

August 2008

OIL & ENERGY

OILHEAT • PROPANE • DIESEL FUEL • BIOFUELS

Focus On Biofuels

**Berkshire Biodiesel Prepares
Northeast Plant**

**Manufacturers
Debate Fuels Beyond B5**

Dennis K. Burke Opens E85 Pumps

ASTM Approves B5



Also Inside:

Cap and Trade 101

Q&A: NEFI's Action Center Director Jim Collura

NAOHSM Announces Annual Awards

Chronic Volatility Syndrome

Special Visions 2008 Centerfold

Publication of the New England Fuel Institute
Volume 10/Issue 8



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The Front Burner

SBA CHANGES SMALL BUSINESS CLASSIFICATIONS

The Small Business Administration (SBA) changed its threshold for small business classification for oil and propane dealers in July, two years after the issue was first raised by the New England Fuel Institute (NEFI). The previous threshold was for \$11.5 million or less in annual gross receipts for heating oil dealers and \$6.6 million or less in annual gross receipts for propane dealers. Under the new rule, companies with 50 or fewer employees will be eligible to be recognized as a small business. This allows the dealers to obtain SBA loans and lowered federal fees and registrations. The rule goes into effect Aug. 22.

To learn more about the program, make sure to attend the special session about SBA financing programs at the Oilheat Visions 2008 Conference in Boston from Sept. 8 to 10. To view the full agenda or to register, visit www.visions2008.org.

NEW COALITION TO ADVOCATE HEATING OIL'S ADVANTAGES

Across the country, utilities are taking advantage of the current discrepancies in fuel pricing and promoting Oilheat to gas conversions. In response, Oilheat dealers have banded together to create the American Energy Coalition (AEC), a new grassroots organization committed to a direct, aggressive response to this challenge. The group plans to combat the gas utilities' misleading ads via ongoing campaigns presenting the facts about heating oil's safety, efficiency and pricing. For more information about the American Energy Coalition, send an e-mail to info@AmericanEnergyCoalition.net or visit www.AmericanEnergyCoalition.net.

OMA ADDRESSES BUILDING PRESSURIZATION

The Oilheat Manufacturers Association (OMA) discussed building depressurization at a recent meeting due to the Canadian government developing a test procedure protocol to rate appliances for depressurization-induced spillage. Canadian regulatory authorities are concerned that depressurization in Canadian homes has contributed to a growing number of serious health and safety incidents. OMA is considering sending an official letter outlining the dangers of allowing homes to operate under a negative pressure and continued support of Oilheat equipment safety protocols already in place.

SOUTH CAROLINA BALLOTS FOR JOINING NORA

National Oilheat Research Alliance (NORA) has announced that South Carolina will join the Alliance. Companies joining NORA gain benefits such as: rights to the term Bioheat®, state grants, access to educational programs, access to expert trainers and resources for training classes, exclusive rights to NORA consumer education, advertisements in all mediums, national recognition and access to a variety of contacts.

NATIONAL OILHEAT RESEARCH ALLIANCE AND BOB VILA

NORA has recently been featured on BobVila.com for Intelligent Warmth and its benefits. The Web site explains the three major initiatives that NORA adheres to and the benefits of Oilheat. Vila discusses the safety, efficiency and environmental friendliness that Oilheat provides. For more, see www.bobvila.com.

THE DIFF.

Spot Prices (Cents/Gallon) as of July 21, 2008*

New York Harbor No. 2 Fuel Oil / Heating Oil	New York Harbor No. 2 Diesel Low Sulfur	U.S. Midcontinent No. 2 Diesel
388.65	392.60	387.65

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

THE BAROMETER

Comparing Heating Oil to Other Financial Products

	July 21, 2008	One Year Ago
No. 2 Fuel Oil/New York (cents/gallon)	388.65	202.91
Crude Oil (dollars/barrel)	\$130.39	\$73.89
10-year Treasury Bill	4.08%	5.08%
30-year Mortgage	6.42%	6.73%
Dow Jones Average	11,470	13,380



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Cap and Trade 101 **38**
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Oil Market Stance: Suffering From Chronic Volatility Syndrome **40**
Taylor Hudson of Hedge Solutions says that it's clear the current system for determining crude oil prices is broken, leading to unprecedented volatility. Hudson can be reached at taylor@hedgesolutions.com.



Weather Trends: A Warm August Awaits **45**
John Bagioni of Fax-Alert Weather Service says that even though a warm August is coming, there are already early signs of winter. Bagioni can be reached at johnbag@comcast.net.



Tech Talk: Draft Regulator Use is Debated, But Installation Details are Key **48**
George Lanthier of Firedragon Enterprises says that even though some argue draft regulators are no longer necessary, you should at least know how to properly install them.

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See classified section.

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NEFI Backing Plans to Add Billions to LIHEAP

With the price of heating fuels rising—heating oil and natural gas are up 55 and 80 percent, respectively, since January—funding for the federal Low Income Home Energy Assistance Program (LIHEAP) is more important than ever. The New England Fuel Institute (NEFI) has joined an array of industry and low-income advocacy groups in the national LIHEAP coalition in support of S.3186/H.R.6427, the “Keep Warm in Winter, Cool in Summer Act.” The bill would provide an additional \$2.53 billion for LIHEAP in the current fiscal year, adding to the \$1.98 billion already appropriated to states by Congress and \$516.7 million in emergency funding released to states by the president. To help support NEFI’s effort, contact your members of Congress and let them know you support the bill by visiting www.capwiz.com/nefi.

Also, Reps. James Oberstar, D-Minn., and Steve LaTourette, R-Ohio, and Ed Markey, D-Mass., have circulated a letter urging House leadership to provide at least \$3.12 billion in additional LIHEAP funding in any future economic stimulus package, or other appropriate legislative vehicle.

Government Moves to Give CFTC Power to Close ‘London Loophole’

Though legislation to give the Commodities Futures Trading Commission (CFTC) the power to close the “Enron Loophole” just became law in June, new legislation to address excessive speculation in the energy markets is being considered in both chambers of Congress. As this issue went to press, the Senate was debating the “Stop Excessive Energy Speculation Act of 2008.” The bill, endorsed by NEFI, would allow only companies that buy, sell or produce physical energy products to be classified as physical hedgers. It would also give the CFTC more authority to get information from large traders in the U.S. and through off-shore markets, as

well as add 100 staffers. The legislation would also give the CFTC the ability to detect, prevent and punish price manipulation and excessive speculation and give it emergency authority to quickly implement the legislation. The law would also fully close the “London Loophole,” which allows overseas traders to influence domestic markets. NEFI and the Petroleum Marketers Association of America (PMAA) are working with House leaders on a similar piece of legislation. It is possible that by fall, both chambers will have agreed to legislation and sent something to the president for consideration. Look for updates in a future issue of *Oil & Energy*.

Senators Look For \$1.5 Million Small Business Loans

Sens. John Kerry, D-Mass., and Olympia Snowe, R-Maine, have introduced NEFI-backed legislation that would strengthen the heating oil reserves in the Northeast and open up new \$1.5 million loan guarantees to heating oil, propane and kerosene dealers. NEFI is working with PMAA and other industry

groups on Capitol Hill to advance this legislation.

In late June, the U.S. Senate Small Business Committee heard testimony from heating oil industry representatives on the challenges facing the heating oil industry. In his opening statement, Kerry said that the federal government needs to act so that small business heating oil dealers “impacted by these rising energy prices have access to capital so that they can weather this storm, and so the 6 million families in the Northeast that rely on heating oil to stay warm in the winter will be safeguarded from supply disruptions.”

Kerry and Snowe heard testimony from Michael Ferrante, president of the Massachusetts Oilheat Council and Sandra Farrell, owner of Northboro Oil Company in Northboro, Mass. Ferrante elaborated on the numerous challenges facing the heating oil dealers in the region, including strained credit lines and customer receivables, less offers of price protection programs, surging credit card fees, gas utility encroachment into the market, harmful LIHEAP leveraging programs and burdensome regulation. Farrell is both on the NEFI Board of Directors and Government Affairs Committee.

and Service Technician course at the New England Fuel Institute (NEFI) is 160 hours and can be taken days (one month) or evenings, and prepares you for the Massachusetts state licensing exam. You need to be at least 18 years old and live in Massachusetts prior to starting the course. Courses are held at technical training centers operated by NEFI in the Greater Boston and Springfield areas. The tuition for this program for non-NEFI members is \$2,495 and includes books and laboratory fees. Tuition is paid directly to NEFI by MOC. A total of 25 scholarships are available. To apply, visit MOC’s website at www.massoilheat.org.

EPA Grants Stage I Equipment Time Extension

The Environmental Protection Agency (EPA) has agreed to extend the compliance date for installation of new Stage I equipment by more than nine months for high volume gasoline stations, loading racks and bulk plants. The final Stage I rule, published on Jan. 10, required immediate compliance for retail stations with gasoline throughput of 100,000 gallons or more per month and bulk plants and loading racks

Credit Card Interchange Fee Bill Moves to House

In early July, the House Judiciary Committee approved the Credit Card Fair Fee Act, cosponsored by Committee Chairman John Conyers, D-Mich., and Rep. Chris Cannon, R-Colo., by a vote of 19-16. If enacted, this bill will allow merchants to negotiate interchange fees with Visa and MasterCard, creating both transparency and market pressure on unfair fees. As of press time, the House still had to schedule H.R. 5546 for a floor vote.

Council Awarding Scholarships

Using funds from the National Oilheat Research Alliance (NORA), the Massachusetts Oilheat Council is awarding a limited number of grants for hands-on Oilheat training in 2008. The Basic Oil Burner Installation

with more than 20,000 gallons of gasoline throughput per day. The final rule provided no time for these higher volume facilities to install new vapor recovery equipment and left them exposed to enforcement actions and significant civil penalties for non-compliance. The EPA agreed to extend the deadline for facilities built after Nov. 9, 2006. The new Stage I rule moves the compliance date to Oct. 1, (this date may vary by a day or two depending on the day that the rule is published in the Federal Register), for gasoline stations with throughput of 100,000 gallons or more per month and bulk plants and loading racks with



gasoline throughput of 20,000 or more gallons per day. The Jan. 10, 2011, compliance date for facilities built before Nov. 9, 2006, remains in place.

No Gasoline or Oil Price Relief Until Winter 2009, Says EIA

The average price of regular gasoline is expected to remain greater than \$4 per gallon until the fourth quarter of 2009, according to DOE's Energy Information Administration (EIA). The EIA's "Short-Term Energy Outlook" notes that crude oil spot prices reached \$145 per barrel in July, and crude oil prices are now projected to average \$127 per barrel in 2008 and \$133 per barrel in 2009. Despite the higher prices, world oil consumption continues to grow, while production increases have fallen short of expectations.

With crude oil prices staying high, the EIA now projects that the average price for regular-grade gasoline will stay well above \$4 per gallon for the rest of the year, causing the average for 2008 to end up at \$3.84 per gallon, an increase of more than a dollar per gallon above last year's price. That trend will continue in 2009, with an average price of \$4.06 per gallon for regular gasoline. Diesel fuel prices will also stay elevated, averaging \$4.35 per gallon in 2008 and \$4.48 per gallon in 2009.

While the nation is currently focused on the high price of motor fuels, by this winter the focus may well change to electricity and heating fuels. The EIA notes that the sustained high prices for petroleum, along with other factors, are pushing up the spot price of natural gas. The spot price is projected to average \$11.86 per thousand cubic feet (Mcf) in 2008 and \$11.62 per Mcf in 2009, a 65 percent increase over the \$7.17 per Mcf average spot price in 2007. Utilities and gas distribution companies tend to sign long-term contracts for natural gas, so spot

prices aren't necessarily reflected immediately in the prices paid by businesses and homeowners, but they do indicate the trend in prices. The trend is already apparent in the electricity market, where prices are projected to increase 5.2 percent in 2008 and 9.8 percent in 2009.

U.S. DOT Rule Amends Driver Drug And Alcohol Testing Procedures

The Department of Transportation (DOT) issued a final rule recently that amends certain provisions of its drug and alcohol testing procedures. The final rule changes instructions to collectors, laboratories, medical review officers and employers regarding adulterated, substituted, diluted and invalid urine specimen results. The DOT said one key factor for the changes is the multitude of products now available to drivers that mask positive test results for drugs and alcohol. The following changes and clarifications are made under the rule:

- Laboratories must now conduct urine specimen validity testing to detect adulteration.
- Medical review officers (MRO) must conduct direct observation specimen collection whenever a diluted sample is collected.
- MROs must follow new procedures when multiple verified results occur during the same testing/collection event.
- Employees can no longer request split specimen testing for invalid results.
- Establishes a new list of factors that require a drug test to be canceled and rescheduled.

The new rule is important for petroleum marketers with transportation operations not only because it establishes new procedures for driver drug and alcohol testing, but also because it means those tests will likely become more expensive. The rule is effective Aug. 25.

NEFI contact: Donna Carcerano, NEFI Drug and Alcohol Testing Program, donna@nefi.com

NEFI Welcomes New Members

New England Fuel Institute welcomes eleven new members.

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Energy Propane

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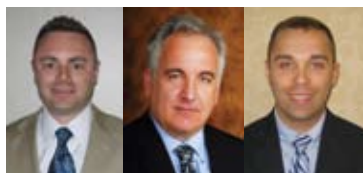
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BULLETIN: LRAC Scores on behalf of industry with SBA Change to Heating Oil and Propane Dealer Size Standards

Move Enables Distributors to Qualify for SBA Assistance In Terms of Number of Employees, Not Sales Volume

REGULATORY ACTION:

The U.S. Small Business Administration (SBA) has granted the request of the New England Fuel Institute (NEFI) to change the small business size-determination threshold under the North American Industry Classification System (NAICS) for heating oil and propane dealers. SBA agreed to change the threshold from one based on gross receipts to one based on the number of employees. Specifically, the new rule defines small heating oil and propane dealers as those with 50 or fewer employees.

BACKGROUND:

Heating oil and propane dealers were in danger of losing small business status as soaring fuel prices made the existing SBA annual gross receipts threshold meaningless and the need for additional credit essential. Under the previous size threshold, heating oil and propane dealers were considered small businesses if their annual gross receipts were \$11.5 million or less or \$6.6 million or less, respectively. In Late 2006, NEFI asked the SBA to change to an employee-based threshold to determine business size as distillate and LPG prices began to rise.

IMPORTANCE OF THIS ACTION:

This rulemaking is vitally important because it preserves small business status for heating oil and propane dealers under federal guidelines that are largely used by lenders to extend credit on favorable terms and by state and local governments to determine payment of various fees and eligibility for certain government contracts. As a result of the rulemaking, heating oil and propane dealers will have access to SBA Small Business 7(a) loans, SBA Economic Impact Disaster Loans, and additional private credit from local lenders. Moreover, heating oil and propane dealers will maintain their small business eligibility for payment of the reduced \$275 annual U.S. DOT HAZMAT fee and registration rather than the \$2500 per year fee for large businesses effective in 2009.

Please respond to our request for a supporting contribution by mail Send check to NEFI LRAC, Box 9137, Watertown, MA 02471.

Or you may contribute online at www.nefi.com/payment.php Check the LRAC box and submit the completed form.

A list of NEFI's most recent and extensive achievements, made possible by LRAC funding, can be found at www.nefi.com/LRAC. We encourage you to review the list. It demonstrates our capacity to apply the valuable dollars you provide to the most important needs of our time.

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- Legislative Action Alerts and our online Legislative Advocacy Center (www.capwiz.com/nefi) keep you informed of urgent developments in Washington that may require immediate action.
- Experienced Regulatory Counsel in Washington, DC, provide updates and expert guidance on impending or proposed federal regulations and provides consultation directly to members dealing with legal issues related to regulatory compliance and enforcement.
- Easy-to-understand Compliance Kits and Bulletins will help you come into compliance with new and existing rules and regulations, saving you valuable time and money.
- A new, members-only regulatory guidance website (coming online soon!) that will be a 24-hour depository of our regulatory guidance documents, bulletins, and lists of "frequently asked questions."
- Significantly improved communication and coordination of efforts between state and industry associations in New England and around the country, including PMAA, NAORE and others.
- Involvement with vital alliances and national coalitions including the LIHEAP Coalition, NEFI-led Energy Market Oversight Coalition and a new Oilheat industry public relations alliance.
- NEFI Energy Online News! (NEON) electronic newsletter keeps you up-to-date on weekly developments in the Halls of Congress and beyond... providing news headlines, updated NEFI education and training information, local news updates from each of the New England state associations and the National Oilheat Research Alliance (NORA).



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Chair City Oil, Inc. Gardner, MA
City Fuel Co., Inc. Manchester, NH
Concord Oil Co., Inc. Concord, MA
Densmore Oil Company Mystic, CT
Dolinsky Associates Cornwall, CT

...\$1,000 or more

East Providence Fuel Oil Co. Providence, RI
Energy Kinetics, Inc. Lebanon, NJ
Fraticeilli Oil Company Leominster, MA
Griffith Energy Services Columbia, MD
Horan Oil Company Stoughton, MA
Mass. Oilheat Council Wellesley Hills, MA
Metro Energy Boston, MA
Northboro Oil Co. Northboro, MA
Palmer Gas/Ermer Oil Atkinson, NH
Rand-Handy Oil Company Marshfield, MA
Sunshine Oil Company Bristol, RI
H. Wright's Service Billerica, MA
Whiting Energy Fuels Northampton, MA

\$600 or more

Atlantic Pratt Oil Co., Inc. Braintree, MA
Augusta Fuel Company Augusta, ME
Baker-Whitney Oil Company Acton, MA
Barrieau Oil Co. W. Hartford, CT
Bigelow Oil Company Newton U.F., MA
Boston Steel & Mfg. Company Malden, MA
Brideau Oil Corporation Fitchburg, MA
Central Mass. Oil Co. Rutland, MA
COCARD Beverly, MA
Daniels Oil Co., Inc. Portland, CT
Davis Oil Co., Inc. Keene, NH
Dunn Oil Co., Inc. Maynard, MA
Dutchess Oil Company Millerton, NY
East Coast Petroleum Stoughton, MA
Federal Heating & Engineering Co., Inc. Winchester, MA

D. Ferruccio & Son Hudson, MA
Fisher-Churchill Company Dedham, MA
Fuel Services, Inc. Westfield, MA
Gillespie Fuels Northfield, VT
Goodrich Oil Company Newport, NH
Gottier Fuel Co., Inc. Rockville, CT
Robert Greene, Inc. Bennington, VT
Haffner's Service Stations, Inc. Lawrence, MA
Hall Oil Co., Inc. Dennis, MA
J.A. Healy & Sons Oil, Inc. Westford, MA
Holden Oil Company Peabody, MA
Imperial Oil Co., Inc. Windsor, CT
Ives Bros/A Plus Oil Willimantic, CT
Julian's LLC Medway, MA
Knight Fuel Company Hudson, MA
Mello Fuel Oil Terminal Jamaica Plain, MA
Murphy Fuel Corporation Waltham, MA
Needham Oil Co. Inc. Needham, MA
Northfield Fuel Corporation Greenwich, CT
North Shore Fuel Co., Inc. Revere, MA
L. F. Powers Co., Inc. Waterbury, CT
Reliable Oil & Heat Company Glenbrook, CT
Rowayton Fuel & Oil Company Rowayton, CT
Sherman Oil Company Brookfield, MA
Sochia's Oil & Gas, Inc. Douglas, MA

...\$600 or more

Stadium Oil Heat, Inc. Peabody, MA
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 Company Wethersfield, CT
Vincent Oil Company Southbridge, MA
Westmore Fuel Co., Inc. Greenwich, CT
West Oil Co., Inc. N. Adams, MA
Winthrop Fuel Co., Inc. Winthrop, ME

\$300 or more

Advanced Energy Ltd. Westwood, MA
Arlington Fuel Oil Co., Inc. Arlington, MA
Ashley Fuel, Inc. Beverly, MA
Atlantic Discount Oil Gloucester, MA
Bourne's Inc. of Morrisville Morrisville, VT
Braley & Wellington Insurance Worcester, MA
E.P. Cotter Oil Company Norwood, MA
Dorr Oil Company Manchester Ctr, VT
Fairlawn Oil Service, Inc. Lincoln, RI
Forni Bros. Oil, Inc. Bridgewater, MA
Giguere & Marchand Oil Service Blackstone, MA
Greystone Services, Inc. Peabody, MA
Hiller Fuels, Inc. Marion, MA
Howell Fuel, Inc. Fairfield, CT
Interstate Oil & Gas Corporation Sudbury, MA
J & S Oil, Inc. Manchester, ME
Kerivan Lane, Inc. Needham, MA
Lee's Oil Service Westport Pt., MA
Lemay Oil Co., Inc. Hartford, CT
Madison Oil Co., Inc. Madison, CT
McCarthy Heating Oil Svc. Quaker Hill, CT
T.H. Malloy & Sons Cumberland, RI
Needham Energy, Inc. Needham, MA
Premium Fuels/Al's Oil Shrewsbury, MA
Putnam Fuel Co., Inc. Goffstown, NH
SonoEnergy Corporation Norwalk, CT
Spring Brook Service New Britain, CT
Squier & Co., Inc. Monson, MA
Stocker Oil Co., Inc. Peabody, MA
State Utilities Inc. Lindenhurst, NY
Todd Oil/Rose's Rockport, MA
Towne Heating Co., Inc. Swansea, MA
Wagner Brothers Boylston, MA
Wehof Forms Somerville, NJ
Rick Wenzel Oil Co. LLC Amherst, NH

\$100 or more

Arrow Fuel Seekonk, MA
Booma Oil, Inc. Lynn, MA
Community Oil Company Cambridge, MA
Greeley's Oil Co., Inc. Halifax, MA
Hilton Oil Co., Inc. Lawrence, MA
John's Fuel Service, Inc. Lynn, MA
Niccoli Bros. Oil, Inc. Brockton, MA
People's Fuel, Inc. Gardner, MA
H.H. Snow & Sons, Inc. Orleans, MA
Rocky & Marciano Fuel Oil Inc. Holbrook, NY
Thomas Fuel, Inc. Lunenburg, MA

If you would like more information on how NEFI's Legislative & Regulatory Action Center serves your interests, and how you can contribute to our annual efforts, please email jimcollura@nefi.com, or telephone 617-924-1000.

Visit www.NEFIActionCenter.com

2008 CONTRIBUTORS
as of July 18, 2008



Berkshire Biodiesel's facility will begin construction later this year at this Pittsfield, Mass., site.

Berkshire Biodiesel Preps Northeast Plant

Facility to Produce 50 Million Gallons of Biodiesel Per Year

THOUGH THE MIDWEST AREA OF THE UNITED States garners most agricultural attention, Berkshire Biodiesel decided to buck traditional trends with its new biodiesel plant, and the result will be a huge facility in Massachusetts capable of processing 50 million gallons of biodiesel a year.

"In 2005, CEO Garth Klimchuk and I developed the concept of building biodiesel production plants in demand areas, as opposed to the traditional approach, which is to build plants in feedstock production areas like the Midwest," said Lee Harrison, Berkshire Biodiesel executive vice president. "We believe that developing strong relationships with our customers in demand areas like the Northeast is critical to success. In addition, by building here in Massachusetts we add supply certainty, efficiency and flexibility. As we like to say: 'For once, Massachusetts can be at the beginning of the pipeline.'"

Harrison targets a late 2009 opening for the plant, with construction expected to begin later this year and fuel production starting about a year after that.

RIISING DEMAND

The 45,000-square-foot building's projected output marks it as a major producer. In 2005, biodiesel production was just 75 million gallons, according to estimates by

the National Biodiesel Board. Its members reported production of 450 million gallons from Oct. 1, 2006 through Sept. 30, 2007, but that number could easily triple in the next year, according to production capacity estimates.

Harrison credits the growth in biodiesel demand to the numerous benefits he sees for both consumers and fuel oil companies.

"Initially, biodiesel will likely be a bit more expensive than regular home heating oil, but at a 2 percent blend, the additional cost will be negligible. Further, the benefits biodiesel provides in the form of a cleaner flame and cleaner system, nozzle included, should reduce maintenance costs for homeowners and fuel oil companies that provide maintenance services," he said. "Heating oil companies tell me they often have to go back to homes twice in the same day because the burner nozzle is clogged, and they lose money because of it. Biodiesel, even at a 2 percent blend, should eliminate that problem."

With Berkshire Biodiesel's plant joining dozens of others currently under construction nationwide, and two more in Massachusetts, biodiesel production is expected to continue rising rapidly. It received a boost in June when the ASTM approved long-awaited specifications for biodiesel blends. Those specifications include changes to the existing B100 biodiesel stock specification, finished specifications to

include up to 5 percent biodiesel (B5) in the conventional petrodiesel specification, a new specification for blends of between 6 and 20 percent biodiesel for on- and off-road diesel and specifications for inclusion of B5 biodiesel in heating oil.

Berkshire intends its product for vehicular use, home heating and power production, and will sell directly to distributors. They will not do any blending on site, but Harrison said they would work with local distributors to ensure a smooth blending process.

Berkshire Biodiesel is a development of NorthWinds Biodiesel, the biodiesel arm of NorthWinds Renewables, a Harrison, N.Y.-based renewable energy merchant banking firm providing investment banking services exclusively to the renewable energy industry, as well as principal early-stage investments in renewable energy companies and projects.

The Pittsfield, Mass., plant will be distinctive for the variety of feedstocks it can use to make biodiesel.

"Our plant is one of the first in the country to be designed to use any feedstock: any vegetable oil (soy, canola, crambe, etc.); tallow (animal fat); poultry fat; or waste restaurant oil," Harrison said.

In addition to bringing biodiesel closer to distributors, Harrison said the plant could help revitalize Pittsfield's industrial sector.

Continued on page 14...



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Continued from page 12...

“We are reinvigorating an older industrial property. We have a 45,000-square-foot building that includes offices, labs and industrial space,” he said. “We expect to create about 100 construction jobs and 30 or so permanent jobs once the plant is in operation. This area has lost hundreds of paper mill jobs in recent years, leaving a labor force whose skills are readily transferable to biodiesel production.”

GOVERNMENT INCENTIVES

A steady supply of biodiesel will take on particular importance in Massachusetts if Gov. Deval Patrick’s biofuels legislation becomes law. The proposed bill will require all diesel and home heating fuel sold to contain a minimum amount of renewable, biobased alternatives in their blends, with that amount rising from 2 percent in 2010 to 5 percent in

“The Massachusetts Senate has prioritized initiatives this session to position the Commonwealth as the hub of the renewable energy revolution. Berkshire County will be at the forefront of this movement, as firms such as Berkshire Biodiesel come online to produce cleaner fuel blends.

— Mass. State Senator Benjamin Downing

2013. The bill would also exempt ethanol derived from sources such as forest products, switchgrass and agricultural wastes from the state gasoline tax. Massachusetts would also be the first state to provide a tax incentive for cellulosic ethanol. The gas-tax incentive for cellulosic ethanol is projected to create 3,000 new jobs in Massachusetts and pump \$320 million into the economy as the advanced ethanol is brought to market, according to Patrick. There is still debate in the state government on the specific language of the bill and possible amendments.

However, Harrison expects the eventual bill will stimulate more interest in biofuels, and biodiesel in particular.

“The mandates included in current state legislation will be critical to creating the market for biodiesel in Massachusetts and spurring the development of blending and distribution facilities,” Harrison said. “The federal renewable fuel standard for biodiesel will further ensure that the country moves toward renewable biodiesel and ethanol.”

The renewable fuel standard program requires increasing the use of renewable fuels every year through 2012. By then, at least 7.5 billion gallons of renewable fuel must be blended into motor-vehicle fuel sold in America. After 2012, renewable fuel use

is required to grow in volume as gasoline demand grows.

In addition to the proposed legislation, Massachusetts has provided other incentives to the company in the form of several grants.

“The Massachusetts Technology Collaborative awarded Berkshire Biodiesel a \$450,000 grant to help reduce the cost of our on-site cogeneration plant, along with a grant of \$20,000 to help pay for a feasibility study to determine whether we can build and operate a biodiesel-fueled power plant at a local industrial company, providing them electricity at a rate below which they pay now,” Harrison said.

The company’s ability to import feedstocks and transport biodiesel by rail has also been aided by a state grant.

“We are on the CSX railroad mainline, but we have to build an extensive siding,” said Harrison. “Massachusetts’ Executive Office of Transportation has awarded the city of Pittsfield a \$3 million grant to help with the rail construction.”

The project has been helped along with the support of State Senator Benjamin Downing, a Pittsfield native who now represents the region. Downing believes the plant can help the region and state become known for a progressive energy movement.

“Stabilizing energy prices and ensuring a steady supply of renewable energy resources requires a review of our current energy policies,” he said. “For far too long, we’ve taken relatively inexpensive energy for granted. The time has come for swift action. The Massachusetts Senate has prioritized initiatives this session to position the Commonwealth as the hub of the renewable energy revolution. Berkshire County will be at the forefront of this movement, as firms such as Berkshire Biodiesel come online to produce cleaner fuel blends. Berkshire Biodiesel will create construction and permanent jobs in Berkshire County and its product will help to reduce greenhouse gas emissions. Their business plan shows great promise in raising the profile and utilization of alternative energy sources throughout our region and across the state.”

SPECIAL OPPORTUNITIES

Many of the benefits the first commercial-scale biodiesel facility brings to Massachusetts are obvious, but some are not. According to Harrison, the plant brings some special opportunities to the area.

“We are working with the state and the University of Massachusetts to determine which biodiesel feedstock crops are best suited

to Massachusetts,” Harrison said. “If successful, local farmers will be able to provide us a significant portion of our feedstock. This not only provides local farmers a new cash crop, but it also keeps open space open and strengthens our local economy.”

Gerry Palano, renewable energy coordinator with the Massachusetts Department of Agricultural Resources, said that while it may take a few years to get results, trial experiments are already well underway. He said the effort that unites several state agencies and local farmers will provide information on how well switchgrass and crambe grow on marginal or otherwise unused farmland.


“Farms have really expressed an interest in doing something like this and banding together to help find solutions to their needs,” Palano said, noting that determining how much value can be earned from the new crops versus other staples has been a key component.

According to Stephen Herbert, a University of Massachusetts research professor associated with the project, switchgrass can produce five to nine tons of plant material per acre in a single growing season after being established. This translates to more than 400 gallons per acre of biofuels, similar to the amount produced by corn grain.

“Switchgrass is a good biofuels crop, since it is a perennial that lasts 10 to 15 years after first seeding. It can also be burned directly, or turned into pellets for producing heat and electricity,” said Herbert. “Another advantage is that it can be managed like a hay crop, so Massachusetts farmers already have the equipment and experience to harvest switchgrass.”

Not only will Berkshire’s facility offer potential boosts to the state and local economies, Harrison thinks biodiesel is important to people on a national level.

“It’s American made,” he said. “It creates jobs here and reduces our dependence on foreign oil and the attendant flow of capital to Arab potentates. At a recent National Biodiesel Board meeting in Washington, D.C., Bioheat distributor Mike Devine of Norwalk, Conn., said his Bioheat business was growing fast because consumers wanted to buy an American-made product. The patriotic element, he said, was a big reason people were signing up.”

For more information about the company and updates on the facility’s construction, see www.berkbiodiesel.com. 

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Growing Green in Chelsea, Massachusetts

Dennis K. Burke is pleased to announce the opening of their new biofuels center at 410 Beacham Street in Chelsea, Massachusetts.

The opening marks the first station in Massachusetts to offer E85 Ethanol at the pump. The station already has the distinction of being the first in Massachusetts offering Biodiesel at the pump.

Pioneers in the green arena, the Chelsea-based company recently began operations in their new biofuels storage facility in Holyoke, MA. The storage facility will help Burke keep pace with growing demand for cleaner fuels like Biodiesel and Bioheat.

Burke is one of New England's largest suppliers of diesel fuel, gasoline and motor oil products. The family-owned business has over 45 years of reliable service.

For further information about E85 Ethanol, call 1-800-289-2875 or visit www.burkeoil.com •



Dennis K. Burke is a registered petroleum marketer/blender as required by the EPA's Renewable Fuel Standards Program (RFS).



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After Getting ASTM Approval, Industry Looks to Higher Blends

AFTER MORE THAN SIX YEARS OF EXTENSIVE research, testing and teamwork, biodiesel's prospects of being used regularly in home heating oil blends received a boost when the ASTM International D02 Main Committee finally approved a fuel specification to include 5 percent biodiesel.

"The whole effort of approval is a great reflection of teamwork," said Tom Butcher, an engineer with Brookhaven National Laboratory's Energy Sciences and Technology Department.

He touted the work of manufacturers, such as R.W. Beckett Corp., Carlin Combustion and Riello; industry groups, such as the National

"Bioheat provides a critical opportunity for the Oilheat industry to reposition itself as the green renewable fuel of the future, so knocking down regulatory barriers was essential."

— John Huber

Oilheat Research Alliance (NORA) and the National Biodiesel Board (NBB); and labs such as the Underwriters Laboratory (UL) and Brookhaven.

The manufacturers realized the importance of teamwork in getting the new specification approved.

"R.W. Beckett assumed a leadership role in this process in part because of my activity with ASTM and my position as chairman of the Burner Fuels Section of the Petroleum Products committee," said Vic Turk, of R.W. Beckett. "However, Carlin and Riello readily joined us in the performance testing phase of a fact-finding investigation run by UL that was funded by NORA and NBB. Pump, nozzle filter and other accessory manufacturers all did some investigation and testing work on their own. In short, the effort to adopt B5 blends as a normal variant of the national fuel standard was an industry-wide effort."

The manufacturers' work included coordination with the labs and actually running some of the product tests.

"Carlin participated in the weekly conference calls that mapped out the test strategy, selection of burners and appliances to test, tracked the progress of this activity and performed some of the actual testing asked for by UL," said Carlin executive

vice president Tom Tubman. "Carlin has a UL-certified lab and two lab technicians that are certified by UL to perform UL testing. Carlin also hosted UL engineers who came to witness some of the testing we were doing."

'FUEL OF THE FUTURE'

While some consumers have already been using the B5 blend, sold under the name Bioheat®, the approval gives the fuel a legitimacy that can help sway those who have been reticent to purchase it for distribution or residential use.

"Bioheat provides a critical opportunity for the Oilheat industry to reposition itself as the green renewable fuel of the future, so knocking down regulatory barriers was essential," said John Huber, NORA president.

Turk sees additional reasons for people to adopt the product quickly, now that a major hurdle has been cleared.

"We expand the fuel supply, reduce our dependence on international oil and reduce the carbon footprint from oil burning equipment, which eliminates an objection to burning fossil fuels," he said. "At the B5 level,

there is no need to make changes to burners, storage and distribution systems, and all of the installed burner systems and appliances can use B5 fuels with confidence.”

Manufacturers can seize on this opportunity to offer customers a more environmentally friendly fuel without a need to change equipment, according to Tubman.

“The effort to adopt B5 blends as a normal variant of the national fuel standard was an industry-wide effort.”

– Vic Turk

“B5 promises to benefit manufacturers and dealers by improving the image of heating oil, allowing us to maintain and grow the Oilheat market,” he said. “Even though the percentage of biofuel is relatively small, the homeowner perceives it as a ‘green’ fuel that is homegrown, renewable, environmentally friendly, etc. So the dealer can now capitalize on marketing advantages of this new fuel and hopefully use it as a customer retention tool.”

GROWING DEMAND

Production of biodiesel has increased rapidly for the past several years, with facilities capable of higher yields opening at a rapid pace nationwide. Manufacturers expect the ASTM approval to help continue this trend, as the specification also approves use of biodiesel in fleets.

“With blends up to B5 included in both the fuel oil and diesel fuel standards, we will likely start to see some biodiesel included in fuels as released from refineries,” said Turk. “There are benefits to the oil companies to use biodiesel as a lubricity-improving agent, specifically with the ultra-low sulfur highway diesel fuels. Depending on the economics, this could become a regular practice, and could apply to both diesel and heating oil, since they come from the same blend stocks.”

For Tubman, the only obstacle to accelerated public demand for biodiesel is educating consumers about B5’s availability and benefits.

“I would expect that (dealers) understand the huge marketing advantage they now have with this fuel and will market it heavily,” he said. “If they do, demand will grow rapidly.”

Paul Nazzaro, president of Advanced Fuel Solutions Inc., who represents NBB’s petroleum education programs, believes that the result of the study is simple peace of mind for consumers and dealers.

“No longer is doubt of buying and selling a non-conforming fuel an issue,” he said. “That alone will engage fuel dealers who sat on the fence feeling that they would be in harm’s way by selling something that is outside the industry-accepted specifications.”

One obstacle that retailers in the Northeast

could potentially deal with is the higher pour point of Bioheat, which could be in issue during the cold winter months. However, Nazzaro does not believe that the pour point will become an issue, since distributors have been dealing with biodiesel for years already.

“Those in the business of taking receipts for storage, blending and distribution will work accordingly to protect the integrity of the fuel prior to blending it with home heating oil,” he said. “By the time the fuel dealer picks up the B5 and delivers it to customers, cloud and pour point will have been addressed, making for a problem-free situation downstream.”

WHAT’S NEXT?

Though the effort to receive ASTM approval for B5 took years, the industry has already begun thinking about not only the best way to market B5, but what the future looks like for higher blends of biodiesel.

“I don’t expect any blend higher than B5 to be approved as a backward compatible fuel by UL or ASTM,” said Tubman. “What may happen, and what I would encourage, is the development of a new UL Standard for high levels of biofuel blends for commercial burners. Burners could be built to handle almost any blend up to 100 percent. Assuming there are sufficient quantities of biofuel available in the future, commercial usage would make a lot of sense. The firing rates are higher, and the tanks are larger and easier to segregate the fuel than smaller residential size tanks.”

Turk agrees that getting to B5 was a major move, but going beyond that could be even more difficult because of how it may impact current equipment.

“Moving to higher blend levels of biodiesel is not simply a matter of testing new and higher blends, which just for B5 involved a significant effort,” he said. “Blends beyond B5 may require some changes to equipment that are not fully determined. Since there likely will be special equipment required to burn these blends, there will need to be a way to identify properly outfitted installations and limit delivery of the higher blends to these installations.”

Turk has also identified other properties of

the fuel that could cause more compatibility issues as higher blends are used.

“As the percentage of biodiesel increases over B5, uncertainty about the effects on material compatibility enters the picture. Also, as the percentage of biodiesel increases, the viscosity of the blend increases, and with that, an increase in fuel flow through the nozzle,” said Turk. “Additionally, the more biodiesel in a blend, the poorer are the low-temperature properties. So, moving to higher blends of biodiesel is not an easy next step.”

Without widespread implementation of B5, since the ASTM approval is so recent, Nazzaro is reluctant to predict what kind of impact higher blends would have.

“Having invested six years of effort to gain support and approval for 5 percent, it would be foolish to anticipate a higher blends impact,” he said. “We are confident that 5 percent imparts specific benefits, which is just the beginning. As the industry prepares to begin storing, blending and shipping Bioheat to the consumer, we will establish protocols and priorities to evaluate higher blends for an eventual next step to higher blends.”

That does not mean, however, that work is not being done already in the labs to test higher blend fuels.

“UL, as a part of their involvement with the fact-finding investigation, is developing a testing and listing procedure for higher biodiesel blends and other potential alternatives,” said Turk. “However, this will require significant development, testing and certification efforts on the part of manufacturers, and will need careful evaluation to proceed.”

Instead of looking too far into the future, though, Nazzaro thinks the focus should be on simply making B5 widely available and making its advantages known.

“At this point the industry will begin a strategic deployment of physical assets to store, blend and make available Bioheat,” he said. “Neither NORA nor NBB has discussed advancing a higher blend position until full implementation of B5 is accomplished. Watch for a great deal of outreach both for the fuel dealer and consumer to take shape in the fall.” ☞

In addition to approving specifications for including B5 in heating oil, the ASTM also added other biodiesel blends to new and existing specifications. These other specifications could make the use of biodiesel by truck fleets much more common.

- Changes to the existing B100 biodiesel blend stock specification (ASTM D6751)
- Finished specifications to include up to 5 percent biodiesel (B5) in the conventional petrodiesel specification (ASTM D975)
- A new specification for blends of between 6 percent biodiesel (B6) to 20 percent biodiesel (B20) for on- and off-road diesel.

Ian Bowles, secretary of the Executive Office of Energy and Environmental Affairs in Massachusetts, cuts the ribbon to celebrate the grand opening of Dennis K. Burke Inc.'s E85 pumps on June 26 in Chelsea, Mass., the state's first E85 pumps.



Massachusetts Welcomes First E85 Pumps From Dennis K. Burke

IT MAY HAVE TAKEN LONGER THAN ANTICIPATED, BUT DENNIS K. BURKE INC. has still become the first company with an E85 ethanol pump in Massachusetts.

The Chelsea, Mass., facility finally activated its ethanol pumps on June 26 with a grand opening that included the company's president and chairman of the board, as well as state and local officials and members of the energy industry.

The project took about two years longer than expected because of the need for regulatory and safety approval. Ted Burke, president of Dennis K. Burke, said the wait is customary when bringing products to the market for the first time. However, there was the added benefit of becoming an expert in the field during that time, he said. That experience may lead Burke to work as a consultant for other companies looking for infrastructure and logistics help in releasing E85.

However, the company does not view E85 as the final solution to the world's energy needs.

"This is the first step," Burke said. "We were the first with biodiesel in 2002, now we're the first with this pump. We expect to remain on the leading edge."

He said that he expects the next generation of ethanol, coming from non-food sources such as switchgrass, will become a bigger factor as more research is done. The company also recently began operations in their new biofuels storage facility in Holyoke, Mass.

Chelsea City Manager Jay Ash served as emcee, and Ian Bowles, secretary of the Executive Office of Energy and Environmental Affairs in Massachusetts, and Rep. Eugene O'Flaherty spoke before Ed Burke, Dennis K. Burke's chairman of the board, filled his Chevrolet Impala with the fuel.

Don Crowder, the General Motors zone manager for New England, was on hand and happy to see a GM car filled first, adding that he sees the market for hybrid and flex-fuel vehicles growing as consumers look for more ways to keep traveling costs down and reduce carbon emissions.

The initial public response was strong, as a long line of cars queued up to receive the product—offered at a special price of 85 cents for 85 minutes, courtesy of GM. The fuel was set to retail for \$2.85 per gallon after the promotion.

Dan Quirk was the first customer to fill his tank, waiting in line for about three hours.

"I'm really excited about this," he said. "I've been calling Burke once a week since November to see when the pump would open."

Ted Burke credited Irving Oil with helping to facilitate the addition of E85.

"Irving has been great as our distributor," he said. "Some suppliers are less embracing of the change."

Irving, which serves as a wholesale provider of E85 from its Revere, Mass., facility, hopes that Burke's project fosters continued expansion of ethanol stations.

"Hopefully this is the beginning of a long-term trend," said Robert Takvorian of Irving, who attended the grand opening. "As we move toward cellulosic ethanol, then it's a true alternative fuel."

Burke, a family-owned business with more than 45 years of experience, is one of New England's largest suppliers of diesel fuel, gasoline and motor oil products. For more information on Burke's alternative fuel efforts, see www.burkeoil.com.

Bowles with (left) Ed Burke, chairman of the board and (right) Ted Burke, president.

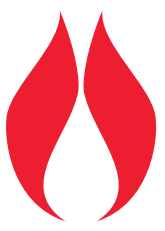


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Legislative Group Supports NEFI's Political Interests in Washington

AS OIL PRICES HAVE CONTINUED TO RISE AND THE PUBLIC HAS CALLED FOR THE GOVERNMENT

to take action, both energy and financial industry members have descended on Washington, D.C., to advocate their positions. The New England Fuel Institute (NEFI) has had its own group to support its members for several years in the form of the Legislative and Regulatory Action Center. Jim Collura, NEFI's vice president of public policy and communications, is also the director of the Legislative and Regulatory Action Center. *Oil & Energy* recently asked him to explain more about the LRAC's recent work, such as battling speculation in the energy markets, expanding support for LIHEAP and keeping members up-to-date on upcoming legislation and regulations.



What is the Legislative and Regulatory Action Center?

The NEFI Legislative and Regulatory Action Center (the Action Center) was established in January 2006 by then-CEO Jack Sullivan as a public policy "clearinghouse" for NEFI and the industry. Prior to the Action Center, all of NEFI's national policy efforts, including lobbying, public policy analysis and regulatory compliance, were done out of the office by high-paid professionals under contract. With the Action Center, that work has been brought in-house. The result is an affordable, efficient, timely and coordinated effort by an experienced staff that has its fingers on the national pulse in Washington and within the industry. And nearly all of the department's funds are derived from contributions by members and friends of the industry, so its success is entirely dependent on their generosity.

What role did the LRAC have in helping see the "Close the Enron Loophole" bill pass? What kind of impact do you think the law will have?

NEFI first learned of the Enron Loophole in 2005 after completing a study of the futures markets to determine the extent that pure speculation is affecting price. The study was inconclusive because most of the data has been kept "in the dark" thanks to deregulation of energy trading by Enron at the turn of the century. Since then, we've been pushing heavily to pass the "Close the Enron Loophole Act," which passed despite heavy counter-lobbying by Wall Street interests. We have established a broad coalition, engaged the public through a media campaign and educated congressional staff on the issue. These efforts were a large part of our success. The new legislation, which after rulemaking

should be "on the books" in nine months or so, will help close the Enron Loophole by giving federal regulators the ability to see some of the data that was previously opaque.

International financial markets are having a major impact on fuel oil costs in America. Is there legislation in Congress or anything supported by the center that can help curb the effect these markets play?

Yes. Years ago, when we began our effort to combat the "Enron Loophole," which exempts electronic trading from the same rules that traditional exchanges such as NYMEX must play by, it was our top concern. Now, the situation is more dire and there is more "dark money" than ever flowing into commodities trading. Traders here in the U.S. are utilizing foreign boards of trade to trade U.S. delivered energy without any federal oversight. There is also a massive amount of cash flowing in from investment speculators, or "investulators," including pension funds, endowments and complicated commodities-based financial instruments. These "investulators" trade without the same oversight as traditional speculators, which is a major concern.

They are now the largest players in the market. When we began the "Close the Enron Loophole" campaign three years ago, they controlled about \$13 billion in commodities trading. Today that number is higher than \$260 billion and rising. And unlike traditional speculators, these investors are taking massive positions in the market, taking long-only rolling contracts (which gives the appearance of a long-term supply shortage), and they are deaf to supply and demand fundamentals. In my mind, and the minds of many experts, there is no question that they are driving the high prices we see today. There are several bills in Congress that would

address this issue, and NEFI is backing the strongest among them. We are arguing that these markets were created for commercial entities (such as producers, airlines, industrial manufacturers and fuel dealers) in order to manage price risk and control of these markets needs to be returned to them.

It seems that the mainstream media has picked up on the role speculation plays in energy prices. What is the state of legislation to combat speculation? How large an impact can it have?

Yes, the media and the public are getting it, and so is Congress. Members of Congress are getting flooded with calls and letters from constituents that are angry that so much of their energy dollars are flowing directly to Wall Street. Price shocks that were once blamed on so-called "price gouging" are now rightly being blamed on dysfunctional commodities markets. If all the loopholes were closed, "investulators" were banned from the market and the federal regulators got tough, you could see the speculative premium disappear from the market. The price of crude would plummet drastically, some believe by as much as half. Congress must address this issue prior to the elections in November. If they don't, it is likely that many members of Congress will be out of a job. The voters are very angry.

The Low Income Home Energy Assistance Program (LIHEAP) is more important than ever with rising fuel costs. What has the LRAC done to help keep the program's funding in place?

The industry has had strong support for the federal LIHEAP program since its inception in 1981, and we tout this support often throughout the halls of Congress. Despite the increasing cost of energy, LIHEAP is severely underfunded and has not kept pace. In fact, the funding remains virtually unchanged over the past 25 years. We are pushing for a fully funded LIHEAP next winter, to the amount of \$5.5 billion. We also support strengthening the program by tying funding to inflation and price increases, and by eliminating the federal leveraging incentive that has led to so many heating oil and propane leveraging programs in the states. I think we will see something good in the next Congress. NEFI has also joined the National LIHEAP Coalition and the National Fuel Funds Network (NFFN) and is very active. We have spoken at their conferences to help educate low-income advocacy and community action groups on how deliverable fuels such as heating oil and propane are different from natural gas and electricity.

We think that working with like-minded coalitions and groups is essential, and we devote a lot of time to it.

Can you describe the role of the Commodity Futures Trading Commission (CFTC) and what interaction the Action Center and NEFI have with it?

The CFTC was established in 1974 and is the principal federal regulator for the commodities futures markets. Its principal "mission" is to protect market users and the public from fraud, manipulation and abusive practices related to commodities trading. Obviously, they're not doing a good job, and we have led the charge in holding them to account. Last year, we led a national coalition and recommended the establishment of a federal advisory committee at the CFTC made up of commercial traders, industry groups and consumer advocates. Fortunately, the CFTC established this group several months ago and NEFI has a seat. Unfortunately, Acting Chairman Walt Lukken stacked it with financial interests and speculators.

What is the LRAC doing about calls by some senators to release a portion of oil from the Northeast Home Heating Oil Reserves?

This past winter, we joined Oilheat state groups from around the region in advocating for a release, arguing that sulfur controls, refinery issues and off-shore distillate demand was creating a supply shortage—or at least signaling one to the dysfunctional futures markets—resulting in a price emergency. The president refused a release, believing our motivation was solely to reduce prices, and saw no imminent supply emergency. Since then, we have developed a new line of communication to the administration. If there is a heating oil supply situation in the coming season, we are ready to act.

The LRAC keeps NEFI members informed about the latest developments in EPA regulations. Are there any upcoming regulations that dealers should know about?

Yes. Thanks to our Washington-based regulatory attorney Mark S. Morgan, Esq., we are on top of all federal regulations that affect our members. The obvious one is the ongoing transition to ultra-low sulfur diesel (ULSD). The transition is already well underway for on-highway motor vehicles (MV diesel). The transition began for non-road, locomotive and marine (or NRLM diesel) last year. The rule creates new requirements for everyone who sells, stores or transports diesel fuel, kerosene and heating oil. Recently, the IRS has announced that it will assist the EPA in enforcement of these requirements. Also on

the horizon are the new requirements for EPA Spill Prevention, Control and Countermeasure (SPCC) compliance. Amendments to the rules passed in 2002 and 2006 will fall into place on July 1, 2009. Anyone who is required to have an SPCC plan must have one by then, and anyone that has one must modify it per the new amendments. The NEFI Action Center offers compliance information, resources and on-call assistance for our members.

Is the Small Business Administration doing anything to help home heating oil dealers? Does the LARC support any of these measures?

Currently, heating oil and propane companies are classified as "small business" if they have less than \$11.5 million and \$6 million in gross receipts, respectively. That makes many heating fuel companies ineligible for small business benefits and discounted federal fees, such as the DOT HAZMAT fee that is required of all HAZMAT transporters. In fact, unless the rule is corrected, many fuel dealers may be made subject to a looming \$2,000 annual HAZMAT fee increase for large businesses. We are

advocating for a 100-employee threshold for heating oil and propane companies in order to be classified as large business. The Small Business Administration is finalizing a rule right now and we are very hopeful of success! (Editor's Note: Since this interview took place, the SBA changed the classification. See page 3 for more.)

NEFI has called 2008 a "year of change." This is self-evident with all the volatility we've already seen. What major issues do you expect to face the rest of the year and in the near future?

Without question, the world is changing... fast. The current uncertain economic climate has many people wondering about the future and our place in it. This is an important discussion, and one that will be addressed during the Oilheat Visions Conference in Boston this September. Without question, the political and economic changes in the coming months may well determine the future direction of this nation and its energy policy. We need to be ready for new challenges and promising opportunities. Regardless of what happens, we will be here and we will be ready! ☺


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Editors Note: Would you like to take an active role in testing your fuel supply, as Bill Riordan suggests? Then take advantage of discounted fuel testing available to NEFI members through Bently Tribology Services of Peabody, Mass. For more information, contact Bently at (978) 535-9990 or e-mail dan.walsh@bentlytribology.com.



With ASTM Changes, Beware of Imposters

By Bill Riordan, Advanced Fuel Solutions

BACK IN JUNE, AT THEIR SEMI-ANNUAL conference, the ASTM International voted to amend both the heating oil specification D396 and the transportation diesel specification D975 to include 5 percent biodiesel. Biodiesel has its own specification with ASTM, known as D6751. In its ruling, ASTM made it clear that you must blend a D6751 specification fuel with either D396 or D975 to meet the new specifications. This change represents the first time ASTM has amended the heating oil and diesel fuel specification. This amendment allows for the inclusion of biodiesel and not any other fuel.

As is the case with new products and technologies, you will often find a lot of imposters trying to duplicate the efforts or trying to piggyback on the work of those who have already paved the way. In the case of

“As we continue to move toward a marketplace that uses blended fuel on a regular basis, it is important to make sure that (ASTM) standards continue to be met and that shortcuts are not allowed.”

biodiesel, you may find someone claiming to offer biodiesel or claiming to meet the new specifications, but you must be careful and be sure you are getting what you paid for. You may be asking yourself “Why does it matter?” or “What is the big deal?” To answer these questions, you must first understand the process through which the specifications went through in order to be amended.

Biodiesel, by definition, is a fatty acid methyl ester commonly going by the acronym FAME, which may consist of a variety of feedstocks, including plant crops like soy, canola, palm and sunflower, recycled

restaurant greases or even animal fats. These feedstocks, in their raw form, should not be blended with either heating oil or diesel fuel, much like crude oil would not be delivered into a homeowner’s tank. However, once they have gone through a chemical process known as transesterification and meet ASTM specification D6751, these products are ready to be blended into traditional heating oil or diesel fuel. Once blended, this new fuel will still meet the D396 or D975 specification set by ASTM. This is important because ASTM fuels are the only fuels that are approved for operation in home heating equipment. If you use a fuel other than ASTM fuel in home heating equipment, it is possible you will void the original equipment manufacturer’s (OEM) warranty or you may not be in compliance with National Fire Prevention Association Codes like NFPA 31. NFPA 31 is the code that specifically addresses fuel stored inside homes and buildings.

The biodiesel industry has worked tirelessly for many years and has spent millions of dollars to show that the process for converting FAME feedstocks into biodiesel provides a safe, reliable and high quality fuel that works as well, if not better, than traditional home heating oil. As we continue to move toward a marketplace that uses blended fuel on a regular basis, it is important to make sure that these standards continue to be met and that shortcuts are not allowed. Given the high cost of getting a new fuel approved by ASTM and the lengthy time involved in the process, it is easy to see why someone may want to try to take a shortcut. I do believe the industry should embrace new fuels and new technologies as long as they can show and document that their fuels are of the

highest quality and will work seamlessly in today’s heating equipment.

When you consider that this is the first time ASTM has made a change to the heating oil and diesel fuel specification, you can see that change is not something ASTM takes lightly and is not something they do on a whim or at the drop of a hat. As a fuel dealer who must deliver, service and handle this new fuel, you should demand nothing less than the same type of commitment to excellence that was demonstrated at ASTM. After all, you are the one who will have to deal with any problems that may result in the field should off-specification fuel cause a problem. And generally speaking, any problem in the field will only cost you money and possibly cost you customers—both of which any dealer can ill afford.

So how can you be sure of what you are buying? The easiest way is to work with a reputable wholesale supplier or a qualified producer. Many of the wholesalers are already offering biodiesel, so I am sure you will not have any trouble finding qualified suppliers in your market. As added safety, you may want to run your own periodic testing or at least ask your suppliers for copies of specification sheets on fuel you are purchasing. You may also want to take samples of fuel and save them for future use in case a problem develops. Maintaining a log of testing and documenting any problems that may occur in the future is a way to help establish your own company protocols when it comes to this new fuel. Any company that takes an active role in securing quality product is likely to be one that will be successful in working with and understanding the benefits of this significant and monumental change that has taken place at ASTM. ☐

**ECOBUILD CONFERENCE
BRINGS GREEN CONSTRUCTION
TO THE FOREFRONT**

EVERYONE IS TALKING ABOUT RISING FUEL prices. In order to address the issues of energy, members of the HVACR industry participated in the annual Ecobuild conference in Anaheim recently.

California Gov. Arnold Schwarzenegger welcomed Ecobuild participants from groups in the HVACR industry such as the ASHRAE, Legend Valve, HVAC Excellence, Ferris State University, Fieldpiece Instruments, the Green Mechanical Council, the United Association and Walter Furnace, to name a few.

Ecobuild is an annual event that goes beyond green to cover the breadth of green building, sustainable design, renewable energy, environmental planning processes and information collaboration strategies for commercial, industrial, institutional and residential construction.

Attendees included federal government groups such as the Environmental Protection Agency, Department of Energy and Department of Commerce, design and construction decision-makers from the public sector and private practice, AEC professionals, owners, developers and facility managers—the entire project team in one place, at one time.

The Ecobuild conference covered sustainable and environmental design, energy efficiency, renewable resources, green building practices, service innovations, expert strategies and opportunities to expand offerings to government projects all under one roof.

The keynote speaker was Dr. Drew Bond, senior adviser for the U.S. Department of Energy, who discussed what and where the Department of Energy/Office of Energy Efficiency and Renewable Energy is budgeting and spending for the development and growth of green building, energy efficiency and renewable energy for the build environment.

The Ecobuild conference also featured specialty pavilions for various sectors of industry. The HVACR industry was well represented by the Green Mechanical Council pavilion. The pavilion showcased mechanical systems products and services designed to save energy and reduce emissions. Classes were conducted and sponsored by the United Association, Legend Valve, COSA, Fieldpiece Instruments, Ferris State University and HVAC Excellence.

For more, visit the Ecobuild website at <http://www.ecobuildamerica.com>.

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BLACKMER INTRODUCES TXD1200 SERIES PUMPS

Blackmer has introduced the TXD1200 Series high-speed truck pumps recently to adapt to specific changes in the light petroleum products markets. The new TXD1200 Series is for pumping light petroleum products (diesel, heating oil, gasoline, kerosene, avgas, various biofuels, such as biodiesel and ethanol) and addresses all of the noted changes in the marketplace according to Blackmer.

Although most parts and options remain common to the current TXD pumps including Duravanes, mechanical seals, bearings, relief valves (mechanical and pneumatic) and flange options, some basic changes have been made to the TXD1200 Series pumps to optimize performance and lengthen service life. These TXD1200 pump models are designed with a new cylinder body, with indicator holes drilled near the feet on the discharge side of the pump for external identification. All the models are designed with a new rotor and shaft, along with new lock-nuts and nylon tipped set screws to help reduce maintenance requirements. The TXD1200 Series pumps are manufactured without push rods on the TXD1225 and TXD1220 models, while composite push rods are designed into the TXD1230.

For more information about Blackmer TXD1200 Series pumps, contact Scott Jackson at (616) 248-9218 or jackson@blackmer.com.

NEVVUS GROUP INTRODUCES POWER-SAVING DEVICE

Nevvus Group, a producer and distributor of earth-friendly products, has announced the introduction of its "Powergard" energy saving product.

According to Nevvus, the Powergard energy saving system works to reduce power spikes and energy surges and regulates the electrical system of a home or office, making it more efficient. The plug-in Powergard unit stores energy otherwise lost in the operation of inductive motors—found in many household appliances such as refrigerators, air conditioners and vacuum cleaners—in its capacitors and recycles it for maximum energy efficiency. The manufacturer says that it can reduce energy costs up to 10% off of the monthly electric utility bill. The Powergard simply plugs into any electrical outlet.

For more information on Powergard, visit www.HomeEnergySaver.net.



NRC EXPECTS APPLICATIONS FOR 34 NUCLEAR POWER PLANTS BY 2010

The U.S. Nuclear Regulatory Commission (NRC) is currently reviewing applications for 15 new nuclear reactors at nine sites in eight states: Alabama, Georgia, Maryland, Mississippi, North Carolina, South Carolina (two sites), Texas and Virginia. By the end of this year, the NRC expects to receive applications for 12 more reactors at nine sites in eight states, including two more sites in Texas, as well as sites in seven new states: Florida, Idaho, Louisiana, Michigan, Missouri, New York, and Pennsylvania. In 2009, the NRC expects applications for four more reactors at two sites, located in Florida and Texas, and in 2010, the commission expects applications for three more nuclear reactors at three sites. It lists Utah as the location for one of those facilities, but the details on the other two facilities have not been announced yet.



The review process is also quite long, with the NRC expecting to hold hearings for most of the current applications starting in 2010, leading to the first new licenses possibly being issued in 2011. All of the applications also depend on the NRC issuing design certifications for the new reactor designs that the energy companies intend to employ.

DOE TO GUARANTEE \$10 BILLION IN LOANS FOR EFFICIENCY, RENEWABLES

The Department of Energy is offering \$10 billion in loan guarantees for projects involving energy efficiency, renewable energy, and advanced transmission and distribution. The agency is seeking projects relating to biomass, geothermal, solar, and wind energy, as well as projects involving hydropower, alternative fuel vehicles, and energy efficiency. In addition to general energy efficiency projects, the solicitation specifically requests projects relating to energy efficient building technologies and efficient electricity transmission, distribution, and storage. DOE intends to issue loan guarantees for stand-alone projects, as well as projects relating to manufacturing technologies and the large-scale integration of renewable energy, energy efficiency, and energy storage technologies into the electrical grid. Applications are due by Dec. 31. See <http://www.lgprogram.energy.gov/index.html> for more information.

SUPERCOMPUTERS TO AID OIL EXPLORATION EFFORTS

Driven by the increasing demand and rising costs for energy worldwide, Repsol YPF and the Barcelona Supercomputing Center (BSC) have announced research results using IBM supercomputers powered by the Cell Broadband Engine as the standard for future hydrocarbon exploration. The preliminary findings show IBM BladeCenter QS22 supercomputers, powered by the IBM PowerXCell 8i processor, enable searching for oil fields at greater depths up to six times faster than conventional technology currently deployed by the oil and gas industry.

The IBM PowerXCell 8i, originally developed for the Playstation 3, is a critical component to the development of a new class of seismic technology enabling Repsol to locate oil reserves buried some 30,000 feet (10,000 feet of water and then 20,000 more feet of seabed) below the Gulf's surface. The U.S. Department of the Interior's Minerals Management Service estimates the Gulf holds approximately 56 billion barrels of oil equivalent (oil and natural gas), which, at \$130/barrel, would be worth more than \$7 trillion and would meet the entire U.S. demand for oil and gas for about five years.



ARSENault ASSOCIATES BRINGS SOFTWARE TO SMALLER FLEETS

Arsenault Associates of Burlington, N.J., the providers of Dossier fleet maintenance management software, announced that they are now offering a graduated licensing structure that will make it more affordable for companies with smaller fleets—as few as 10—to use the software. For more information, see www.arsenault.biz.

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MONDAY, September 8, 2008

- 11:30 AM Biodiesel blending plant tour (60 Min.) at Dennis K. Burke Company, Chelsea, MA. Transport to and from hotel included.
2:00 PM National Oilheat Research Alliance (NORA) Board of Directors Meeting / public meeting
4:00 PM PMAA Fuels Committee Meeting
5:00 PM Vermont Fuel Dealers Association / reception on site


TUESDAY, September 9, 2008 MORNING SESSIONS

8:00 AM Continental Breakfast / Exhibits Open

9:00 AM **Special Presentation:** Join us as the Petroleum Marketers Association of America (PMAA) honors Champion Energy President and CEO Peter Carini with the prestigious Bob Greenes award. This tribute honors the late Mr. Greenes who served the heating oil industry in numerous leadership capacities throughout his career and dedicated his later years to forming the nationwide coalition that led to formation of the National Oilheat Research Alliance (NORA).



Peter Carini

9:10 AM  **Keynote Address: Joseph Petrowski, President, Gulf Oil**
A 1976 graduate of Harvard College, Mr. Petrowski has extensive experience in domestic and international markets and has served as President and CEO of Gulf Oil from 2005 to the present (\$7 billion in annual revenues; over 350 employees headquartered in Newton, MA). Prior positions include service as President of Consolidated Natural Gas Energy (Fortune 500 Company with 50,000 non-regulated energy customers in business with nationwide scope) and President of Louis Dreyfus North America and Louis Dreyfus Natural Gas Liquids 1995-1997, all with substantial energy and trading infrastructures. He will be able to provide perspective and insight as to how global energy demand intersects with domestic policies and supply capacity and the respective impact on the retail fuel marketplace.

10:00 AM **Banking & Financial • Hedging Education Sessions**
Sessions Are Repeated To Broaden Learning Opportunities

Banking & Financial Track

Track Leader: Jim Townsend, CEO, Townsend Fuel & Propane; past NORA Chairman / NEFI Chairman

- FORECASTING
- ACCOUNTS RECEIVABLE & CASH FLOW
- FINANCIAL DASHBOARDS
- ALTERNATIVE FINANCING

James F. O'Connor Managing Partner, Chartwell Company, Merchant Banking

is teamed with

Thomas O'Leary, Executive VP and Group Executive for Specialized Banking, Citizens Bank to review new dynamics in dealing with traditional lenders, expectations and challenges, and the realities of financing a fuel business.

Chartwell Investment Partners
Institutional and Private Asset Management

 Citizens Bank



CFO SYMPOSIUM: What are the successful cos. doing with respect to financing... to increase cash flow ...and keep a strong working relationship with banks? Prominent executives will join **Liza Lecuyer, CFO, Peterson Oil Service, Worcester, MA**, to lead this timely format. She will be joined by **Thomas McBride**, principal with diversified marketer **Burns & McBride, Inc., New Castle, DE**.

Hedging Track

Track Leader: Richard Larkin, President, Hedge Solutions, Manchester, NH, a leading consulting firm

- **3 STRATEGIC LEARNING SESSIONS** At a time when every dollar you allocate to fuel purchases is critical, your attendance at this track can guide you toward survival.



JUNGLE HEDGING: Survive by predicting the future of your profit margins. New technology allows you to virtually plug in your hedged position under every possible market simulation! Learn the new accounting tools now being used to forecast profit margin based on your sales and how you hedged them. Find out why some leading banks in the industry now make it a requirement to use this technology in order to get financing.

SURVIVING THE INVASION OF "WWW" AND "HTML"!
Selling price protection and your company on the Web.

Why are heating oil dealers and propane distributors moving in herds to the internet? You'll be able to see, touch, and feel the latest in web technology. You'll find out how best to get your customers to interact with your website and how to maximize sales and profits using the internet.

FUEL BUYING SURVIVAL COURSE! Fuel buying and hedging is a survivor's game. One wrong move and it could cost you a year's worth of profits or even your business! Learn from the experts. Taming the rapid and violent swings in the price of oil today requires knowledge and help. Learn from MF Global, the world's leading broker for exchange-traded futures.

10:50 AM **Banking & Financial Track and 3 Hedging Track Education Sessions Repeated**

11:40 AM **Banking & Financial Track and 3 Hedging Track Education Sessions Repeated**

12:30 PM Light Lunch / Exhibits Open

We have brought in new names and faces — all experienced pros in the fuel business — to address the most pressing issues of the day. We encourage you and key personnel to attend to gain valuable insight on how to maintain profitable fuel delivery, get appropriate financing, hedging education, and establish growth via customer relationships, the very lifeblood of your business!

Diversification Track

Track Leader: Richard Goldberg,
President, Warm Thoughts Communications

Learn from some of the best names in the business how to keep your customers secure to your operations, how to diversify to home services, and how to compete!

**OWN THE CUSTOMER****David O'Connell, Wilson Oil, PA**

David took over the company 6 years ago and has turned it around — achieving growth with some of the strongest margins in his area and getting over 75% budget and 90% service plan enrollments.

Joanne Lamprey, President, Lamprey Brothers, NH

She has positioned her 80 year old company to be on the forefront of residential energy. Installations now cover geothermal, solar, indoor air quality, and a variety of high efficiency equipment. The company has carefully focused on its brand and customer relationships.

Ann Ward, President, Ward and Associates

Ann motivates audiences to expand their way of thinking and achieve their goals. Audiences enjoy her combination of practical knowledge, rapport, humor and philosophy. Ann has helped individuals at companies such as; Avon, Amtrak, Citigroup, Credit Suisse, Fairmont Hotels, and several of Connecticut's leading heating oil companies.

OWN THE HOUSE**Rick Card, CEO, D.F. Richard**

— a 76 year old Oilheat and propane company. Since entering the propane business in 1980, the company has grown from 500,000 gallons of propane a year to over 6 million gallons. Propane now exceeds oil and is the engine of growth.

Ed Cardell, Director of Marketing, E. Moyer & Son, PA

What started as a small feed mill over 140 years ago has grown to include heating fuel, lawn care, pool and spa care, plumbing, AC, water quality, pest control, radon protection and other services for five counties in PA.

David Cohen, Executive VP, Standard Oil of Connecticut

Standard has built the largest independent heating oil company in CT — without acquisitions. They've leveraged their talents to grow one of the three largest security companies in the state and launched a home insurance division.

David Singer, President, Robison Oil, NY

Robison Oil is the largest fuel oil company in Westchester, NY, and also sells natural gas, electricity, biofuel, heating and air conditioning services, and indoor air quality equipment. The company has tripled in size since 1984.

Strategy For Success Track

Track Leader: Steve Abbate, Market Development Executive with Griffith Energy Services, Inc.

- Understand the Effects of High Prices
- Refocus Your Company
- Proven Techniques to Increase Profit

**CRITICAL BUSINESS PLANNING****Paul J. Gerry Jr., CPA, Gray, Gray & Gray**

Paul has consulted with hundreds of closely held businesses and individuals for nearly two decades. He combines strong accounting, tax and financial planning skills with a practical approach to solving problems. He will discuss the specific affects of high product costs as it relates to retail fuel businesses and recommend specific action plans to compensate for increased expenses associated with high prices.

Tim Crowe, Vice President Land Sales and Marketing, World Fuel Services

Tim will break down the retail fuel business into its key components and show us how to construct a viable business plan moving forward in this high-priced environment.

**STRATEGY FOR SUCCESS MARKETER PANEL SESSION****How to Deliver — Today!****Ed Miller, President, Skylands Energy Service**

Ed has had tremendous success with implementing new delivery routing technology. He will share how his efficiencies have reduced expenses throughout his company and have more than paid for the investment in the technology.

Inventory Control

Bruce Fortin, President, C.K. Smith Inventory control is more critical now than ever. Managing a proper fuel and burner parts inventory can increase cash flow and reduce operating expense. Bruce brings vast experience with inventory control to the fuel business!

Resize for Success**Joe Vassallo, Oilheat Associates**

In his 38 year career Joe has held senior management positions with CITGO, Whaleco, PETRO and Santa Fuel. He has hands-on experience in delivery and service operations, supply & distribution, gasoline and C-Store operations, and retailing. He will focus on the essential need to resize and the business tools to do it.

SWIM WITH THE SHARKS**Blaine Fox, VP for HVAC Services, Warm Thoughts Communications**

Prior to his current position, Blaine managed the largest residential HVAC and Plumbing Company in the Philadelphia area, Service-Mark, for 7 years (\$32 million in sales, locations in two states). Blaine was featured on Philadelphia TV and Radio speaking about HVAC topics, served on the editorial advisory board of Contracting Business Magazine, and was a featured speaker at the National HVAC Comfortech Conference.

HELPING DEALERS HELP CUSTOMERS

The National Oilheat Research Alliance (NORA) will premier a new Home Energy Analysis Program for use by retail fuel dealers and introduce an energy audit certification classification for technicians.



8:00 AM Continental Breakfast / Exhibits Open

9:00 AM **Diversification and Strategy for Success Education Sessions Repeated**

10:00 AM **SWIM WITH THE SHARKS Diversification Education Session Repeated**

11:00 AM **Important Presentation About Small Business Administration (SBA) Financing Programs**

Despite impressions conveyed by the media, many banks around the country do have money to lend and support heating oil retailers. Many marketers, however, remain either unaware or uninformed about the nature and diversity of these programs and how financing can be obtained. This session is designed to inform you of what is available and correct misperceptions about SBA programs. There are several programs that may prove of particular interest to fuel retailers, including the *SBAExpress* that can accommodate up to \$2 million in qualified financing. The U.S. Small Business Administration provides a variety of technical, financial and advocacy services to America's small business community. The Agency's small business financial assistance programs are comprised of a wide range of loan programs, each targeted at different markets. If you are looking for new and/or additional financing — and refinancing — options, this session will definitely be of value.

NOON **The Bioheat® Picture and Biofuel Mandates**

Mass. and N.Y. are soon to mandate a biodiesel/Bioheat® component to heating oil and diesel fuel and other states are sure to follow. This session will address the need to incorporate a "bio" component to the fuels you sell and deliver, what the timetable is likely to be in each state throughout the Northeast, along with the supply and storage commitments you are likely to see within the next twelve months. This session is being produced for VISIONS 2008 by Paul Nazzaro, Advanced Fuel Solutions, who produces and coordinates efforts of the National Biodiesel Board to foster the growth of Bioheat applications for the heating fuel industry.



1:00 PM Post Conference Commentary and Adjournment

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GINGRICH STARTS GRASSROOTS DRILLING CAMPAIGN

In an effort to raise public support for domestic drilling, 527 group “American Solutions for Winning the Future,” founded by former speaker of the U.S. House Newt Gingrich, has launched a grassroots campaign targeting consumers outraged at the cost of oil and gasoline. The site advocates for oil drilling



in Alaska, in the Rockies and off-shore areas. At press time nearly 700,000 online petition signatures had been received. NEFI has been an advocate for maximized domestic production, but not without also correcting the futures markets, which are dysfunctional and have become disconnected from supply (which is at adequate inventories) and demand (which has been declining). For more on the drilling campaign, visit www.americansolutions.com.

STUDY REVEALS LITTLE CORROSIVE EFFECTS ASSOCIATED WITH BIOFUELS

A recent study on the compatibility of biofuels with steel storage tanks and equipment has found that electrochemical reactions between carbon steel and all commercially available types of biodiesel generate virtually no corrosion. The study was conducted by an independent research laboratory and funded by the National Biodiesel Board, the National Oilheat Research Alliance (NORA), the Steel Tank Institute and other groups. Both soy and animal-based biodiesel blends at varying concentrations and sulfur levels were tested on standard low-carbon steel commonly used in petroleum storage tanks. The testing was carried out to simulate typical storage tank conditions over a 12-month period.

Among the key conclusions of the study was that the electrochemical reactions (conductivity) of the fuel blends tested were so low that no corrosion rate could be measured. The study also found that fuel samples with higher acidity rates due to fuel degradation over time did not correlate with a boost in corrosion rate. Sulfur content of the fuel was also found to be an irrelevant factor in corrosion. Heating oil used in the testing

that contained 4000-ppm sulfur performed similarly to low sulfur blends. While the study reinforced the compatibility of steel tanks with the full spectrum of biodiesel blends, water in tanks was found to increase corrosion rates and accelerate the degradation of all biofuel blends.

ALTERNATE FUEL LOCATOR AVAILABLE ONLINE

Automakers and truck manufacturers are selling and leasing an increasing number of vehicles that run on alternative fuels, including E85 (a blend of 85 percent ethanol and 15 percent gasoline), B20 (a diesel blend containing 20 percent biodiesel), natural gas, propane, electricity and even hydrogen. At the same time, E85 and B20 fuel pumps are springing up throughout the nation, and propane fueling stations are commonplace in some areas, while more limited efforts are underway to install fueling and charging stations for other alternative fuels. For owners of vehicles that can run on alternative fuels, the trick is to locate the fuel stations in your area or along a route you plan to take.

That is, until now. The Department of Energy’s Alternative Fuels and Advanced Vehicles Data Center has launched an online alternative fuel station locator. Built upon a Google Maps interface, the station locator



allows you to select an alternative fuel and find stations in your location or along a route. An “advanced search” option lets you winnow down the list to only show public stations or to select a specific payment method. The station locator is sponsored by DOE’s Clean Cities initiative and administered by DOE’s National Renewable Energy Laboratory. See the Alternative Fuel Station Locator on DOE’s Energy Efficiency and Renewable Energy Web site at www.eere.energy.gov.

NAOHSM PLANS RETREAT, FUNDRAISER, TRAINING

The National Association of Oil Heating Service Managers (NAOHSM) will host the third annual Oil Heat Retreat from Sept. 11 to 14. This year, it takes place in Gettysburg, Pa., at the Wyndam Hotel, 95 Presidential Circle.

The rate is \$155 for a single and \$175 for a double. This rate includes a full breakfast each morning and evening functions. To make reservations, call (866) 845-8885 and reference NAOHSM. If you wish to attend, call soon, because the deadline for reservations is Aug. 12.

Help NAOHSM raise funds for Oil Heat Cares, which provides home heating equipment and volunteer service to those who cannot afford it, by attending a benefit seminar on Thursday, Sept. 11 at the Gettysburg Hotel, 1 Lincoln Square, Gettysburg, Pa. Dan Holohan will present “Greening Steam” at 2 p.m., followed by a buffet dinner and door prizes, including a chance to win Wohler test instrument. The cost to attend this event is \$99.00 per person and all proceeds go to Oil Heat Cares. You can mail a check to Oil Heat Cares, P.O. Box 67, East Petersburg, PA 17520, register online at www.naohsm.org or fax a reservation to (717) 625-3077.

NAOHSM’s Train the Trainer class will take place Aug. 12 to 14 at the Ramada, Philadelphia International Airport, 76 Industrial Highway, Essington, Pa. The cost is \$195 per person. For more information or to register, visit www.naohsm.org.

UPCOMING TRAINING COURSES

There is a new series of courses taught by George Lanthier of Firedragon Academy in August and September at the NEFI Technical Training Center in Watertown, Mass.

- HVAC System Design, Aug. 20 and 21, 7 a.m. to 3:30 p.m., tuition is \$399 (NEFI members) or \$499 (non-members)
- Advanced Electrical Troubleshooting, Aug. 26, 27 and 28, 7 a.m. to 3:30 p.m., tuition is \$599 (NEFI members) or \$750 (non-members)



- Riello Troubleshooters Workshop, Sept. 10, 7 a.m. to 3:30 p.m., tuition is \$205 (NEFI members) or \$250 (non-members)
- Wiring Hydronic Systems, Sept. 11, 7 a.m. to 3:30 p.m., tuition is \$215 (NEFI members) or \$299 (non-members)

For more information or to register, see www.nefi.com/training.



Dealers and Service Managers Hesitate to Fully Embrace Biofuels

WITH OIL VOLATILITY DEMONSTRATED BY a \$10 single day jump for the price of a barrel as it heads toward \$150, it would appear that home heating retail dealers would be clamoring to add one of the many variations of biofuel into their fuel mix.

Not so fast, according to several dealers and service managers at the annual convention of the National Association of Oil Heating Service Managers (NAOHSM) in May. Despite testimony calling biofuels as good as home heating oil, other Oilheat professionals remain unconvinced.

A panel discussing the latest update on Bioheat®—a blend of standard No. 2 heating oil and 2-20 percent biodiesel—soon divided into two camps: supporters who have successfully used the blend, and skeptics who will need to see the product undergo a bit more use and testing before they will supply the stuff.

“[Biodiesel] is still in the experimental stage, so why make the consumer a guinea pig? My customers ask that I give them a professional decision and I don’t have enough information to give that to them,”

—Ralph Adams, Parker Fuel

When it comes to biofuels, “I’m on the fence,” said Ralph Adams, a former NAOHSM “Service Manager of the Year” who has been the service manager for Parker Fuel in Ellicott, Md., for the past 15 years. While he’s keeping an open mind on the matter, “it’s hard to sell the stuff when no one is asking for it,” he said.

While Adams has his doubts, Andrew Kellar, co-owner of 14-month-old Simply Green of Portsmouth, N.H., is as green as someone can be. Kellar started the home fuel retail business with one intention, “to be a niche provider and that is with Bioheat.”

Kellar said that in his area “people are screaming for it,” and found that his consumers are accepting of the new fuel.

And for representatives from the National Biodiesel Board (NBB), Bioheat is being envisioned as a savior for the Oilheat industry.

From 1980 to 2005, the number of households using Oilheat has fallen from 13.5 to 7.7 million, a nearly 50 percent reduction, “and that’s with cheap oil,” said Bill Riordan, a vice president at Advanced Fuel Solutions and a member of the NBB.

One issue in advancing biodiesel has been the “very tough year” for retailers, said Riordan. It is difficult to introduce biofuels with customers seeing their heating costs shooting up so quickly.

Yet in a world where oil supplies will be under greater pressures—China is expected to double its consumption of oil in the next four years—biodiesel is being promoted as an attractive substitute to oil as both a home-grown alternative to foreign oil and providing a cleaner fuel for increasingly “green” consumers, said Riordan.

And biodiesel will be in greater supply in the next few years due to federal tax incentives to use and create biofuels and state- and city-based mandates. New York City will require a 20 percent blend in the heating oil pool by 2012.

Yet for many service managers in the audience, just increasing the supply doesn’t correlate to greater acceptance by retail dealers. This continued reluctance to embrace biodiesel is two-fold, according to panelists and attendees: reliability and the shadow of litigation.

There is nervousness, especially among those who service the equipment, in accepting a fuel source that is relatively new to the majority of retailers, said several audience members. They would rather stay on the sidelines and use No. 2 and wait for others to discover the benefits and potential problems.

“[Biodiesel] is still in the experimental stage, so why make the consumer a guinea pig?” said Adams, noting that the product has yet to be used during an extremely cold winter.

“My customers ask that I give them a professional decision and I don’t have enough information to give that to them,” he said.

For many in the audience, the biggest question is whether biodiesel can stand up to a more typical winter. Some biodiesel freezes at a higher temperature than standard diesel and must be stored at temperatures higher than the standard pour point. In addition, many service managers question storing biodiesel in aboveground tanks, since they require increased insulation and heating systems.

Other service managers, such as Matt Spink, commercial service manager for Slomins Oil in Westbury, N.Y., are wary of biodiesel’s well-founded qualities as a solvent. He noted that many residential customers have tanks that are more than 40 years old in which “the sludge holds the whole thing together.” By adding biodiesel, there is an increased likelihood of leaking and clogged pumps and injectors.

“Do we just give ourselves a black eye by adding this?” asked Spink.

Yet Kellar said that consumers’ and retailers’ apprehension to biofuels could be diminished with education. He said that dealers must rely on refiners who have a good track record of supplying “clean” biofuel blends and tell customers they take a risk using B20 biodiesel.

And in the back of the mind of many service managers is the possibility of facing the wrath of customers by using a fuel that has yet to be approved by Underwriters Laboratories. They pointed out that most systems with old gaskets and seals would be hard-pressed to process the higher blended biofuels.

“There is a real chance for a high-profile lawsuit with some disaster,” said one audience member. Nor did anyone attending the panel believe that equipment manufacturers would stand by the retailer for using biofuel.

“Who’ll be left to hang out to dry?” Adams asked. ☒

LOOK WHO'S AVAILABLE TO HELP YOUR OILHEAT BUSINESS.

DOVER ACQUIRES NEPTUNE CHEMICAL PUMP

Dover Corporation, a manufacturer of pumps and meters, recently announced it acquired Neptune Chemical Pump Company and it will become part of Dover's newly-formed Pump Solutions Group (PSG) within its Fluid Management segment.

Neptune, based in Lansdale, Penn., is a manufacturer of chemical metering pumps, chemical feed systems and peripheral products, and is known for their use in metering, dosing and injecting chemicals with emphasis on water and wastewater treatment.

The PSG also includes Wilden, a leading manufacturer of air-operated double diaphragm pumps and Blackmer, a supplier of sliding vane pumps. The PSG website is www.pumpspsg.com.

CARLO JOINS TOTAL ENERGY SOLUTIONS

Industry veteran retailer Ralph Carlo has joined the sales force of New Hampshire-based wholesaler Total Energy Solutions. Carlo will focus on developing Total Energy Solutions' sales and marketing efforts in Connecticut. He has 14 years of retail experience as general manager of Tracey Energy Services, based in New Haven, Conn., and currently serves on the ICPA Advertising Committee as well as the National Oilheat Research Alliance Board of Directors.

"We are pleased to have Ralph join the TES marketing team in Connecticut. Working closely with industry great Pete Caruso, we look forward to Ralph's continued success and vital contributions as we move forward on our sales initiatives in Connecticut," said Barry Knox, chief operating officer of Total Energy Solutions. Carlo can be reached at (888) 718-5801.

EPA GUIDE GIVES BUSINESSES WAYS TO SAVE MONEY, OPERATE MORE EFFICIENTLY

EPA is releasing a new resource, *A Business Guide to U.S. EPA Climate Partnership Programs*, for businesses committed to addressing the risks and opportunities associated with climate change. The guide features profiles on 35 EPA climate-change related partnership programs, as well as a handy table so companies can look up programs most appropriate for their industry and business objectives. Each program profile defines the environmental value delivered by the program and the business case for participating, such as cost savings, operational efficiency, reduced business risk, new or expanded markets, enhanced reputation and brand protection.

The guide also describes the benefits of partnering with EPA, such as environmental performance benchmarking, public recognition, professional training and networking,

and preparation for regulatory developments. Through participation, members are investing in energy efficiency, clean energy supply, and other practices and technologies for mitigating climate risks. For copies of the guide visit www.epa.gov/partners.

DOE TO PURCHASE HEATING OIL FOR THE NORTHEAST HOME HEATING OIL RESERVE

The U.S. Department of Energy (DOE) recently issued a solicitation seeking to purchase heating oil for the Northeast Home Heating Oil Reserve (NEHHOR) using \$3 million in appropriated funds. The Northeast Home Heating Oil Reserve provides a safety cushion for millions of Americans residing in the Northeast. Due to the modest volume of heating oil expected to be purchased with the available funds, no impact on market prices is expected.

The Northeast Home Heating Oil Reserve was established by the Energy Policy Act of 2000 to provide a short-term supplement to Northeast heating oil supplies in the event of an actual or imminent severe energy supply disruption. Two million barrels was determined to be of sufficient size to provide relief from a shortfall in supply for approximately 10 days—the time it would take for replenishment supplies to arrive. NEHHOR currently holds 1,965,000 barrels located in three locations in the Northeast.

VISSMANN ANNOUNCES 2007 'MAX' AWARD WINNERS FOR USA

Viessmann Manufacturing Company Inc. has announced the U.S. winners of the "MAX" Sales Awards for 2007. The "MAX" Awards are presented to the top two Viessmann sales representatives in the USA for the year. "MAX" denotes Marketing, Accomplishment and Excellence. Award presentations took place at the 2008 Viessmann North American sales meeting. The winners were Wales Darby Inc. from New York in first place and Mechanical Solutions Northwest from Seattle in second.



From left, Steven David, commercial sales manager, Viessmann USA; Richard Gruber, national sales manager, Viessmann USA; Bob Marshall, Western regional sales manager, Viessmann USA; Lee Cooke, Mechanical Solutions Northwest; Armin Fleck, export manager North America, Viessmann Group; Richard Corcoran, general manager, Viessmann USA; and Harald Prell, president, Viessmann North America.



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UPDATE TO RENEWABLE FUEL STANDARD EXPECTED

The Environmental Protection Agency expects to propose an updated renewable fuel standard for motor vehicles by this fall, an agency official told a Senate subcommittee in July. The final rule should be ready no later than summer 2009. The RFS II rule would implement portions of the Energy Independence and Security Act of 2007 that mandates production of 36 billion gallons of renewable fuels by 2022.

STUDIES SAY BIOFUELS HAVE A MINOR IMPACT ON FOOD COSTS

A new report from New Energy Finance concludes that biofuels are responsible for at most 8 percent of the 168 percent rise in grain prices since 2004, and for at most 17 percent out of the 136 percent rise in global food prices. The report concludes that population growth placed the greatest pressure on grain prices, and that growth was not matched by increases in yields. The increasing price of fossil fuels also caused 35.2 percent of the increase in grain prices.

Meanwhile, DOE and the U.S. Department of Agriculture estimate that the United States would use an additional 7.2 billion gallons of gasoline in 2008 if there were no biofuels



available. Alexander Karsner, the head of DOE's Office of Energy Efficiency and Renewable Energy (EERE), recently seconded that conclusion, while also noting the benefits of ethanol production. In testimony before the Senate Committee on Energy and Natural Resources, Karsner reported that corn ethanol delivers 25 percent more energy than the fossil energy used to produce it, while resulting in 20 percent lower greenhouse gas emissions than gasoline.

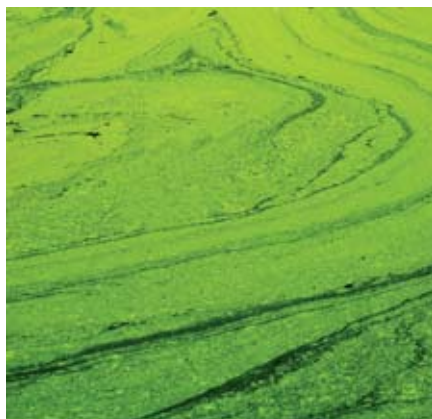
TURNING OLD TIRES INTO BLACK GOLD

Former British firefighter Paul Archer has applied to patent an invention that turns old car tires into diesel oil. Now, the business expects to earn millions from selling licenses worldwide, thanks to a suggestion from his patent attorney. Beginning with an idea in the

early 1990s, Archer and his business partners formed UTD Research Ltd. and built a working prototype that is set to process up to 2 million scrap tires a year at their first United Kingdom plant in North Wales.

COMPANY PRODUCES 'GREEN' CRUDE OIL AND GASOLINE FROM ALGAE

Sapphire Energy announced recently that it has produced "green" gasoline from a synthetic crude oil made from algae. The algae yield a crude oil replacement that is



literally green, and according to the company, the "green crude" meets fuel quality standards and is completely compatible with the existing petroleum infrastructure, from refinement through distribution to retail suppliers. Gasoline produced from the green crude achieved a 91 octane rating while meeting fuel quality standards.

The hard part about algae production is growing the algae in a controlled way and harvesting it efficiently. Most companies pursuing algae as a source of biofuels are pumping nutrient-laden water through plastic tubes (called "bioreactors") that are exposed to sunlight. Green Star Products Inc. recently announced its development of a micronutrient formula to increase the growth rate of algae. According to the company, its new formula can increase the daily growth rate by 34 percent and can double the amount of algae produced in one growth cycle.

BIO MASS COMMODITY EXCHANGE PROJECT IMPLEMENTED

CleanTech Partners (CTP) has announced the implementation of the Biomass Commodity Exchange (BCEX) project, now in progress. CTP intends to create a business plan to launch a woody biomass commodity exchange.

The objective of BCEX is to increase the efficiency of the supply chain providing biomass to the existing forest products industry and the emerging forest biorefinery sector. The plan will examine facilitation of trading

existing woody biomass markets, such as pulpwood, emerging open-loop biomass markets such as forest residue and the future trade of closed-loop energy crops, such as willow, poplar and switchgrass.

The goals for the project are to: facilitate expansion of the biomass market by providing a transparent pricing mechanism; reduce trade costs in biomass commodities for both current and future market participants; encourage market infrastructure investment by communicating current and future prices; and promote the efficient management of Upper Midwest and U.S. biomass resources.

DOT ISSUES ADVISORY ON TRANSPORTING ETHANOL AND BIOFUELS BY PIPELINE

The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) has issued an advisory to pipeline operators on the potential dangers of transporting ethanol and biofuels by pipeline. PHMSA advised pipeline operators that the transportation of batches of ethanol or other biofuels, including petroleum blended product in existing pipelines, may lead to



internal corrosion, stress corrosion cracking and a reduction in the performance of seals, gaskets and internal coatings. PHMSA advised pipeline operators to conduct risk analysis, monitoring and controls as needed to move ethanol and biofuels safely through pipelines. PHMSA is also requesting that pipeline operators conduct spill response planning for ethanol and biofuels products.

The advisory said that PHMSA is willing to work with pipeline operators that plan to transport ethanol and biofuels in existing or new regulated hazardous liquid pipelines in order to better assess the risks these fuels pose to critical infrastructure. PHMSA is asking pipeline operators for 60 days' notice of intent to begin regular commercial transport of biofuels in pipelines. PHMSA said it will use the notice period to conduct a technical review of the operators' plans and provide feedback if necessary.



New Rymes Facility Increases Biofuel Offerings

RYMES HEATING OILS INC. WILL BE ABLE TO blend biodiesel and Bioheat® year-round thanks to a new indoor facility that opened in the town of Swanzey, N.H., on June 26. The new blending facility operates entirely within a heated building and is able to blend biodiesel for diesel engines as well as a new Bioheat heating oil product now being offered by Rymes.

“Our new blending facility will enable Rymes to provide our customers with a great heating product that requires absolutely no changes to existing systems,” said John Rymes. “We are pleased to offer this environmentally friendly biodiesel blend which can be used in all oil burning equipment, such as furnaces and boilers, with no modifications necessary.”

John Rymes was joined at the grand opening by Jeanne Shaheen, former state governor, and other state and local officials.

“Every step we take to use domestically

produced biofuels helps us to abate climate change and to strengthen our economy,” said David Borden, a New Hampshire state representative and head of a legislative biodiesel study committee. “I applaud Rymes’ efforts and I encourage the New Hampshire business community to take as many steps as possible to reduce the greenhouse gas emissions responsible for our changing climate.”

According to Rymes, Bioheat offers many benefits, including reduced air pollution emissions, use of renewable resources and reduced reliance on imported oil. Rymes has offered both biodiesel and Bioheat blends in the past. The new facility, with solar doors to assist in winter heating, was built to enable the intricate blending process to continue year-round at the proper temperature. Rymes is now distributing Bioheat heating oil to customers throughout the Keene, N.H., area and is also making bulk deliveries of biodiesel and Bioheat products throughout the Northeast.

“The city of Keene’s fleet services have been using a B20 blend of biodiesel since July of 2002,” said Keene Mayor Philip Pregelent. “The vehicles run better and the air is cleaner, not only for the mechanics and operators who work on the equipment, but for all the citizens of Keene.”

Rymes is a member of the Granite State Clean Cities Coalition (GSCCC), a group of more than 70 stakeholders promoting the use of advanced technologies and alternative fuel to increase the country’s energy security and reduce air pollution. According to the GSCCC, more than 1 million gallons of biodiesel were sold in New Hampshire in 2007 for home heating and on-road transportation. As a result, greenhouse gas emissions were reduced by 11,000 tons.

In April 2004, Rymes, with the support of the New Hampshire Department of Environmental Services, opened five biodiesel stations and became the first heating supplier in New Hampshire to break into the market for alternative fuel. They currently offer biodiesel for sale at pumps in Antrim, Greenfield, Keene, Loudon and Peterborough. Biodiesel is available wholesale in Antrim and at the North Stratford bulk facility, and they also deliver biodiesel throughout New England. For more information, see www.rymesheating.com.

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Connecticut

CONNECTICUT TO CUT EMISSIONS 80 PERCENT BY 2050

Connecticut Gov. M. Jodi Rell signed a bill recently that requires the state to reduce its greenhouse gas (GHG) emissions to 10 percent below 1990 levels by 2020 and to 80 percent below 2001 levels by 2050. House Bill 5600, "An Act Concerning Global Warming Solutions," requires the state's Department of Environmental Protection (DEP) to determine



the best strategies to meet the GHG limits. It also authorizes the DEP to work with other states and Canadian provinces to develop a cap-and-trade program to achieve the GHG limits. Connecticut is part of the Regional Greenhouse Gas Initiative, which is establishing a cap-and-trade program for GHG emissions for much of the Northeast.

The bill requires the DEP to evaluate the potential of low-carbon fuel standards for motor vehicles and home heating fuels to help achieve the GHG reductions. It also establishes a subcommittee to evaluate the impacts of climate change on the state and to recommend to the governor and the state legislature any needed changes to state and municipal programs, laws, or regulations to mitigate such impacts.

New Jersey

FUEL MERCHANTS ASSOCIATION RESPONDS TO HOME DEPOT

The Fuel Merchants Association of New Jersey (FMANJ) recently responded to a brochure a New Jersey Home Depot was distributing that encouraged contractors to consider switching from oil to natural gas. FMANJ executive director Eric DeGesero sent a letter to Home Depot refuting the claims made in the brochure and correcting its numerous misstatements. FMANJ staff visited other New Jersey Home Depots to find similar brochures available for consumers advising them to convert.

New York

SENATE PASSES 'HOME HEATING RELIEF ACT'

The New York State Senate recently passed the "Home Heating Relief Act," sponsored by Sen. Carl Marcellino, chairman of the Senate Environmental Conservation Committee, to

provide a \$1,000 tax deduction to homeowners who purchase heating oil, natural gas and propane during the winter heating season.

Any taxpayer filing as an individual earning \$75,000 or less or any taxpayers filing a joint return earning \$150,000 or less would be eligible for this tax deduction. "It may be hot now, but the cold days are just around the corner, and taxpayers will be faced with once again paying absurd costs just to heat their homes. Families are struggling just making ends meet. With \$5 gas at the pump and rising food costs, the heating bill is going to push many people over the edge. We need to provide some sort of relief. This is a good start," Marcelino said. The bill was sent to the Assembly.

Maryland

MARYLAND APPROVES WIDE-RANGING ENERGY BILLS

Maryland Gov. Martin O'Malley signed a package of energy bills recently that will set new renewable energy requirements for the state, institute utility energy efficiency programs and offer new funding and incentives for clean energy. House Bill 375 more than doubles the state's requirements for renewable power, requiring 20 percent of the state's electricity to be produced from renewable energy by 2022. It maintains a requirement for 2 percent of the state's power to come from solar energy by 2011.



On the energy efficiency side, HB 374 establishes a state goal of achieving a 15 percent reduction in per capita electricity use and peak demand by the end of 2015. The bill requires the state's utilities to implement energy efficiency programs and tasks the Maryland Public Service Commission with tracking progress toward the goal. In addition, HB 376 requires buildings constructed or renovated solely with state funds to meet tough green building standards, equivalent to a silver rating from the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) rating system.

HB 377 increases the grants under the Solar Energy Grant Program. It also enhances the Geothermal Heat Pump Grant Program. The bill also exempts solar energy equipment

and geothermal heat pumps from sales and use taxes and exempts solar energy equipment from local property taxes.

Massachusetts

MASSACHUSETTS DOUBLES RENEWABLE ENERGY REQUIREMENTS FOR UTILITIES

Gov. Deval Patrick has signed new comprehensive energy legislation that doubles the requirement for the state's utilities to draw on renewable energy for their electricity, while also encouraging the utilities to use energy efficiency and helping municipalities that wish to follow suit. The Green Communities Act, approved in July, doubles the rate of increase



in the state's Renewable Portfolio Standard from 0.5 percent per year to 1 percent per year, with no cap. As a result, utilities and other electricity suppliers will need to draw on renewable power sources for 4 percent of their electricity sales in 2009, rising to 15 percent by 2020, 25 percent by 2030 and so on. To help utilities meet those requirements, they'll be able to enter into 10- to 15-year contracts with renewable energy developers, and they'll also be allowed to own solar energy systems installed on their customers' roofs. The act also encourages larger customer-located systems by allowing customers with solar and wind power systems as large as 2 megawatts in capacity to earn credit on their power bill for any excess power fed back into the grid, under so-called net metering agreements.

To encourage utilities to also pursue energy efficiency, the new law will make energy efficiency compete in the market with traditional energy supplies, and utilities will be required to purchase all available energy efficiency improvements that cost less than new power generating sources. The utilities will also offer rebates and incentives to encourage their customers to take advantage of energy efficient technologies for lighting, air conditioning and industrial equipment. For municipalities that wish to pursue energy efficiency and renewable energy, a new \$10 million state program will provide technical and financial assistance.

BACHARACH WELCOMES NEW DIRECTOR OF MARKETING

Bacharach Inc., a manufacturer of gas analysis, leak detection, refrigerant monitoring and recovery products, has recently hired Tim Bass as its new director of marketing.



Tim Bass

As well as taking over the marketing and advertising duties at Bacharach, Bass will also oversee the customer service and repair departments.

Bacharach's newest executive management team member recognizes the significance of the company's strong foundation, as well as its opportunity for future success.

Bass had been a strategic marketing and management leader for the FedEx Corporation for more than 10 years; he brings a strong understanding of distribution, product management and marketing optimization.

For more information on Bacharach Inc., see www.bacharach-inc.com.

BLACKMER CONTINUES BREAST CANCER AWARENESS SUPPORT

Blackmer has continued its involvement with the campaign to raise breast cancer awareness by donating a transport pump for use on a pink breast cancer awareness fuel oil truck that is owned and operated by James Devaney Fuel Co. of Newton, Mass. The truck, which went into service in April, is part of Devaney Fuel's "Fueling a Cure" program in



which the company has teamed with the Massachusetts Affiliate of the Susan G. Komen for the Cure foundation to raise

funds for breast cancer research, education, screening and treatment. Devaney Fuel will donate a portion of the proceeds for every gallon of oil delivered by the pink truck to the Susan G. Komen for the Cure campaign for breast cancer awareness. With this truck and the Blackmer pump capable of pumping more than 30 million gallons over its service life that would mean an estimated donation of at least \$300,000.

BOURNE'S ENERGY SUPPORTS BREAST CANCER FIGHT ON WHEELS

Bourne's Energy of Morrisville, Vt., has launched a new fundraising and community awareness program that is hard to miss. Bourne's unveiled the company's new pink American Breast Cancer Foundation propane delivery truck at a dedication ceremony in June.

For a minimum of two years, Bourne's will donate 1 cent for every gallon of propane it sells from the pink truck to the American Breast Cancer Foundation (ABCF), a nonprofit organization that provides direct financial support to uninsured and underinsured



women and men who need breast cancer screening, diagnosis and treatment. In addition, for every gallon they sell from the pink truck, Bourne's will contribute .5 cents to a cancer-related organization in the communities it serves.

Michael Bourne, co-owner of Bourne's Energy, and his wife, Liddy, shared their experiences fighting Liddy's breast cancer. Liddy, a four-year survivor, and Sharon Desrochers, a Bourne's employee and seven-year breast cancer survivor, helped christen the new ABCF truck.

Bourne's Energy serves communities in central and northern Vermont with Bioheat®, propane, plumbing and air conditioning. For more information about Bourne's Energy, call (800) 326-8763 or visit www.bournes.net.

WRIGHTSOFT WINS AGAIN

For the fifth consecutive year, Wrightsoft of Lexington, Mass., has been recognized for excellence in product design serving the HVAC industry in the annual Dealer Design Awards Program. An independent panel of 63 contractors acted as judges in the contest that had 140 entries from 99 manufacturers. Receiving two awards this year, Right-N was selected as the Silver medal winner and Right-Contact as the Bronze medal winner in the Contractor Services and Software category. The recently released version of Right-N includes the latest Manual N fifth-edition requirements for energy, comfort and ventilation. Using the Right-N module, contractors can be assured that they are using the latest ACCA calculation standards for their high-end homes or light commercial projects. Also winning within this category was Right-Contact, Wrightsoft's new customer relationship management software. This new program allows contractors to manage their customers, sales leads and additional contacts, including customer contact information, activity history and associated proposals. For more information, visit www.wrightsoft.com.

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Scholarship Winner Views Future With High Expectations

GREG MILLER RECEIVES STRAIGHT A'S IN HIS high school classes, has a good part-time job and is well liked by his classmates, teachers and adults. He has, his high school teacher points out, a bright future.

"Greg is a boy who knows what he wants," said his teacher, Terry Lee Everett at Bethlehem Area Vocational-Technical School in Bethlehem, Penn., noting that Greg was preparing for his fourth trip to the national SkillsUSA competition, a hands-on competition for technical education students.

So why does he want to spend his working life putting in heating systems and fine-tuning boilers? Greg said it's a calling.

"I know some people would think that I'm lowering my expectations," said Greg, speaking in a hallway outside the banquet hall. "But I know that I'm going to be the best HVAC tech. That's what makes it worth it."

Greg was one of ten young men honored with a \$2,000 scholarship to pursue a post-high school education by the National Association of Oil Heating Service Managers (NAOHSM) at its 55th annual convention held in May in Hartford, Conn.

"I am always impressed by the kids who earn these scholarships. They are going to do something special," said Judy Garber, NAOHSM's executive administrator, who coordinated the scholarship awards based on an essay each student submitted.

And Greg is just the sort of student the scholarships were created for.

"I knew since middle school that I didn't want an office job," said Greg, who has loved using his hands rather than sitting at a desk.

"Ever since I was young I've liked helping people," said Greg, who early on felt he would end up working in a trade. But he could not pin down which area was right for him until he began attending the Voc-Tec and started his first rotation through the courses the school offered.

"I don't know if I can express it in words, but everything just clicked when I worked in heating and air conditioning," said Greg, knowing then his career path was in HVAC.

Before Greg and his fellow winners received their scholarships, the young men—there were no female winners this year—attended NAOHSM's annual awards ceremony where they saw men honored who, like

themselves, made a similar decision to enter the field decades earlier.

What impressed Greg about the service managers that NAOHSM paid tribute to was that nearly all of the award recipients spoke about the importance of skills education and teaching the next wave of technicians.

"I have great respect for managers who do that," said Greg.

Joining Greg and his father at the ceremony was Everett, his HVAC teacher at Bethlehem Voc-Tech. He has taught generations of students at Bethlehem and said that students such as Greg will likely succeed him into the education field.

"We need those people to be smart and be able to pass on the technical knowledge to do this job efficiently. You can't do it just by teaching it from the book," said Everett, who is owner of Everett's A/C in Bethlehem, Penn.

Greg, who will be attending Pennsylvania College of Technology in Williamsport, Penn. this fall, is eyeing a union position doing industrial HVAC work once he graduates, with an ultimate goal of going into business for himself and teaching later on down the line.

"I have a lot of choices, more than most people think," Greg said. ☐



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NAOHSM Hands Out Awards to Its Best

WHEN MELVIN DUBIN, FOUNDER AND CO-OWNER with his son, Adam, of Long Island-based Slant/Fin, was about to conclude his remarks after being honored by the National Association of Oil Heating Service Managers as "Company of the Year," he asked one final question to the assembled group of service managers and Oilheat professionals.

"So," said Dubin, who started the company in 1948, "what took you guys so long?"

Dubin and five other service managers were recognized for their dedication and work in service management before a packed banquet hall at the yearly awards ceremony at NAOHSM's 55th annual Convention and Trade Show held this May in Hartford, Conn.

If there was a unifying theme to the night's celebration, it was the effect of teaching on the future of the industry. In each case, the honoree's colleagues described them as educators whose classrooms were in such out-of-the-way locations as the basement of a home where they would instruct a new technician on the latest techniques in installing or priming a heating system.

"I love teaching and will continue to do it because I have a lot more projects," said Bill McDermott, an instructor at the Independent Connecticut Petroleum Association, who was honored as Instructor of the Year.

Similarly, Charlie Bursey, NAOHSM's "Associate of the Year," told the crowd that "you learn a lot and make a lot of friends." Bursey, who works at F.W. Webb and is a member of NAOHSM's Rhode Island chapter, has been one of the best teachers in the field today, according to Dorsey Finn Jr., who was working as the evening's announcer.

If they selected an award for traveling the farthest to attend the ceremony, John Wilcox would be a serious contender coming from Alabama. Instead, the co-chairman of the convention committee and member of the Bucks Mont Chapter was awarded the Lifetime Achievement Award.


And just as Finn was about to present the Hugh McKee Award, fellow presenter Bruce Marshall interrupted the proceedings to inform Finn, a Garden State Chapter member and general manager of Mitchell Supreme Fuel, that he was the person being honored with the award. His 45 years installing and servicing equipment in and around Westfield, N.J. includes leading and training 27 service techs for Mitchell. Finn later admitted that, yes, he does have "Oilheat in the blood."

Paul Cuprewich of the Garden State Chapter and the service manager of Wooley Fuel, didn't have a clue he would need to make

a speech. In fact, while those at his table began to realize that he was about to receive the coveted Service Manager of the Year award, Cuprewich remained nonplussed. That was until his name was announced.

When he reached the microphone, Cuprewich was wiping away tears as his wife looked on. But rather than thank a single person for helping him reach this accomplishment, he thanked the industry in which he works.

Cuprewich told the audience that he met his wife because of the home heating trade, "my three kids are from this trade. My life is this trade."

Additional awards were given to Slant/Fin and its owners, Melvin Dubin and Adam Dubin, for Manufacturer of the Year and John Wilcox, Bucks Mont Chapter and co-chairman of the convention committee, for Lifetime Achievement. 



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Cap and Trade 101

What Oilheat Dealers Need To Know: How Greenhouse Emissions Bill Would Affect Them

THE UNITED STATES NEARLY JOINED SEVERAL OTHER NATIONS IN ADOPTING A POLICY THIS SPRING that could have made oil heating a much more expensive proposition for some.

The cap-and-trade proposal being advocated by a number of environmental organizations to reduce greenhouse gases (GHG) would have required businesses and industries to pay for the carbon they consume.

The U.S. Senate took up a global warming bill proposed by Sen. Joe Lieberman and Sen. John Warner in June. The law would have required factories, utilities and refineries to pay for the right to emit carbon dioxide (CO₂), in an attempt to reduce GHG emissions by 70 percent by 2050. But threatened with a veto from President Bush and dwindling support, the bill did not advance.

Yet with both presidential candidates, Sen. Barack Obama and Sen. John McCain, saying they are in favor of some variation of cap and trade, the creation of a federal carbon exchange plan will likely be introduced again with more congressional support in 2009.

An American law would join cap and trade laws currently on the books in Europe and Canada. The European Union passed its version of cap and trade legislation in 2003, began its emissions trading system two years later, and, in 2007, established a goal to reduce greenhouse gases by 20 percent by 2020. That would rise to 30 percent if other developed countries in the world agreed to make emissions reductions. In just two years, many Northeast states will be under a regional greenhouse gas reduction plan.

Oil & Energy asked Gene A. Guilford Jr., the executive director and CEO of the Independent Connecticut Petroleum Association (ICPA), located in Cromwell, Conn., to give a cap and trade primer, because he has extensive understanding of how cap and trade legislation can impact the Oilheat business. Guilford worked with John Batey of the Energy Research Center to provide insight into an Associated Press study that attributed high levels of CO₂ emissions from residential homes on Oilheat. For information about the study, see www.icpa.org/press/press_6_11_07.htm.

In layman's terms, what is cap and trade?

First, an emissions inventory is done of utility, transportation, commercial and residential contributors. That literally means air regulators in each state count each source of CO₂ emissions such as cars, power plants, homes, schools.

Once the inventory of contributions is done by sector, a "cap" is set. Environmental regulation generally begins at the utility level, then transportation, then industrial, then commercial, then residential. As each sector gets hit, that sector will point to other sectors as necessary to make equal contributions.

Imagine that the total utility sector contribution of CO₂ is 10. They would then have to cut 10 down to 8.5, so 8.5 becomes the "cap." The utility would have to find control measures to reduce 10 down to 8.5, then live within its cap unless it could buy additional CO₂ credits from a sector that had a surplus. The only way to grow would be to literally buy credits from those who have surplus credits.

What is an offset and will it be available to home heating dealers?

An "offset," as the word implies, is an offset against an increase in emissions. Let's say a state wanted to build a new power plant and that plant's emissions of CO₂ would bust through any cap. In order to build the plant,

"When it comes time for reductions to meet a cap... it comes disproportionately harder on oil than lighter, less-carbon intense fuels."

you would first need to find or purchase an "offset" to equal or exceed the increase in emissions to the plant. Think this sounds crazy? It's being debated in Europe today, as there are plans to build 27 coal-fired electric generating plants in Europe and there would need to be offsets to the emissions. They are considering moving their steel industry outside of certain regions so that removing the emissions from the steel industry would provide the offset to the emissions from the power plants.

It's doubtful that in the international mercantile trading of CO₂ credits, with competition from nations and multinational corporations to buy and sell CO₂ credits, that our local heating oil dealers would find much left in way of offsets to obtain.

How is home heating oil viewed in cap and trade legislation?

For those of you who sell heating oil, once a cap is set it effectively means no growth, since conventional heating oil has somewhat more GHG emissions than natural gas.

Second, from the "cap," emissions reduction strategies are discussed so that we see a rollback in GHG emissions to save the planet and stop the ice caps from melting.

Third, "trading" comes into play when those who have emissions reduce their emissions below their caps and take the balance and literally sell the surplus they have in a quasi-mercantile exchange to those who want to expand but need to buy someone else's surplus credits because they cannot exceed their cap.

It is not a theoretical discussion to imagine fuel oil markets being stymied, with the alternative to heating oil caps being dealt with by businesses and homebuilders simply switching to alternative fuels with lower GHG emissions. New York has already done it (See www.rggi.org for more information). This isn't fantasyland. The trouble is, the

heating oil industry isn't well prepared for this. Attention goes from utilities, to transportation, to industrial and large commercial, then residential.

Is cap and trade legislation written towards controlling GHGs in large corporations? If so, could the law "pass over" the small dealer?

This is the first mistake being made by our industry. As each sector gets hit, that sector will point to other sectors as necessary to make equal contributions. By the time it gets to us, the game is over and it can't be stopped. So yes, it starts with large corporations and utilities, but it won't stop there.

Does typical cap and trade legislation put oil and heating oil at a disadvantage to other "cleaner" fuels?

The higher the carbon content in the fuel, the more CO₂ is produced when it is burned. Heating oil has higher CO₂ emissions than natural gas. When it comes time for reductions to meet a cap, then efforts to reduce below the cap to produce room for growth, it comes disproportionately harder on oil than lighter, less-carbon intense fuels.

There have been cap and trade laws passed around the world. How have they affected businesses like home heating oil?

Let me tell you what we're preparing for here. We have documented the reductions of CO₂ from residential and commercial use of heating oil between 1980 and today, and can demonstrate in a theoretical cap and trade environment—because one doesn't actually exist, you need to model it—that heating oil in Connecticut has already made a 20 percent reduction in CO₂ emissions, and that reduction is unequalled in any other area of the economy. We can make further reductions with the use of certain ultra low sulfur diesel/Bioheat® blends. Hence, we can theoretically meet these new requirements and want to work to properly credit the reductions we have made as well as challenge any government proposal in this area to require other energy sources to match our record and not put its thumb on the scale of preferences between fuels. ☐

To learn more about cap and trade legislation and its effect on the total U.S. economy, see www.americanprogress.org/issues/2008/01/capandtrade101.html.

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Suffering From Chronic Volatility Syndrome

By Taylor Hudson, Hedge Solutions

THIS AFTERNOON AT 2 P.M., THE NYMEX WAS trading approximately 11 cents higher than where it had “settled” a mere 24 hours earlier. No war had commenced, trading was “light,” and no major catastrophe had struck either energy producing or consuming assets—just another day with an 11 cent price swing. Two days earlier the market was down 15-cents... again, no major event to speak of.

By 2:15 p.m., out of the corner of my eye I began to notice a lot of blinking coming from my market screen. The screen blinks as bid and ask prices change for NYMEX contracts and executed trades are reported. When contracts hit new highs for the day, the numbers blink in red. I saw a lot of red and blinking. Over the course of the next 15 minutes I saw NYMEX heating oil futures increase another 8 cents—close to a 19 cent change in just 24 hours. Crude oil went from being up about \$2 to being up about \$5.

The phones started to ring. Everyone wanted to know what could have possibly changed in 15 minutes, or 48 hours for that matter. We always look for logic when the market moves violently. The NYMEX broker on the other end of my Instant Messenger (IM) screen alerted his clients that he “was looking for news—not sure what caused the jump.” These are the times everyone feels lost. Our brains are desperate to link cause and effect, and no one seemed to have a good reason yet. Minutes passed that felt like hours. Finally, there was an answer from the IM screen. “Large buy stop order triggered in light

volume.” Then a follow-up report “...in last six minutes of trading today 21,000 contracts of WTI traded hands, versus just 7,700 over same time period yesterday.” After those messages there were some others—Nigerian rebels and Iranian missile tests—but it was the first set that stuck with me.

While the research coming from the Commodity Futures Trading Commission (CFTC) and futures exchanges sets out to disprove that speculative trading pushes prices in one direction or another, I feel this misses the point. I won’t argue that supply and demand for oil itself does not determine price anymore, because they do in the long run. And I won’t argue that fewer participants in a market or no market at all will result in lower prices, because they may not. We all know prices are going to change, but the volatility argument (especially short term) seems to be missing from the debate entirely, and that’s what I think drives us all insane the most.

I think most of us understand that prices will change over time. But volatility—8 cents in 15 minutes—is an argument we could use, and have data as support, to show that the price discovery system in its current form has some bugs that must be worked out.

The volatility has real consequences. Rack prices are linked directly with the NYMEX. That means the American public’s cost is linked directly with the NYMEX. The heating oil customer who receives their 175 gallon delivery tomorrow will pay \$14 more than they would have paid six minutes ago (8 cents less).

If the delivery came 48 hours ago, the cost may have been \$35 less (20 cents). Some would argue that violent swings lower help the customer in an equal and opposite way, but I’m not so sure. When faced with extreme short-term volatility, a dealer will be less likely to lower prices quickly because they fear the dip may be temporary. Price increases will tend to be more frequent than price decreases.

We need to ask if having the ability to transact 21,000 contracts of WTI between 2:15 and 2:30 p.m. on a Thursday afternoon is truly beneficial or not. The exchanges know who makes every trade. They know who bought the 21,000 contracts. We know who lost as a result of the trade—the commercial entities that use the market for price discovery. The problem is we don’t know who won. Perhaps we should have that entity tell us why the price discovery process will be hindered in the absence of their trade and how it improved the market’s “liquidity.” After all, “liquidity improvement” means markets can absorb large order flows easily.

When I read the broker’s explanation this afternoon to my client he said, “Speculators don’t have any impact...right.” We’ll probably never know who was on the other end of that trade, “speculator” or not, but we’re beyond theoretical debate on whether that trade had material impact—it did. Perhaps the debate will someday shift to more concrete examples like this afternoon and we’ll improve the whole system. ☐



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BACKGROUND: Section 205 of the Energy Independence and Security Act of 2007 directs the Federal Trade Commission (FTC) to require new biodiesel content labels for all dispensers. COMPLIANCE DATE: Labels must be placed on all biodiesel and biomass-based diesel dispensers no later than December 16, 2008.

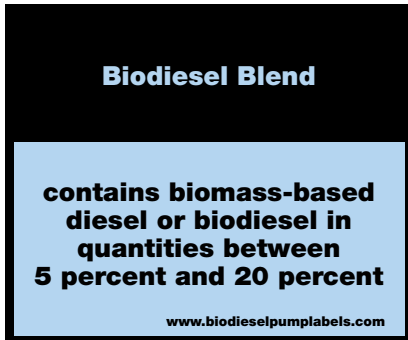
FOR COMPLETE INFORMATION AND TO ORDER: Log to www.biodieselpumplabels.com.

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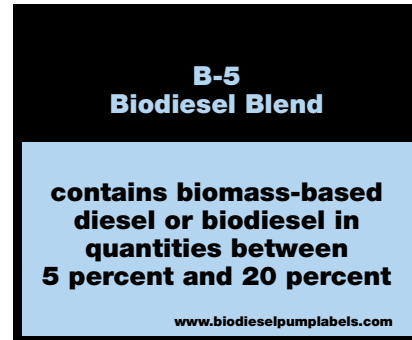
These labels comply with FTC-specific regulations for size and color and are coated for outdoor protection.

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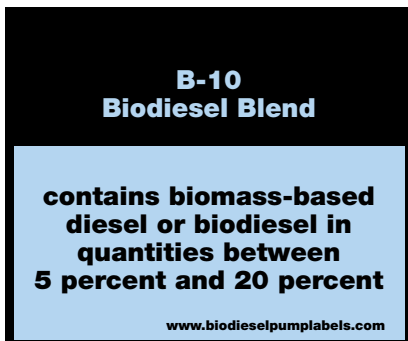
NOTE: Actual Dimension per label = 3.0 x 2.5 inches



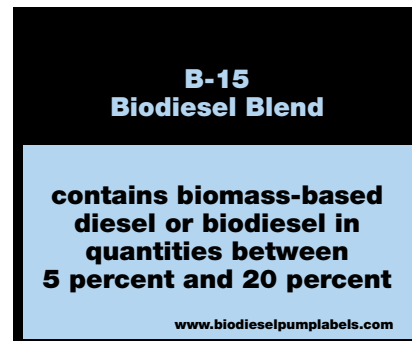
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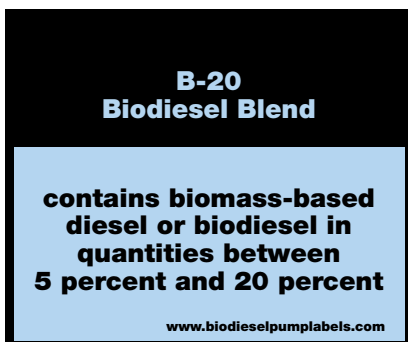
B5



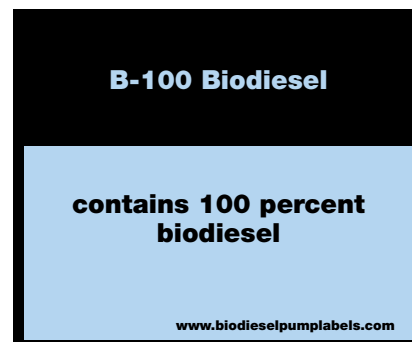
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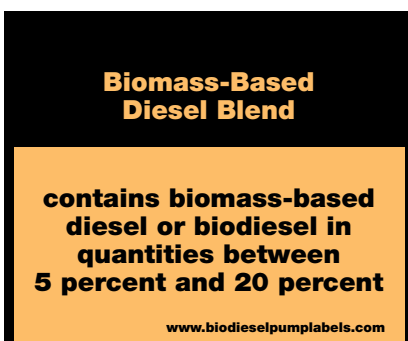
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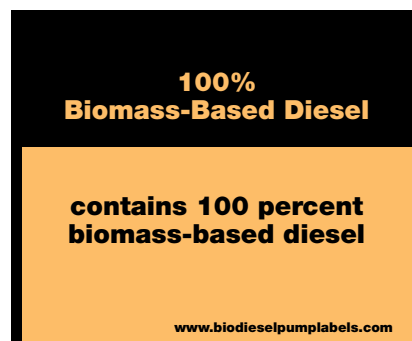
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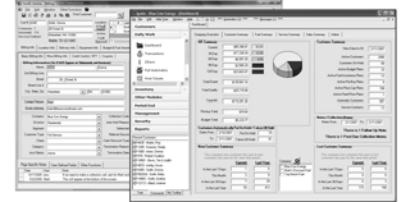
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for humid weather to enhance cloud cover and produce at least scattered shower and thunderstorm activity, it can also blunt high temperature potential. This means that while some hot days occur, we still are not likely to challenge the June hot period.

Given the evolving offshore pattern, there is great nervousness about the August and September hurricane landfall potential. Depending on where the center of the offshore high pressure area sits during the heart of the season, much of the East Coast could be vulnerable to a hurricane attack. Some trends indicate that the core of the offshore high will be positioned in the northwestern Atlantic. If that does come to pass, we could see two or three tropical cyclones make a run to and/or up the East Coast.

While it is a bit early to get overly specific and/or excited about the upcoming winter season, there are some signs afoot that are allowing for some early speculation. A check of some analog data of strong La Nina events that faded into weak El Nino or near-neutral episodes raises some concern of an early, strong start to the winter during the November-December period for the area from the Northern Plains eastward into the Northeast. While there are other years to ponder and assess, the 1985-86, 1989-90, 1996-97 and 2000-01 fall and winter season had similar looks to what is now going on across the equatorial Pacific. The common thread, although variable in terms of strength, is cold came early and strong to significant parts of the eastern and central U.S.

With the current state of the price of oil, as well as natural gas, there is the real possibility of even more financial hardship for residents and oil/gas distributors across the Northeast come November and December. These are not hard and fast winter forecast statements by me, but are intended to give a heads-up about where the early winter season may be heading. ☞

A Warm August Awaits, But Winter Shows Early Signs

By John Bagioni, Fax-Alert Weather Service

A CHECK OF AUGUST 2008 FORECASTS ISSUED

by various weather services shows quite a bit of spread. Some think a cooler August is likely, while others favor a warmer than normal month. This is not terribly surprising given the lack of a strong equatorial Pacific temperature anomaly signal.

If you refer back to my first summer outlooks issued during the April, May and early June period, you will find I was debating whether to go cooler than normal across the Northeast during August. I felt strongly that June and July would run warmer than average and that June could well be the warmest month, on average, of the summer season. Those statements still looked valid as of mid-July. I did not call for an excessively hot summer across the Northeast, but like most summers, there have been and will continue to be a few more truly hot days. I expected high levels of humidity to magnify the hot periods and this also has verified nicely.

The debate about how August would play out centered, for the most part, on how forecasters thought the La Nina event would trend during the late summer period. We now know that for all intents and purposes the La Nina is gone and we are dealing with a neutral signal that could edge toward weak El Nino conditions during the fall. This means the North American weather playing field is wide open for various other atmospheric features to flex their muscles.

As expected, the Northeastern U.S. has been caught between two significant upper-level features for most of the summer. The first is an upper-level trough that has occupied a mean position anywhere from the Great Lakes into eastern Canada. The other is

a strong upper-level ridge centered off the Eastern Seaboard. When the upper-level trough has been dominant, dry and pleasantly warm conditions have prevailed, but when the offshore ridge has been the main player, very warm to hot and very humid conditions have ruled.

Heading into August, I do not see a major shift in the setup, although some minor tweaking may be needed. If history is a guide, the offshore ridge should intensify further as waters continue to warm, and they are plenty warm already. This means I am betting the ridge will control more of the August pattern for the Northeast, and in fact for the entire East Coast region. If I am correct in my pattern assessment, a call for August to be warmer and more humid than normal has to be made.

Along with the call for a warmer and more humid August comes the realization that there will be some hot days. But given the tendency

Degree Day Reporting Form				REPORTING DATE: 6-30-2008
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	9536	9560	9188	58
Portland, ME	6896	7318	6832	19
Concord, NH	7153	7478	6844	22
Burlington, VT	7064	7665	7268	24
Albany, NY	6277	6798	6454	16
Worcester, MA	6350	6831	6353	9
Boston, MA	5370	5630	5345	4
Hartford/Springfield	5677	6104	5665	3
Providence, RI	5323	5754	5219	3
Chatham, MA	5248	5931	5342	16
Bridgeport, CT	4893	5497	5104	2

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

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August 2008

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

7 OHI of Rhode Island's Annual Clambake, Kempenaar's Clambake Club, Middletown, RI. 401-464-8000

18 Mass. Oilheat Council's Golf Tournament, Pinehills, Plymouth, MA. 781-237-0730 • www.massoilheat.org

19 NORA Silver Exam & Seminar Twin Mountain, NH. 802-223-7750 www.vermontfuel.com

20 Hazmat Training Course, 6-9pm, NEFI Technical Training Center, Watertown, MA. 617-924-1000 • www.nefi.com/training

20-21 HVAC System Design Seminar 7:00 am - 3:30 pm, NEFI Training Ctr., Watertown, MA 617-924-1000 • www.nefi.com/training

October 2008

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26	27	28	29	30	31	

1-3 Penn. Petroleum Marketers & Convenience Store Association's (PPMCSA) Annual Meeting & Tradeshow (with ESPA's participation), Hershey Lodge & Convention Center, Hershey, PA. 717-902-0210 www.ppmcsa.org

8-9 Affordable Comfort, Inc.'s (ACI) New England Conference, Westford Regency Inn & Conference Center, Westford, MA. 800-344-4866 or 724-627-5200 • www.affordablecomfort.org

12-14 Mid-Atlantic Petroleum Distributors' Fall Conference, Cambridge Chesapeake Hyatt, Cambridge, MD. 410-349-0808 • www.mapda.org

15 Independent Oil Marketers Association of New England (IOMA NE) Annual Award Dinner & Trade Show, Burlington Marriott, Burlington, MA. 508-548-7627 • www.iomane.com

September 2008

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8-10 Visions Conference Hilton Boston Logan Airport Hotel, Boston, MA. 617-924-1000 • www.nefi.com/visions

11 "Oil Heat Cares" Dan Holohan Benefit Seminar "Greening Steam," Gettysburg, PA 888-552-0900 • www.naohsm.org

11-14 NAOHSM's "Oilheat Retreat," Gettysburg, PA. 888-552-0900 www.naohsm.org

16-18 Oil Heat Council of New Hampshire's Annual Convention, Sheraton Harborside Portsmouth Hotel & Conference Center, Portsmouth, NH. 603-895-3808 • www.nhoilheat.com

17-18 Advanced Common Sense Troubleshooting Seminar, 7:00 am - 3:30 pm, NEFI Training Ctr., Watertown, Mass.

18 VFDA Fall Golf Outing & Dinner, Crown Point Country Club, Springfield, VT. 802-223-7750 • www.vermontfuel.com

23-28 NEFI Fall Energy Conference Napa Valley, CA. 617-923-5015 www.nefi.com

November 2008

S	M	T	W	T	F	S
						1
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

18 Gray, Gray & Gray Tax Conference, Westwood, MA. 781-407-0300 • www.gggccpas.com

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Draft Regulator Use is Debated, But Installation Details are Key

WITH SO MUCH NEW EQUIPMENT TODAY, SOME people argue that draft regulators (Figure 1) are a device that may no longer be necessary. However, you should not forget about them when high draft is encountered. Also, always make sure you comply with the code when installing them.



Figure 1

There are several steps to take to ensure that regulators are installed correctly. First, make sure they are installed between the turns in flue pipes, to reduce turbulence and assure better operation. Try to install them 18 inches from any elbow or tee, or as close to that as possible. Of course, you should never install a regulator into a manufactured tee. It should be mounted into the collar that comes with the regulator or a regulator tee.

When a regulator tee (Figure 2) is compared to a regular tee, you will see the branch is closer to the pipe run than usual. This is the method that should always be used to ensure the regulator works properly. It is very important to make sure that the length of the pipe from the regulator opening into the ambient room air be correct, to control the flow of flue gas in the flue pipe. There's not a lot of time involved in cutting in a collar, and the regulator will work as designed and properly control the draft in the flues.

Figure 2



The really important question is: when were you ever taught—correctly—to put a draft regulator in a tee? The bottom line


is, read some of the literature that comes with these products you work on and install. One manufacturer's manual says:

It is advisable that a draft regulator be 10 percent larger than the stack pipe diameter to ensure the best control of draft. The draft control should be installed in the stack between the appliance and the chimney. The draft regulator can be installed at a greater distance beyond the appliance if necessary or in the chimney. The draft regulator is designed to operate properly when the hot combustion products are flowing in right angles to the draft control. It must be mounted so it is level. It should be installed in the collar supplied by the manufacturer and not be installed in a preformed tee since the throat of most tees is too long.

Make sure to never install a draft regulator in a plumber's tee. Figure 3 shows the use of a plumber's tee, and when you go through most manuals, you'll see that although it's correct for atmospheric gas, it's never been recommended for oil. In fact, using the plumber's tee is even wrong on many gas jobs today. The trick again

is whether the burner is mechanical draft or natural draft. With natural draft, like atmospheric gas, it's right. With any power burner, it's wrong.

Finally, keep in mind that a draft regulator should not be used to control large amounts of excess draft, only as a fine-tuning device. If you have excess amounts of draft, you need to do one of two things: add one or more additional regulators or install a "neutral pressure point adjuster."

You can find a lot of good information about oil burners and heating on discussion boards such as www.FiredragonEnt.com and www.OilTechTalk.com. 

George Lanthier is the owner of Firedragon Enterprises, a teaching, publishing and consulting firm. He can be reached at Firedragon Academy, 608 Moose Hill Road, Leicester, Mass. His Web site is www.FiredragonEnt.com and his phone number is (508) 421-3490. This article included excerpts from his book, *Advanced Residential Oilburners*.

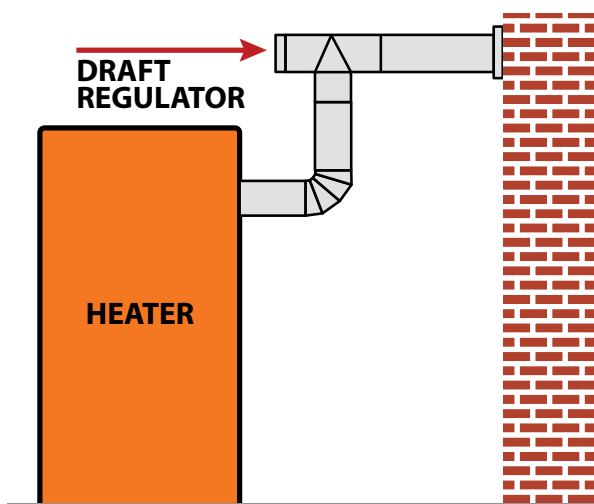


Figure 3

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	Week Ending				Week Ending		
District	7/18/08	7/11/08	Year Ago	District	7/18/08	7/11/08	Year Ago
East Coast (PADD I)	16.8	17.3	16.1	East Coast (PADD I)	6.1	6.1	7.3
NEW ENGLAND	1.6	1.5	2.1	NEW ENGLAND	0.2	0.2	0.5
MID-ATLANTIC	7.7	8.3	7.6	MID-ATLANTIC	2.6	2.3	3.5
SOUTH TO FLA.	7.5	7.4	6.4	SOUTH TO FLA.	3.3	3.6	3.3
Midwest (PADD II)	24.4	23.8	19.5	Midwest (PADD II)	4.1	3.9	4.8
Gulf Coast (PADD III)	22.9	21.9	19.0	Gulf Coast (PADD III)	8.0	7.5	9.3
Rocky Mtn. (PADD IV)	2.3	2.2	2.5	Rocky Mtn. (PADD IV)	0.4	0.5	0.3
West Coast (PADD V)	10.4	11.1	8.8	West Coast (PADD V)	1.4	1.5	1.6
U.S. Total	76.8	76.2	66.0	U.S. Total	20.2	19.5	23.2
Greater than 500 ppm (0.05%) Sulfur				TOTAL DISTILLATE STOCKS			
	Week Ending				Week Ending		
District	7/18/08	7/11/08	Year Ago	District	7/18/08	7/11/08	Year Ago
East Coast (PADD I)	22.3	20.8	24.3	East Coast (PADD I)	45.2	44.2	47.7
NEW ENGLAND	3.1	3.5	5.6	NEW ENGLAND	4.9	5.2	8.2
MID-ATLANTIC	16.9	15.6	15.3	MID-ATLANTIC	27.2	26.3	26.4
SOUTH TO FLA.	2.2	1.7	3.5	SOUTH TO FLA.	13.1	12.7	13.2
Midwest (PADD II)	2.3	2.6	2.8	Midwest (PADD II)	30.8	30.2	27.1
Gulf Coast (PADD III)	4.9	5.0	6.0	Gulf Coast (PADD III)	35.8	34.3	34.3
Rocky Mtn. (PADD IV)	0.2	0.2	0.2	Rocky Mtn. (PADD IV)	2.9	3.0	3.1
West Coast (PADD V)	1.6	1.4	1.2	West Coast (PADD V)	13.4	13.9	11.6
U.S. Total	31.2	30.0	34.5	U.S. Total	128.1	125.7	123.7

Weather Summary

Selected U.S. Cities
(Population Weighted Cooling Degree Days)

The weather for the nation, as measured by population-weighted cooling degree-days from January 1, 2008 through July 19, 2008 has been 1 percent warmer than last year and 10 percent warmer than normal.

Location	Current	Normal	% Change
	1/1/08 thru 7/19/08	1/1/08 thru 7/19/08	Current vs. Normal
Boston	410	340	+21%
Chicago	363	383	-5%
Hartford	400	353	+13%
New York	644	491	+31%
Philadelphia	658	552	+19%
Pittsburgh	323	342	-6%
Portland	170	142	+20%
Providence	445	307	+45%
Raleigh	849	722	+18%
Richmond	782	675	+16%
Washington	781	712	+10%

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	7/23/08	6/24/08	Change
Ashland Inc.	ASH	41.32	49.21	-7.89
BP-Amoco	BP	62.54	67.96	-5.42
ChevronTexaco	CVX	83.97	98.93	-14.96
Conoco Philips	COP	82.92	95.32	-12.40
ExxonMobil	XOM	82.03	87.69	-5.66
Global Partners	GLP	13.89	16.25	-2.36
Hess Corp. (formerly Amerada Hess)	HES	95.65	127.17	-31.52
LUKOIL	LUKOY	92.45	99.91	-7.46
Marathon Oil	MRO	43.35	52.69	-9.34
National Grid Plc (formerly Keyspan Corp.)	NGG	68.97	66.54	+2.43
Occidental	OXY	74.00	87.09	-13.09
Royal Dutch Shell Plc	RDSA	73.98	79.35	-5.37
Star Gas	SGU	2.26	2.81	-0.55
Sun	SUN	36.31	38.33	-2.02
Tesoro Petroleum	TSO	16.53	20.61	-4.08
Total	TOT	76.67	82.14	-5.47
Valero Energy	VLO	34.02	42.74	-8.72

DEFENDING OILHEAT FROM MISLEADING CLAIMS

OILHEAT DISTRIBUTORS FACE MANY challenges in today's volatile market. Credit lines are stretched, customers may be unable to pay on time and it's harder than ever to set price plans for the winter. What's not needed is misleading information about competing products distributed by theoretically neutral parties.

However, that's exactly what the Fuel Merchants Association of New Jersey (FMA) discovered was occurring at Home Depot recently. The store was distributing fliers that urged customers to switch from Oilheat to natural gas in order to save money.

Eric DeGesero, FMA executive vice president, took swift action, sending a letter to Home Depot's headquarters and pointing out the deceptive numbers in the flier that were used to convince customers of the money they could save by switching.

He cited the fact that natural gas climbed 72 percent on the New York Mercantile Exchange from January 2008 to when the flier was distributed. The state's gas heat utilities have also been granted a 20 percent rate increase for fall 2008, signaling further increases. DeGesero suggested in his letter that Home Depot should encourage people to simply upgrade their existing heating system to a more efficient model, which over the past generation has nearly halved average Oilheat consumption in homes.

If this sounds familiar, that's because it was just last year that Keyspan, a gas utility serving parts of New York and New England, falsely claimed that Oilheat pollutes, while natural gas is environmentally friendly.

The National Oilheat Research Alliance (NORA) is prohibited from negative campaigning against competitive products by its charter. This leaves state organizations and individual dealers on the defensive when disingenuous claims are made against Oilheat.

We encourage dealers to be on the lookout for similar programs in their state and to continue reminding their customers about the advantages of Oilheat over the plans of giant utilities. The ability to store larger amounts of energy to hedge against rising prices, the personal touch of a local company and the increasing efficiency of the newest models are all reasons people should stick with Oilheat. Hopefully, Home Depot has learned this lesson, thanks to the FMA, and will work to help customers with their existing heating fuel instead of misleading them into switching to another. ☑

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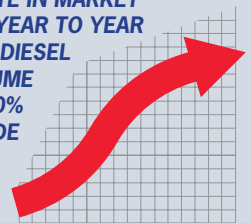
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