storms were transition events (snow to sleet to ice to rain).

All of these winter outcomes were right in the wheelhouse of the La Nina analog. Since this La Nina is not going away anytime soon we must ride the La Nina analog train a bit longer. The basic outline of the spring temperature analog flips the winter analog to some degree. For one thing, it calls for the overall coldest anomaly to develop from

the Great Lakes into the New England and Northern Middle Atlantic regions, especially from March into mid-April.

While it is possible that an excessively cold early spring period could evolve across the Northeast, I will stay conservative and call for a moderately colder than normal early spring in this part of the country with a cold anomaly range of -2 to -4 degrees.

MARCH MAYHEM

It should also be noted that some very nasty late season snowstorms have occurred during spring La Nina patterns. With this in mind, I will call for above normal March snow across the region, and venture a guess that the single biggest/most widespread heavy snowstorm this year may well be a March event.

Moderation and warming will take over from mid/late April on into May, and with it comes an enhanced threat of severe weather across the Northeast, especially during

mid- and late May. In fact, a major New England/New York severe weather outbreak (large hail, damaging winds and tornadoes) could be the weather headline before May is over.

Elsewhere in the country, I expect above normal temps to return to much of the western and southwestern U.S. and spread into the Southern Plains and across the Deep South.

Across the Midwest on into western portions of the Middle Atlantic I expect a variable and highly volatile spring weather pattern. We have already seen deadly storms ravage parts of this region (early February tornado outbreak), and unfortunately I do not think it is over. My guess is that sometime during March or April another vicious severe weather outbreak hits this region.

In summary, I think a colder than normal pattern develops across the Northeast this spring and a variety of nasty storm events will make the news. ☒

Degree Day Reporting Form

REPORTING DATE: 1-31-2008

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	5251	5459	4892	1146
Portland, ME	3766	4066	3459	1145
Concord, NH	3972	4283	3544	1188
Burlington, VT	3864	4327	3743	1263
Albany, NY	3503	3932	3317	1120
Worcester, MA	3498	3832	3214	1094
Boston, MA	2893	3080	2601	951
Hartford/Springfield	3180	3517	2907	1050
Providence, RI	2876	3213	2586	989
Chatham, MA	2659	3029	2466	952
Bridgeport, CT	2628	2992	2505	968

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.



Black-Scholes Formula Sheds Light on Hedging Costs

By Lora Claus, Hedge Solutions

EVERY YEAR BRINGS NEW CHALLENGES AND opportunities, and 2008 may see customers flocking to price protection in response to this season's \$3-plus retail heating oil prices.

Now is the time to plan what you want to offer and how to hedge it. After two dramatically different years—prices fell after programs were out in 2006-07 and rose in 2007-08—what will keep the customer happy?

DIFFERENT FORMULAS

The fixed price program was a loser in 06/07 and a winner in 07/08. Customers tend to remember the most recent winter season, so there may be strong interest in the pre-buy offering. For cap price customers, dealers can tell a success story across both seasons. In 06/07 when prices fell, cap customers received the lower price. In 07/08 when prices went sky-high, customers paid no higher than the cap.

A happy customer in both market scenarios is a pretty fantastic thing. As you market programs for 08/09, consider where you want your customers to land. One of the most critical issues dealers face when setting up their programs is how to get them hedged. And there's no denying that from a hedging standpoint, the cap price program is more challenging.

Hedging the fixed price program is straightforward. Most dealers contract with suppliers at fixed prices for the winter months, then take that cost plus a margin to set the program price.

But to hedge a cap program properly, marketers must deal in options. Options are expensive, but the costs can be predicted and

managed. If you studied finance in college, you might recall the Black-Scholes Formula. Published in 1973 by Fischer Black and Myron Scholes, the formula runs today on laptops all over the world to help buyers and sellers determine option prices.

Options are trading tools allowing us to cap our costs so that we can offer a capped price to the customer. Costs are commonly capped by 1) buying supplier contracts to fix the cost and buying put options to pay the dealer if prices move lower or 2) purchasing only call options that pay the dealer if prices are higher and expire worthless if prices move lower, allowing the dealer to pick up cheaper oil at the rack.

FIVE VARIABLES

The Black-Scholes formula uses five variables to calculate the price for both put options and call options. First, which month are you hedging? The more time between purchase and expiration, the higher the option price. This component is known as time value. If you're purchasing options for the 08/09 winter, all other things being equal, you will pay more for options in March than you will in June.

Second, where is the market trading now? If you're hedging December 2008, you need to look at the corresponding month on the NYMEX (January 2009) and use the latest price. When heating oil on the NYMEX is trading at \$2.50, options are more expensive than when prices are at \$2.

Third, at what price would you like the option to start paying you a return? This is called the strike price. For call options,

a lower strike price gives you a lower, capped cost of oil. The lower the strike price, the more expensive the call option becomes. For a dealer buying put options, it's typically ideal for the strike price to equal where the market was trading when the supplier contract was purchased. For put options, the higher the strike price, the more expensive it will be.

Fourth, how wildly is the market moving? As a 5-cent move in one day became a regular occurrence on the NYMEX, the measure of market volatility increased. The larger the swings in price, the higher the volatility, and the more expensive options (both puts and calls) will be.

Finally, where are interest rates? Higher rates equate to higher option prices.

SOME BASIC RULES

The complete formula is available on the Web and can be programmed into a spreadsheet. Short of that, merely understanding the variables can be helpful. Remember that the further in advance of the winter you buy, the more your options will cost. For put options, the higher the strike price, the higher the cost. For call options, the lower the strike price, the higher the cost. And finally, high prices and high volatility also drive costs up, and those factors seem entrenched for now.

For cap programs, collecting a fee from the customer to offset hedging costs is becoming more important. A good risk manager can develop a strategy based on your budget, program roll-out date and target margin. Ask that he or she prove that this coverage at these costs will allow you to hit your target margin in both an up market and a down market. ☐

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Connecticut ICPA PARTNERS WITH NON-PROFIT FUEL ASSISTANCE GROUP

The Independent Connecticut Petroleum Association (ICPA) recently announced a partnership with "Operation Fuel" to help raise funds to assist the needy with paying their energy bills. Operation Fuel is a non-profit, private organization that was founded in Connecticut in 1977 and operates with funds donated by utility consumers who "check-off" a contribution on their utility bills plus \$5 million received from the state.



ICPA has arranged for the printing of a remittance envelope for its members to use with their statement mailings, encouraging consumers to also make a contribution to Operation Fuel. The majority of the funds received by Operation Fuel go to helping consumers pay their heating oil bills, with a typical recipient receiving around \$400. More information about Operation Fuel can be found at www.operationfuel.org.

Massachusetts STATE WEIGHS ENERGY AUDIT REQUIREMENT

The Massachusetts Senate recently passed a major piece of energy legislation that includes a home energy-scoring requirement that the Massachusetts Oilheat Council (MOC) opposes. The bill requires that starting in January 2010, all homes must have an energy audit before they can be sold. Each home would be assigned an energy score that could help or hurt a potential sale, depending on the findings. MOC has lobbied the Senate and helped soften the energy audit requirements to include audit waivers for homeowners and a three-year time frame to complete the audit before selling a home. As lawmakers begin looking to compromise on House and Senate versions of the legislation, MOC will join forces with the Greater Boston Real Estate Board to oppose inclusion of the energy audit language. The House version of the bill calls for the energy audit concept to be sent to a study committee—a move that effectively kills the idea.

New Hampshire OIL HEAT COUNCIL NAMES NEW OFFICERS

The Oil Heat Council of New Hampshire recently named new officers as follows: Chairman, Bryant Robertson, Cheshire Oil Co., Keene; Vice Chairman, Peter Rouleau, Lewis Oil Co., Colebrook; Kim Weiland, Dead River Oil Co., Bristol.

Oregon OREGON GROUPS RECYCLE OIL FOR NEEDY RESIDENTS

"Oregon HEAT," a non-profit group that provides heating assistance, and Oil Re-Refining Co. have joined forces to gather heating oil and recycled oil for the benefit of needy residents. Homeowners decommissioning their oil tanks can donate their remaining home-heating oil to help people in their community with emergency energy needs. Also, businesses and industries that generate contaminated petroleum products, like dirty fuels and crankcase oil, can donate to Oregon HEAT by having these products recycled.

Donations go to assist local families facing a home-heating crisis, and all fuels donated are used to help households in the community from which the donation came. Energy assistance to eligible households is then distributed by Oregon HEAT's community action and social service agency partners around the state.

Pennsylvania STATE SENATOR WANTS PREBUY CONTRACTS

State Senator Stewart Greenleaf recently proposed that the state require marketers of heating oil, propane and kerosene to enter into formal contracts with customers regarding pre-pay programs. The requirement would be modeled after provisions in Connecticut, Vermont and New Hampshire that require marketers to secure futures contracts, surety bonds or letters of credit to match a substantial portion of their pre-pay contracts.

STATE BOOSTS LIHEAP CRISIS ALLOCATION

The state recently increased the maximum crisis benefit under the Low-Income Home Energy Assistance Program (LIHEAP) from \$300 to \$500 to help residents who are in a heating crisis or are in danger of having their utility service terminated. The crisis grant increase was made possible by Pennsylvania's recently received share of more than \$44 million of the \$450 million in new federal LIHEAP emergency contingency funding offered to states. In addition, \$6.6 million of the new funds will be used by the Department of Community and Economic Development to expand home weatherization assistance for low-income Pennsylvanians.

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Be it heating oil, propane, or biofuels, these state associations, in concert with New England Fuel Institute work 24/7 to protect your business interests and the well being of consumers served by the vast and vital network of independent fuel distributors. We encourage you to take advantage of the many benefits provided by state and regional membership. Contact your respective state association and New England Fuel Institute via phone or email and help yourself grow your business. It is the best and most immediate way to stay informed about industry news and critical regulations that impact your operations daily.



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PMAA WORKS TO KEEP BULK PLANTS OFF DHS LIST

The Petroleum Marketers Association of America (PMAA) plans to meet with the Department of Homeland Security (DHS) regarding the applicability of new chemical security regulations to petroleum bulk storage facilities.

PMAA has concluded after analyzing the rule carefully that jobber petroleum bulk plants do not meet the storage threshold that triggers compliance and has informed DHS of this by letter. However, the DHS continues to provide conflicting and contradictory information to petroleum marketers who have inquired about the rules applicability, according to PMAA. The rule requires the DHS to determine which facilities that store specific chemicals present a high level of security risk. The chemicals subject to the DHS rule are published on a list known as Appendix A, Chemicals of Interest (COI).

The DHS makes a security risk determination by an initial facility screening. Facilities that store minimum thresholds of listed chemicals must provide DHS with information that is used to determine whether additional security analysis or security measures are required for the facility.

Petroleum fuels are not included on the Appendix A list nor are major chemical components of these fuels such as benzene and toluene. Those chemicals that appear on the list do not rise to the threshold that requires compliance. Marketers questioned whether or not the rule applies to petroleum fuels after being asked to report petroleum volumes when submitting Top Screen information for propane storage.

NEW GREEN GUIDELINES WILL FOCUS ON EXISTING HOMES

The American Society of Interior Designers (ASID) Foundation and the U.S. Green Building Council (USGBC) plan this month to release the nation's first sustainable residential remodeling guidelines.

The REGREEN program is a series of guidelines designed for use by residential designers, construction professionals, and homeowners. REGREEN includes best practices, learning programs, and print and electronic resources for those looking to do "green" remodeling room by room, or for an entire house.

A new Website is also in development (www.regreenprogram.org) that will house all REGREEN-related resources and include interactive links to case studies, products, and educational materials.

NORA APPROVES COURSE ON COMBUSTION, EFFICIENCY

The National Oilheat Research Alliance (NORA) recently accredited a course on combustion analysis and fuel efficiency offered by the Carbon Monoxide Safety Association (COSA).

The course is designed for HVAC technicians, service contractors, facilities maintenance personnel and energy managers. The focus is on combustion diagnostics and adjustments to improve efficiency; performance and reliability; and troubleshooting and diagnosis of flue gas constituents. All aspects of combustion from basic theory to verification of manufacturers' specifications and advanced flue gas diagnostics testing are covered. Measurement of oxygen, carbon dioxide, carbon monoxide, nitric oxides and sulfur oxides round out the dynamics of assuring efficient combustion. Controlling fuel, flame temperature, excess air and draft are detailed as the instruction directs each technician to maximize efficiency without sacrificing safety.

The NORA Education Center has approved the course for seven Continuing Education Units. For more information, visit www.cosafety.org or call COSA at 800-394-5253.

NAOHSM WILL OFFER FREE SEMINARS

The National Association of Oil Heating Service Managers (NAOHSM) will hold its 55th Annual Convention and Trade Show May 18-22, 2008, at the new Connecticut Convention Center in Hartford, Conn.

Attendees are invited to take advantage of free classes being offered on some hot energy topics, such as solar, green, Bioheat® and more. Energy is in the news every day and today's consumers are savvier than ever, thanks to the Internet and the media spotlight focused on growing energy needs and increasing energy costs. NAOHSM seminars will explore the latest energy technologies, as well as current concerns about global warming and the need to conserve energy.

To view the full program of classes and events and register for the convention, visit www.naohsm.org or call 888-552-0900.

ACCA SURVEY DOCUMENTS INCREASES IN TECHNICIAN PAY

A recent survey by the Air Conditioning Contractors of America (ACCA) offers insight into how air conditioning technicians are paid in different parts of the country and how pay has increased since 2005.

ACCA's 2007 HVACR Labor & Payroll Expense survey indicates that compensation in contracting businesses has risen significantly

over the past two years as contractors fight to recruit and retain better workers. ACCA surveyed its members regarding salaries, labor, and payroll expenses, and more than 300 contractors responded. The survey questions were identical to a similar survey conducted in 2005, making direct comparisons possible. In addition to overall results, responses in the report are categorized by market (e.g., residential, commercial), sales source (e.g., replacement, new construction), workforce (e.g., union, non-union), sales volume in dollars, number of employees, and region (e.g., Atlantic, South, West).

Overall, 45 percent of respondents in 2007 paid their technicians more than \$45,000 a year, up from 30 percent in 2005. Also, 30 percent reported paying between \$45,000 and \$54,999, compared to 21 percent in 2005. Only 22 percent reported paying technicians less than \$35,000, down from 28 percent in 2005.

ACCA members who participated in the survey have received a copy of the report free of charge. Those who did not participate may purchase the report at ACCA's Online Store (www.acca.org/store) or by calling 888-290-2220. ACCA members save \$100 off the list price of \$185.

DOT ISSUES NEW REQUIREMENT FOR LABELING OF ETHANOL SHIPMENTS

The Petroleum Marketers Association of America (PMAA) reports that the U.S. Department of Transportation (DOT) will change the requirements for placards and shipping papers on shipments of ethanol/gasoline blends, effective Jan. 28, 2010. As of that date, compartments with ethanol blends over 10 percent must be marked with a "3475" placard, instead of the "1203" placard that is now acceptable. Moreover, anytime a compartment contains an ethanol blend over 10 percent, each compartment in the cargo tank vehicle must be individually placarded to the specific fuel it contains. Similar requirements will apply to shipping papers.

The DOT's Pipeline and Hazardous Material Safety Administration said the changes are necessary because alcohol blends require different emergency response techniques than straight gasoline. Voluntary compliance is effective immediately.

ASSOCIATIONS PLAN JOINT CONFERENCE

The Empire State Petroleum Association and the Pennsylvania Petroleum Marketers and Convenience Store Association are planning a joint conference July 10-15, 2008, in the Canadian Rockies. For more information, visit www.ppmcsa.org or www.espa.net.



Select from one or more terrific learning opportunities coming up this March and April at the hands-on workshop lab, and newly refurbished classrooms at New England Fuel Institute. Oilheat, Propane, or Air Conditioning, there's a NEFI training program that can help you (and/or your employees) advance in today's marketplace. These are primarily 1- and 2-day programs, with the exception of the multi-week (2 evening/week), highly acclaimed, Oilheat Masters Course.

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	Week Ending				Week Ending		
District	2/15/08	2/8/08	Year Ago	District	2/15/08	2/8/08	Year Ago
East Coast (PADD I)	13.5	15.9	13.7	East Coast (PADD I)	6.0	5.8	6.7
NEW ENGLAND	1.8	2.0	1.9	NEW ENGLAND	0.4	0.5	0.3
MID-ATLANTIC	6.3	7.5	6.9	MID-ATLANTIC	2.6	3.0	3.3
SOUTH TO FLA.	5.4	6.4	4.9	SOUTH TO FLA.	2.9	2.3	3.1
Midwest (PADD II)	21.2	22.2	20.1	Midwest (PADD II)	5.8	5.7	5.9
Gulf Coast (PADD III)	19.3	18.0	14.0	Gulf Coast (PADD III)	6.5	7.1	9.2
Rocky Mtn. (PADD IV)	2.4	2.4	2.2	Rocky Mtn. (PADD IV)	0.5	0.5	0.5
West Coast (PADD V)	10.3	11.1	8.1	West Coast (PADD V)	1.8	1.6	1.3
U.S. Total	66.8	69.6	58.0	U.S. Total	20.6	20.6	23.6
Greater than 500 ppm (0.05%) Sulfur				TOTAL DISTILLATE STOCKS			
	Week Ending				Week Ending		
District	2/15/08	2/8/08	Year Ago	District	2/15/08	2/8/08	Year Ago
East Coast (PADD I)	25.6	26.3	31.9	East Coast (PADD I)	45.1	48.0	52.2
NEW ENGLAND	6.7	7.2	5.7	NEW ENGLAND	8.9	9.7	7.9
MID-ATLANTIC	15.5	16.0	21.3	MID-ATLANTIC	24.4	26.5	31.5
SOUTH TO FLA.	3.4	3.1	4.9	SOUTH TO FLA.	11.8	11.7	12.9
Midwest (PADD II)	2.8	2.9	3.4	Midwest (PADD II)	29.7	30.8	29.5
Gulf Coast (PADD III)	5.1	5.9	8.6	Gulf Coast (PADD III)	31.0	30.9	31.7
Rocky Mtn. (PADD IV)	0.1	0.1	0.3	Rocky Mtn. (PADD IV)	3.1	3.0	3.0
West Coast (PADD V)	1.6	1.6	2.5	West Coast (PADD V)	13.6	14.3	11.9
U.S. Total	35.2	36.7	46.7	U.S. Total	122.5	127.0	128.3

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 February 23, 2008 has been 2 percent cooler than last year and 7 percent cooler than normal.

Location	Current	Normal	% Change
	7/1/07 thru 2/23/08	7/1/07 thru 2/23/08	Current vs. Normal
Boston	3616	3873	-7%
Chicago	4444	4673	-5%
Hartford	3982	4373	-9%
New York	2914	3378	-14%
Philadelphia	3087	3452	-11%
Pittsburgh	3746	4176	-10%
Portland	4661	5018	-7%
Providence	3608	4018	-10%
Raleigh	2112	2630	-20%
Richmond	2444	2937	-17%
Washington	2563	3024	-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	2/25/08	1/21/08	Change
Ashland Inc.	ASH	45.90	42.20	+3.70
BP-Amoco	BP	66.20	65.02	+1.18
ChevronTexaco	CVX	86.49	83.46	+3.03
Conoco Philips	COP	81.74	72.89	+8.85
ExxonMobil	XOM	88.44	85.08	+3.36
Global Partners	GLP	28.08	26.00	+2.08
Hess Corp. (formerly Amerada Hess)	HES	96.82	85.48	+11.34
LUKOIL	LUKOY	76.00	71.00	+5.00
Marathon Oil	MRO	51.86	47.49	+4.37
National Grid Plc (formerly Keyspan Corp.)	NGG	75.63	81.35	-5.72
Occidental	OXY	75.60	68.04	+7.56
Royal Dutch Shell Plc	RDSA	72.38	75.26	-2.88
Star Gas	SGU	3.25	3.32	-.07
Sun	SUN	64.17	59.68	+4.49
Tesoro Petroleum	TSO	39.17	38.91	+26
Total	TOT	75.36	78.21	-2.85
Valero Energy	VLO	60.93	54.03	+6.90

THE OILHEAT INDUSTRY IS ENGAGED IN a tenuous struggle, and our leaders need to act accordingly.

Where is the sense of urgency? Oil prices have reached historic highs, and customers are in decision mode: Do they just keep paying a growing share of their precious income on home heating, or do they make a move?

At such a crossroads, the industry should be prepared to help consumers make the choice that advances the industry's interests, namely to upgrade to a new oil-fired system that burns less fuel.

A great tool for this job would be a financial incentive such as a tax credit or an interest-free loan, but we don't have one. There is some action afoot to promote the idea, but the truth is that the moment of truth has arrived for our customers, and we're not ready.

We can't do anything to change the mistakes we have made, but we can fine-tune our approach, and we can try harder.

The federal government provides modest tax incentives, but only for the installation of systems with AFUE ratings of 95 percent or higher. In most minds that translates to gas-fired condensing units... of which there are precious few that could conceivably attain that level. Congress's compelling reason to encourage upgrades to ultra high performing systems has not pushed the manufacturing envelope as intended. And, yes, the tax credit incentive was overly ambitious and optimistic.

Oilheat is a regional issue. Congress has a hard time accommodating that. Just look at the failure to provide LIHEAP funding where it really belongs. Even that was attributed to the failure of a New Hampshire Senator—of all states—to cast a yes vote at a key time.

Oilheat needs to work with the states where it has substantial market share—where the constituency cares. Lawmakers in the Northeast can be persuaded to help Oilheat customers. Let's make that our top priority for 2008, and let's win.

Speaking of now, this would be a great time to begin broadcasting the well-rehearsed Bioheat® message. The problem: some marketers say they can't get their hands on the product, and the industry seems wedded to the conservative B5 course. We could be the fuel that helps consumers wean themselves off of oil's troubles without drastic changes in equipment...but we're not ready.

What are we waiting for? ☞

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