

September 2009

OIL & ENERGY

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Improving Cash Flow

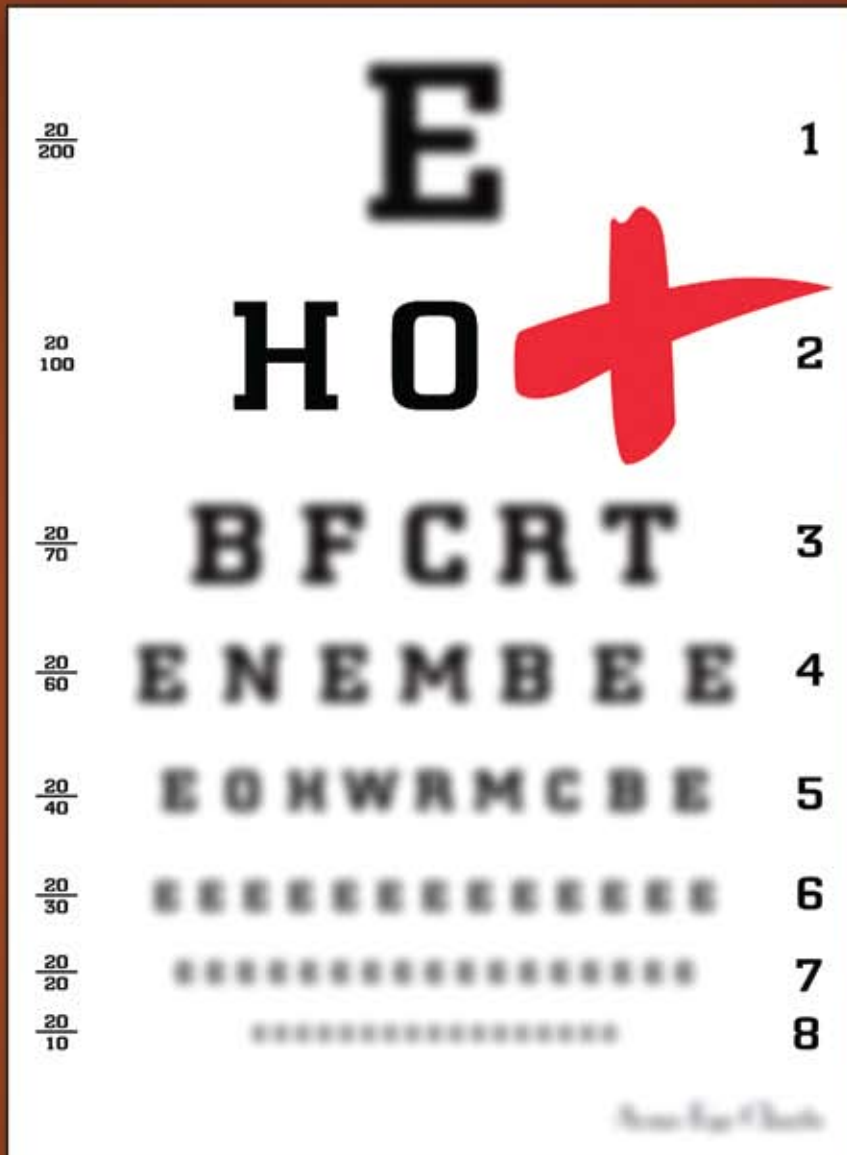
Q&A: SBA's Regional Administrator
Eight Ways to Improve Borrowing Ability
Banking Experts on Financing Supply
How to Prosper in Any Market

Publication of the New England Fuel Institute
Volume 11/Issue 9



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MASSACHUSETTS BIOFUEL MANDATE BEGINS JULY 1, 2010

The Massachusetts Department of Energy Resources officially announced that the state's biofuel mandate would begin in July 2010 as previously anticipated. The state also announced specifics about the implementation of the mandate, including how volume would be calculated and which feedstocks can be used in order to comply with the mandate.

For more information on the mandate and its history, see the August issue of *Oil & Energy*. For more on the state's recent announcement, see page 14 in this issue.

DIRECT OBSERVATION TESTING NOW COMPULSORY FOR SOME EMPLOYEES

The Department of Transportation has restored mandatory direct observation (DO) collections for all return-to-duty and follow-up drug testing, applicable to return-to-duty, safety-sensitive transportation industry employees who have already failed or refused to take a prior drug test.

Previously, some employers and labor organizations may have entered into collective bargaining agreements that prohibit or limit the use of DO collections in return-to-duty and follow-up testing situations, but it is now mandated by federal law.

For specific employer and employee information, visit www.dot.gov/ost/dapc. The New England Fuel Institute (NEFI) continues to offer a field-proven professional drug testing and record-keeping program. Contact Donna Carcerano at donna@nefi.com (617) 923-5020 for more.

NORA REAUTHORIZATION SUMMIT PLANNED

The New England Fuel Institute (NEFI) has recently participated in several industry meetings and conference calls in order to discuss industry strategy in moving forward with legislation to reauthorize and strengthen the National Oilheat Research Alliance (NORA), with a summit of NORA advocates and trade groups scheduled to meet this month in Washington, D.C.

NORA is set to expire in February 2010 and industry advocates and trade groups have been working with NORA supporters in Congress to get a bill introduced and passed before the end of the year. However, the heavy congressional slate, including possible healthcare and energy bills, could impede progress of a NORA bill.

NORA advocates are now discussing a possible one-year extension to allow for refining and strengthening of the reauthorization bill to reflect recent developments within the industry and the energy and climate debate, and to gain more support from key members of Congress.

CAP-AND-TRADE ABANDONED BY DEMOCRATIC SENATORS

Four Democratic senators, Blanche Lincoln of Arkansas, Ben Nelson of Nebraska, and Kent Conrad and Byron Dorgan, both of North Dakota, said in August that they believe the Senate should focus on a simpler energy bill and not one driven by a carbon control policy, according to Reuters.

The senators said the government should focus its efforts on a bill that promotes increases renewable energy use, since it would be easier to pass than the cap-and-trade bill already passed by the House of Representatives, according to the story.

THE DIFF.

Spot Prices (Cents/Gallon) as of August 21, 2009*

New York Harbor No. 2 Fuel Oil / Heating Oil	New York Harbor No. 2 Diesel Low Sulfur	U.S. Midcontinent No. 2 Diesel
184.49	187.99	180.30

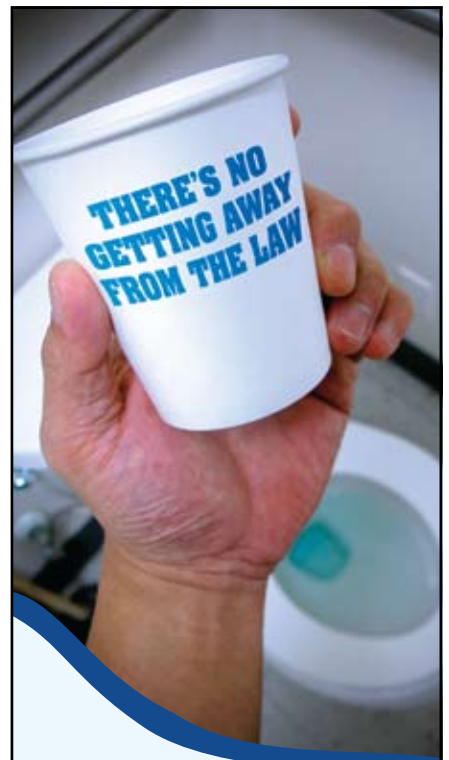
*Figures taken from Energy Information Administration's "This Week In Petroleum."



THE BAROMETER

Comparing Heating Oil to Other Financial Products

	August 21, 2009	One Year Ago
No. 2 Fuel Oil/New York (cents/gallon)	184.49	304.31
Crude Oil (dollars/barrel)	\$73.92	\$111.65
10-year Treasury Bill	3.56%	3.84%
30-year Mortgage	5.35%	6.44%
Dow Jones Average	9,508.75	11,658



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NEFI Action Center: From Washington 10

Mark S. Morgan, Esq., New England Fuel Institute (NEFI) Regulatory Counsel, writes about the frequently delayed "red flag" rule, which could impact nearly all heating oil companies, while Jim Collura, NEFI Vice President for Government Affairs, looks at the latest developments in the battle with natural gas utilities for market share.



Capital Ideas 12

Funding supply for the heating season has changed drastically in light of the economy and tighter lending standards. Experts Matthew Ide and Mark Bloom review some strategies that can help dealers strengthen their business, in addition to their relationship with customers, suppliers and banks.



Mass. Mandate Calls for Waste Feedstocks 14

The first regulations the biofuel mandate in Massachusetts have been released, confirming it will begin in July 2010, but also limit the type of biofuel that terminals can count toward the mandate.

Reform and Regulation 16

Customers, dealers and suppliers have been victimized by the wild oil price volatility in the last year, but with the industry testifying before the Commodity Futures Trading Commission (CFTC) recently, reforms could be coming. We look at what the industry is hoping to accomplish and define some important futures market terms.



Bounce Back 20

For many heating oil companies, collecting on bounced checks is a time-consuming and often fruitless venture. A Massachusetts-based company offers a solution that provides a quicker turnaround on collections and the best part is the price—free.



Dispelling Heating Oil Myths 22

Many issues that customers have with heating oil are based on rhetoric from people citing incorrect facts. The Energy Communications Council (ECC) has provided a guide for dealers to dispel those myths easily with hard facts.



Biz Tip: Eight Ways to Improve Borrowing Ability 24

Joe Ciccarello, managing partner at Gray, Gray & Gray CPA, and Paul Flynn, a senior vice president at TD Banknorth Asset Based Lending, say that banks are willing to lend to heating oil dealers who can prove they are well-run businesses and offer tips on how to improve your own. Ciccarello can be reached at jjcicarello@gggcpas.com and Flynn can be reached at paul.flynn@TDBanknorth.com.



Grassroots Organization Taking Oilheat's Message National 26

The American Energy Coalition (AEC), made up of heating oil dealers, wholesalers, equipment manufacturers and other industry shareholders, has been gathering support in order to begin a campaign that will tout Oilheat's virtues and refute claims from the natural gas utilities.



Q&A: Small Business Administration's New England Administrator ... 34

Bob Nelson, Acting Small Business Administration (SBA) New England Regional Administrator, talks about new programs offered this season that can help heating oil dealers and how to best prepare for meeting with lenders.



Oil Market Stance: Drain Out the Noise For Better Profits 37

Mark Skaparas of Hedge Solutions writes that minimizing risk is the key to profits in the energy industry and looks at ways to prosper in any market. Skaparas can be reached at mark@hedgesolutions.com or (508) 721-7604.



Propane: Giving Customers New Choices 38

Joe Rose, Propane Gas Association of New England president, finds the new challenges offered by increased competition and the Internet to be a reason to change how businesses deal with customers, with offering them more choices being one quick way to please them.



Weather Trends: Will History Repeat Itself? 41

John Bagioni of Fax-Alert Weather Service looks to the past to try and forecast the beginning of the next heating season. Bagioni can be reached at johnbag@comcast.net.



Bioheat®: What Customers Don't Know Will Hurt Them 42

Paul Nazzaro, president of Advanced Fuel Solutions Inc. and petroleum liaison for the National Biodiesel Board, writes that consumers are woefully misinformed about Bioheat® and the industry needs to educate them in order to help themselves. For more information, contact Nazzaro at (978) 664-5923 or paulsr@fuelsolution.com.

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Calendar.....	p. 36	Marketplace.....	p. 40
Classifieds.....	p. 44, 45	NEFI FYI.....	p. 7, 8
Degree Days.....	p. 45	State News.....	p. 28
Industry News.....	p. 23, 29	The Stats Page.....	p. 46
Firebox.....	p. 30	Think About It.....	p. 46

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BERMUDA

Whenever we survey NEFI members, Bermuda is consistently the #1 choice for fall trips. Perhaps it's the pleasant weather that extends right through October. Maybe it's the close proximity and short flight from home. It could be that the island is consistently lovely with pastel colored buildings and powdery, pink sand beaches. Whatever the reason, Bermuda is, to many of our members, "Paradise Found".

So, after many years apart, NEFI and Bermuda come together again from October 20th to 25th, 2009.

We will have five nights at the beautiful Fairmont Southampton. Those of you who have traveled with NEFI before will remember this crown jewel of Bermuda's resorts, with its elegant décor, indoor and outdoor pools, beach, luxurious spa, and on-site golf course. If you would like to see more of the Southampton, go to www.fairmont.com/southampton.

With six unique restaurants and award-winning cuisine, including The Newport Room, the only AAA 5-Diamond restaurant in the Caribbean/Atlantic region, you will be pampered from the moment you arrive. There are many optional activities in Bermuda... shopping, sightseeing, snorkeling, golf, jet-skis, caverns to explore, etc. Our on-site travel staff will help you with any of these, and also with your additional dining choices.



www.NEFI.com/trip

Visit www.NEFI.com for late breaking news.

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U.S. Congress Plans To Fully Fund LIHEAP

After years of advocating for full funding for the federal Low Income Home Energy Assistance Program (LIHEAP), the New England Fuel Institute (NEFI) and its coalition allies have finally succeeded in securing a commitment by Congressional appropriators to fully fund the program to the tune of \$5.1 billion in a regular appropriations bill for fiscal year 2010.

The development is very important to heating fuel dealers that participate in their state's LIHEAP program—the federal funding is the main source of state LIHEAP dollars. And the inclusion in a regular appropriations bill—unlike last year in which the \$5.1 billion was achieved through a series of “bridge” appropriations bills—is important because, provided it passes, it “sets the stage” for full funding in years to come. For example, if the appropriations measure stalls next year as a result of the 2010 elections, a continuing resolution will likely be passed, and continuing resolutions almost always use a formula that funds programs at the previous year's funding levels.

This is yet another major victory for LIHEAP advocates, including NEFI, which had joined the LIHEAP coalition in writing House Appropriations Committee Chairman David Obey, D-WI, to support a fully funded program.

He listened—and because of their efforts, Congressional appropriators will provide \$4.5 billion in state-allocated formula funding and \$590.3 million in contingency funding, which is released at the discretion of the president. It will also continue to allow states to keep program eligibility at 75 percent of state median income. The funding is included in the broader Labor, Health and Human Services and Education Appropriations bill which was approved by the House of Representatives on July 24 and is expected to pass in the Senate this September before being sent to the president for signature.

CFTC Exercises New Authority Under Close the Enron Loophole Act

The U.S. Commodity Futures Trading Commission (CFTC) has exercised its first use of new authority provided it by NEFI-endorsed legislation that was passed by Congress and signed into law in early 2008, the “Close the Enron Loophole Act.”

The new authority attempts to help close some (but not all) of the exemptions afforded under the “Enron Loophole” by allowing the CFTC to regulate certain off-exchange contracts if they perform a “significant price discovery function.”

The CFTC has determined that natural gas contracts offered by the Intercontinental Exchange (ICE) perform just such a “significant price discovery function.” This contract was used by Amaranth advisers to corner the natural gas market in 2006, and NEFI has learned from a source at the CFTC that “there will be more” contracts in other energy commodities brought under CFTC's oversight under this new authority. The CFTC has also required data reporting from ICE and announced that it will make this data available in its publicly available Commitment of Traders report, increasing transparency and public accountability.

Speculator Tax Legislation Introduced

Before the Senate adjourned for August recess, Sen. Ron Wyden, D-OR, a member of the Senate Finance and Energy and Natural Resources Committees, introduced S. 1588, which would tax all the profits earned on the energy commodities futures market at the same rate as ordinary income.

Under current tax law, physical hedgers who need to buy or sell futures contracts to manage risk pay ordinary income tax on any profits from such trading. However, non-commercial speculators pay lower capital gains rates on their profits and tax-exempt investors, such as pension funds and university endowments, pay no taxes on these oil futures investments.

Under Sen. Wyden's legislation, tax-exempt investors would be required to pay unrelated business income tax on energy commodity investments. Furthermore, the legislation would treat everyone who directly purchases oil and natural gas or indirectly through futures contracts, commodity index funds, exchange traded funds, etc., as if they were commercial traders.

FTC Extends Deadline for ‘Red Flag’ Rule

The Federal Trade Commission (FTC) announced yet another last-minute extension of the compliance deadline for companies to implement new identity theft requirements for customer accounts.

The “Red Flag” rule, as it is commonly known, was to go into effect on Aug. 1 and applies to all fuel dealers, including heating oil dealers, propane dealers and petroleum marketers who do not collect cash on delivery for customer transactions. The new compliance deadline is now set for Nov. 1, 2009.

Congress mandated the Red Flag requirements in the Fair and Accurate Credit Transactions Act of 2003. Under the FTC Red Flag rule, any company that meets the broad definition of “creditor” established by Congress

again to Aug. 1, 2009 and now postponed to Nov. 1.

See Page 10 for more information on the rule and why it was delayed.

Key Senator Warns of Wall Street Manipulation of Cap-And-Trade

U.S. Sen. Byron Dorgan, D-ND, has questioned the wisdom of establishing a national carbon trading program vis-à-vis a cap-and-trade plan, believing that such a program could be abused. “Such a system is ripe for the biggest investment banks



and the biggest hedge funds in the country to sink their teeth into these marketplaces and make massive amounts of money,” Dorgan said in a floor speech. “It would be a field day for speculation, which I think is not in the interest of this country.”

Dorgan encouraged the Senate leadership to move a separate energy bill that would focus on reducing emission through other means than cap-and-trade. The Senate Energy Committee has already introduced a bill, the American Clean Energy Leadership Act (ACELA), which would focus on renewable electricity and efficiency programs, and is less controversial.

In response, Sen. Barbara Boxer, D-CA, the leading Senate proponent of a national cap-and-trade program, has promised safeguards against manipulation and speculation would be included in her bill, but that may not be enough to ward off senators wary of creating another playground for Wall Street traders.

NEFI Joins National Coalition Calling for ‘All Of The Above’ Energy Policy

At the New England Fuel Institute's (NEFI) board meeting hosted by the Maine Oil Dealers Association



must put into place a prevention plan that identifies patterns, practices and activities that are “red flags” for possible identity theft. A “creditor” is defined as essentially any company that bills customers for products or services. As a result, most fuel dealers qualify as creditors under the Red Flag rule and must implement an identity theft prevention plan.

This is the third time the FTC has extended the compliance deadline for the Red Flag rule, which was initially set to go into effect on Nov. 1, 2008, then extended to May 1, 2009, extended

(MODA) in Ogunquit, Maine, on Aug. 11, members of NEFI's Executive Committee voted unanimously to support a resolution approving membership in the national Consumer Energy Alliance (CEA). The CEA is a "non-profit, non-partisan organization that supports the thoughtful utilization of energy resources to help ensure improved domestic and global energy security and stable prices for consumers."



The group is comprised of a vast alliance of more than 110 energy consumer groups and trade associations, from energy producers and refiners to end-user groups, including the airline industry and truckers. It claims to have thousands of grassroots supporters and many more now that NEFI members are in the fold. The CEA is a national leader in calls for an "all of the above" approach to energy policy, and NEFI will be active in helping to pursue its goals:

- More access to offshore and onshore domestic U.S. oil reserves;
- Increased utilization of alternative energy, including biofuels; and
- Enhanced energy efficiency and conservation.

NEFI is the first trade group representing heating oil dealers to join the alliance.

NEFI Vice President Jim Collura has already begun conversation with the group about ways that NEFI and CEA members can work together on areas of mutual interest.

You can learn more about the Consumer Energy Alliance at www.consumerenergyalliance.org.

New Democrats Introduce Derivatives Legislation

Members of the New Democrat Coalition, a group of Democratic representatives, recently introduced legislation that would enhance regulatory measures and reporting requirements for derivatives markets while still allowing for over-the-counter (OTC) derivatives trading. NEFI and other coalition allies are concerned that the legislation does not go far enough to provide the proper regulatory framework for the derivatives market.

NEFI and the Petroleum Marketers Association of America (PMAA) are working with members of Congress on passing tough commodity futures regulation legislation which would apply aggregate position limits on speculators and bring full transparency to futures markets by requiring mandatory clearing for nearly all OTC derivatives. Without the proper regulatory framework, the futures markets could fall victim again to the same excessive speculation the energy markets experienced last summer when oil spiked to almost \$150 per barrel.



Members of the New Democratic Coalition argue that the "Derivatives Trading Accountability and Disclosure Act of 2009" will provide the right regulatory framework for the derivatives market by creating an Office of Derivative Supervision within the Department of Treasury which would work with the Securities and Exchange Commission (SEC) and the CFTC to develop comprehensive regulatory requirements for derivatives. The legislation would also require the Office of Derivative Supervision to determine which derivatives can be traded through exchanges and clearinghouses.

Treasury Department Takes Additional Action to Stimulate SBA Loans

The U.S. Treasury Department has announced that it is finalizing a \$15 billion program designed to stimulate new lending through federal guaranteed small business loans. While credit markets have rebounded somewhat lately, they are still vulnerable to events that could dampen investor confidence.

The program will use federal bailout money to purchase U.S. Small Business Administration (SBA) guaranteed loans made by private banks that investors have been unwilling to buy since the financial crisis hit last fall. Purchasing old SBA

guaranteed loans will allow local banks to reduce their small business loan portfolio, which in turn will free up additional capital for new loans.

To sweeten the deal, Treasury officials are waiving the requirement that lenders selling loans to the federal government must include ownership stakes in the banks from which they originate. In separate actions, the Treasury Department is also considering an increase in the amount small businesses can borrow under the SBA guaranteed loan program. Recently Treasury waived many loan origination fees and increased the amount of the federal guarantee from 75 percent to 90 percent in order to get SBA loans moving again.

NEFI Welcomes New Members

New England Fuel Institute welcomes seven new **ASSOCIATE** members.

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Red Flag Rule Threatened by Lawsuit

The Federal Trade Commission's (FTC) new "red flag" rule would require any business that accepts deferred payments for services or products to undertake new measures to protect customer accounts from identity theft. In other words, any business that acts like a "creditor" must comply with the red flag requirements.

Under the rule, "creditors" must identify potential areas of identity theft vulnerability within customer accounts and include policies for detecting and responding to these identified risks or "red flags." Because the definition of "creditor" in the rule is so broad, it applies to a far larger array of businesses, both big and small (including heating oil and propane dealers) than either the FTC or the regulatory community anticipated. In fact, it is fair to say that few industries outside of the financial service sector were even aware of the rule's existence until just a few weeks before the original red flag compliance deadline of Nov. 1, 2008.

Such disparate industries as healthcare providers, Wall Street traders, municipalities and of course, heating oil and propane dealers, are increasingly finding themselves caught in the FTC's red flag compliance net. As a result, the FTC has been flooded with complaints and requests for interpretations on the limits of red flag rule applicability.

Unfortunately, the FTC has not always been clear and concise with its interpretations of the red flag rule, especially those concerning the definition of "creditor." The ineffective reaction thus far to industry inquiries by the besieged agency only compounds the general state of confusion over who must comply with red flag. Many industry sectors are complaining, and rightfully so, that even when the applicability question is settled, the rule is so vague and obtuse that it is difficult to determine just what it is the FTC is requiring under red flag.

In light of the growing confusion and complaints over the rule's applicability, the FTC recently announced a postponement of the Aug. 1, 2009, red flag compliance date to Nov. 1, 2009—the third such delay in less than a year. But even this deadline remains in doubt after the agency's cast its compliance net a just a little too far and inadvertently snagged an industry that few want to mess with—lawyers.

To say that the American Bar Association (ABA) is unhappy over the interpretation that the red flag rule seemingly applies to the nation's 1,143,358 attorneys is an understatement—they are furious. So upset that the lawyers group is threatening to do what one might expect lawyers to do when they are unhappy—sue. The ABA argues that the FTC's rule adopted under the Fair and Accurate Credit Transactions Act (FACT) is overly broad and incorrectly applies to many businesses.

For its part, the FTC responded to the ABA's threat by declaring it lacks the authority under the FACT law to alter in any way the definition of creditor. Nor is it likely that Congress will step into the fray with a legislative fix, given its already full agenda and the little time remaining in the current congressional session. The only alternative left to narrow the scope of red flag to those who are truly "creditors" in the real sense of the word is by bringing a lawsuit in federal court—a near certainty at this point.

Such a lawsuit could derail red flag compliance for years, if not derail the rule altogether. The best compliance advice for heating oil dealers and propane

marketers given the uncertain fate of the red flag rule is to hold off on compliance efforts for the moment. NEFI will monitor this issue and report on any new developments, including possible compliance delays as they occur. In the meantime, NEFI is putting together a user-friendly red flag template that can be implemented quickly should this latest red flag compliance date remain in place.

Mark S. Morgan, Esq., NEFI Regulatory Counsel

National and Regional Proposals Would Encourage Conversations

Oil & Energy readers know very well what a difficult business environment we live in these days. Increased aggressiveness from natural (methane) gas utilities and progressive climate change lobbyists and policymakers has made it increasingly difficult to compete and thrive—but not impossible. This struggle could be best summed up by the title of one of my favorite movies, the Clint Eastwood classic "The Good, The Bad, and The Ugly."

Let's start with "Ugly"—publicly available lobbying data. One major Northeast methane gas utility has invested more than \$2 million in federal lobbying in 2008, and they are on course to spend the same amount this year. This is more than the national trade group, American [Methane] Gas Association, which spent \$840,000 in 2008 and \$690,000 in the first six months of 2009.

The heating oil industry, by comparison, is limited in its financial resources, and so has spent one-tenth of the amount that these groups have. What's more, lobbyists advocating for natural gas utilities on Capitol Hill outnumber Washington, D.C.-based heating oil industry lobbyists at least seven-to-one. And that doesn't even include the global warming lobby.

That brings us to the "Bad"—a national and regional public policy agenda favorable toward big-business utilities. Cap-and-trade legislation to be considered this fall would give free emissions allowances to utilities to subsidize increased ratepayer costs that result from the bill, whereas the allowances to oil and propane customers would have to go through existing state programs, putting utilities at a competitive advantage.

This summer, a proposal was floated within the Senate Finance Committee that would create a \$3,500 tax credit for oil-to-gas conversions and a \$4,000 tax credit for oil-to-wood conversions. And this summer, a draft proposal by the 11-state Northeast air quality officials to lower carbon emissions in the region suggested some way to provide incentives for homeowners and businesses to convert from oil-to-something else.

While you might find it hard to believe, there is some "Good" to talk about. As tough as these challenges are, we're tougher. Industry is coming together in a way it never has before. Associations and industry leaders across the country are uniting to take on these challenges, and NEFI is at the center of the fight. NEFI members have a lot of "good news" to spread. They are mostly consumer- and community-oriented, family-owned and operated small businesses.

These innovative companies, diverse in their products and services, are eager to bring the next generation of "clean and green" fuels to American homes. Bioheat®, solar energy and geothermal technology and increased efficiency and weatherization are in their future, so long as policymakers don't sell out to big business methane gas utilities.

You can help the cause. Please consider a donation to the NEFI Action Center Fund today, by visiting www.nefiactioncenter.com and clicking "make a donation" or contact (617) 923-5022.

Jim Collura, NEFI Vice President for Government Affairs



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Dave Rocco, Member Services Specialist: dave@nefi.com



COMMITMENT COMES WITH NAMES ATTACHED

WE ARE PLEASED TO RECOGNIZE OUR VALUED SUPPORTERS

2009 CONTRIBUTORS
As of August 25, 2009

\$10,000					
James Devaney Fuel Co.	Newton, MA	Needham Oil & Air, LLC	Needham, MA	Marran Oil, LLC	Holtsville, NY
\$7,500		Rowayton Fuel & Oil Co. Inc.	Norwalk, CT	E. P. Cotter Oil Co.	Norwood, MA
Atlas Glen-mor Oil	Chelsea, MA	Homestead Fuel Inc.	Ellington, CT	Madison Oil Co. Inc.	Madison, CT
Petro	Norwalk, CT	Bourne's Inc.	Morrisville, VT	Pallett Oil Co. Inc.	Chesapeake, VA
Petro	Providence, RI	Stafford Oil Company Inc.	Laconia, NH	Hiller Fuels Inc.	Marion, MA
\$5,000		Rand-Handy Oil Co.	Marshfield, MA	Ashley Fuel Inc.	Beverly, MA
Townsend Oil Co. Inc.	Danvers, MA	Dutchess Oil & Propane Co.	Millerton, NY	Glendale Oil Service Inc.	Glendale, RI
Arlex Oil Corp.	Lexington, MA	Julians, LLC	Medway, MA	Howell Fuel Inc.	Fairfield, CT
\$3,500 or more		D. Ferruccio & Son Inc.	Hudson, MA	Stocker Oil Co.	Peabody, MA
Scott - Williams Inc.	Quincy, MA	New England Oil Co. Inc.	Greenwich, CT	COCARD/Richmond Financial Services	Beverly, MA
Wesson Energy Inc.	Waterbury, CT	Guy E. Nido Inc.	Wilmington, VT	Spring Brook Ice & Fuel Svc.	New Britain, CT
Buckley Heating & Cooling	Peace Dale, RI	Holden Oil Inc.	Peabody, MA	Micheletti Oil Service Inc.	Johnston, RI
Cota & Cota Inc.	Bellows Falls, VT	Blue Cow Software	Lynnfield, MA	Rose's Oil Svc / Todd Oil Co.	Rockport, MA
Champion Energy	New Rochelle, NY	West Oil Co. Inc.	North Adams, MA	Cetane Associates, LLC	Ellicott City, MD
MacFarlane Oil	Dedham, MA	Haffner's Service Stations Inc.	Lawrence, MA	Columbus Energies Inc.	Swansea, MA
\$2,500 or more		Gillespie Fuels & Propane Inc.	Northfield, VT	Dorr Oil Co. Inc.	Manchester Center, VT
Noonan Energy Corp.	Springfield, MA	Sippin Energy Products	Monroe, CT	Nardone Oil Co.	Wakefield, MA
New York Oil Heating Association	New York, NY	Reliable Oil & Heat Co.	Glenbrook, CT	John's Fuel Service dba John's Oil Co.	Lynn, MA
Fred Fuller Oil Co.	Hudson, NH	Angus Partners	Ft. Lauderdale, FL	Continental Fuel Co. Inc.	Bridgeport, CT
Noar's Oil	Worcester, MA	Atlantic Pratt Oil Co. Inc.	Braintree, MA	McKusick Petroleum Co.	Dover-Foxcroft, ME
L. E. Belcher Inc.	Springfield, MA	Sherman Oil Co.	West Brookfield, MA	Benway Oil Co.	Milton, MA
W. H. Riley & Son Inc.	North Attleboro, MA	Boston Steel & Mfg. Co.	Malden, MA	Brale & Wellington Insurance Agency	Worcester, MA
Scott Oil Co.	Gloucester, MA	Star Petroleum Co. Inc.	Foxboro, MA	Towne Heating Co. Inc.	Swansea, MA
\$1,750 or more		Sochia's Oil & Gas Inc.	East Douglas, MA	Wehof Forms	Somerville, NJ
Coan Inc.	Natick, MA	John A. Healy & Sons	Westford, MA	Guardian Fuel & Energy System	Westerly, RI
Munhall Energy Co.	Watertown, MA	Swanzy Oil, LLC	West Swanzey, NH	Lemay Oil Co. Inc.	Hartford, CT
C. K. Smith Oil Company, Inc.	Worcester, MA	Lakeside Oil Co. Inc.	Marlboro, MA	Landry & Martin Oil Co Inc.	Pawtucket, RI
Medway Oil Co. Inc.	Medway, MA	Robert Greene Inc.	Bennington, VT	Sinclair Heating Co.	Walpole, MA
Lipton Energy	Pittsfield, MA	L. F. Powers Co. Inc.	Waterbury, CT	Chapman Fuel Inc.	Gardiner, ME
Faulkner Brothers Inc.	Somerville, MA	L. H. Gault & Son	Westport, CT	\$100 or more	
Dominick Fuel Inc.	Norwalk, CT	Hall Oil Co.	South Dennis, MA	Hilton Oil Co. Inc.	Lawrence, MA
Owner Services Inc.	Proctor, VT	Stadium Oil Heat Inc.	Peabody, MA	Boston Environmental, LLC	Portsmouth, NH
\$1,000 or more		Brideau Oil Corp.	Fitchburg, MA	H. H. Snow & Sons Inc.	Orleans, MA
H. R. Clough Inc.	Contoocook, NH	Imperial Oil Co.	South Windsor, CT	Port Oil	Billerica, MA
Palmer Gas Co. Inc./Ermer Oil Co.	Atkinson, NH	Murphy Fuel Corp.	Waltham, MA	Perillo Brothers	Farmingdale, NY
Northboro Oil Co. Inc.	Northboro, MA	J. J. Sullivan Inc.	Guilford, CT	Niccoli Bros. Oil Inc.	Brockton, MA
Anderson Fuel	North Scituate, MA	J. & S. Oil Co. Inc.	Manchester, ME	Interstate Biofuels	Roslyn Heights, NY
East Providence Fuel Oil Co.	E.Providence, RI	Reggie's Oil Co. Inc.	Quincy, MA	People's Fuel Inc.	Gardner, MA
Standard Oil of CT	Bridgeport, CT	Dunn Oil Co. Inc.	Maynard, MA	Harvard Oil Co.	Harvard, MA
Fratlicelli Oil Co.	Leominster, MA	Gottier Fuel Co. Inc.	Rockville, CT	Community Oil Co.	Cambridge, MA
D. F. Richard Energy	Dover, NH	Town Oil Co.	Wethersfield, CT	Blanchard Oil Co.	Orleans, VT
Norbert E. Mitchell Co. Inc.	Danbury, CT	Westmore Fuel Co. Inc.	Greenwich, CT	Arrow Fuel	Seekonk, MA
Kerivan-Lane Inc	Needham, MA	Knight Fuel Co.	Hudson, MA	Gray Gray & Gray	Westwood, MA
Energy Kinetics Inc.	Lebanon, NJ	B & B Oil Co.	Charlestown, MA		
Metro Energy DBA M&T Oil	South Boston, MA	Warren Enterprises/Fisher-Churchill	Dedham, MA		
Horan Oil Corp.	Stoughton, MA	Pioneer Propane Co.	Harrison, AR		
Densmore Oil Co.	Mystic, CT	Affordable Oil, LLC	Rollinsford, NH		
Hedge Solutions, Inc.	Manchester, NH	Federal Heating & Eng. Co. Inc.	Winchester, MA		
City Fuel Co.	Manchester, NH	Fuel Services Inc.	Westfield, MA		
		JRRBC Inc.	Hudson, MA		
		Lees Oil Service Inc	Westport Point, MA		
		Goodrich Oil Co. Inc.	Newport, NH		
		Winthrop Fuel Co Inc	Winthrop, ME		
		LeHigh Fuel Inc.	Waterbury, CT		

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



Capital Ideas

Increasing Liquidity to Fund Your Supply

THE TIGHTENING CREDIT MARKET, SHRINKING world economy and wild oil price gyrations in the last year have forced home heating oil dealers to rethink every aspect of their business, and financing their supply each year is no exception.

For years, maybe even decades, businesses were able to simply go to the terminal and pick up their supply, add their margin and sell the fuel. With the advent of different price programs and increased competition from other heating oil companies and fuels, many dealers had to change how they looked at financing supply and their relationship with their supplier, bank and customers.

The recent economic climate has only hastened that necessity, according to a presentation by Matthew Ide of RenRe Energy Advisors and Mark Bloom of Angus Energy titled “Fuel Dealers: The New Circle of Life” that they gave at this year’s Atlantic Region Energy Expo (AREE).

You need to create a system where you are ambivalent to whether the price of oil goes up or down.

— Matthew Ide, RenRe Energy Advisors

The pair began by mentioning that an old “circle of life” didn’t even exist in the heating oil world, as dealers spoke separately with banks, customers, their hedging counsel and supplier.

“The costs associated with funding your supply is so large, you can’t be having these one-on-one conversations anymore,” Ide said. “It’s imperative that you change your model and become more connected.”

Instead of running price plans without protection or charging the customer adequately for the service, Ide suggested several reasons

to keep everyone related to the business involved, because improving personal relationships can help maintain professional ties.

Local banks, for example, are often in a greater position to lend right now because many of the larger institutions have been hit so hard by the credit crisis. However, the banks require more than a cursory credit application; dealers must be willing to present all the proper documents and account for why they need money and how it will be spent.

It’s also important to treat suppliers as your business partner, Ide said, because they understand the economic climate, but cannot help if there is not an open line of communication.

By giving the bank a proper understanding of how you will fund your supply and making your supplier aware of what type of programs you are running, the next most vital step is making sure that customers are aware of what services are available—and willing to pay for those services.

PLANNING FOR SUCCESS

While fluctuating oil prices from April to December 2008 caused countless headaches for dealers and customers locked into high prices, for some who hedged their purchases it was actually a profitable period, but still a rollercoaster ride.

“You need to create a system where you are ambivalent to whether the price of oil goes up or down,” Ide said.

For that reason, Bloom and Ide said that a fixed-price program is one of the riskiest methods for a dealer going into the season. With the present volatility in the market, there are just too many risks for the dealer to take on in order to offer such a program and feel confident.

Though customers can enjoy the stability of such a program, they can also become quickly dissatisfied if the price of oil drops after they’ve locked in. This opens up a host of risks for the dealer, including customers leaving the program or taking delivery from other dealers, in addition to losing profits due to improper hedging or locking in the price at the wrong time.

One of the best ways to mitigate risks, according to the pair, is to set up a capped-price program for customers. This type of program sets a “cap” on how high the customer’s price per gallon will be for the season, which gives a much greater sense of stability. It also removes the need for customers or dealers to try and time the market.

“The capped-price program provides similar risks for dealers and customers,” Bloom said. “It’s a nice balance of risks for the dealer.”

What separates the fixed- and capped-price plans is that a fee must be paid in order to receive the benefit of a cap, as a type of insurance. While this adds to the cost of the plan, the greater ability to maintain a margin since customers will not be walking away or taking other delivery makes it more appealing, Bloom said.

In this era of interaction, the capped-price plan also strengthens the relationship between members of the “circle.” By communicating the advantages of a capped price and giving customers an incentive to stay with you as a dealer, customers become more integrated into the experience. Similarly, the capped-price plan opens up a dialogue with the supplier and gives your bank a greater sense of security because of the fewer risks associated with it.

Continued on page 14...



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...Continued from page 12

MANAGING RISK

Picking the proper way to sell supply during the season by inviting all stakeholders into your “new circle” is critical for funding your supply, and business as a whole, according to Bloom and Ide.

As companies were slow to react to the changing realities and challenges of running a heating oil dealer, many hurt their balance sheet as they relied on credit or anticipated accounts receivable to stay afloat. Consumer credit problems and oil volatility compounded these problems and turned what could have been short-term working capital problems into fundamental under-capitalization issues.

The capped-price program provides similar risks for dealers and customers. It's a nice balance of risks for the dealer.

— Mark Bloom, Angus Energy

The average heating oil dealer in the Northeast, with annual sales up to \$25 million, faced decreased liquidity from 2004 to 2007, according to the Risk Management Association. Small dealers with annual sales of \$1 million to \$3 million faced the steepest decline according to the report, and this did not include data since the economic downturn.

“That’s why many companies go out with a pre-buy program, because they need the cash to fund their season and it feeds a negative cycle,” Ide said.

Instead of using a pre-buy program to fund supply, Ide suggests getting more customers on a budget plan each year. This method again establishes a longer-lasting relationship with a customer, provides them with stability and gives your bank more incentive to lend.

Regardless of the plan, Ide advises dealers to make sure they have an adequate “make whole” clause in all contracts in order to protect themselves from customers leaving during the season. If customers realize the penalty for leaving is minimal, dealers can experience a sharp decrease in projected revenue and could be stuck with additional fuel from their supplier.

Dealers need to balance their program offerings, according to Ide, instead of relying on the old “one size fits all” model. By getting more customers on budget and capped-price plans, companies are able to increase their working capital. Increasing their liquidity means that dealers can rely less on their bank as they prepare for the heating season.

“Aggressive marketing of budget plans and keeping a positive working capital can severely diminish the need for a large credit line,” Ide said. ☐

Mass. Mandate Calls for Only Waste Feedstocks State Also Waives First-year Volume Mandate

WHEN MASSACHUSETTS GOV. DEVAL PATRICK SIGNED INTO LAW THE CLEAN ENERGY Biofuels Act in July 2008, he gave the state two years to come up with the regulatory framework to implement a biofuel mandate.

The law called for all heating oil and diesel fuel sold in the state to contain a 2 percent biofuel component in the first year, increasing by at least 1 percent per year up to a 5 percent blend.

With less than a year before the mandate is expected to begin, the state recently released some key information about what feedstocks can be used and how they will be counted, while also confirming the mandate will begin July 1, 2010.

In the first year, through June 30, 2011, mandated volume requirements will be waived, but “Early Action Credit” will be provided for all gallons of qualified advanced biofuels, which will be applied to second-year mandate obligations.

In another important rulemaking, the state said that until further notice, only applications for waste biofuels will be accepted. The state is basing its reasoning off of analysis provided by the California Air Resources Board (CARB) and U.S. Environmental Protection Agency (EPA), which calls for feedstocks that yield a 50 percent greenhouse gas reduction.

With the science behind the CARB and EPA numbers being debated, the biodiesel industry was hoping that the state would accept biofuel from a variety of feedstocks, including soy and palm oil.

Massachusetts-based companies such as Baystate Biofuels, profiled in August’s *Oil & Energy*, and Dennis K. Burke have said they will offer waste feedstocks that comply with the regulations.

The state will decide by Dec. 31, 2010, whether the second-year mandate will be at the 2 or 3 percent level. The mandate will be implemented in subsequent years on an “averaging basis” such that petroleum terminal operators must show that sufficient volume of qualified advanced biofuels was supplied to meet the required percentage on average, over the course of the full compliance year.

Terminal operators that supply heating oil and diesel fuel consumed in Massachusetts will be subject to mandatory reporting of heating oil sales, diesel sales, non-qualified biodiesel content in all shipments received up to 5 percent and qualified advanced biodiesel volume sold by each supply source for early action credit.

Prior to the mandate beginning, the state has said that:

- Final draft regulations will be prepared by Dec. 31 and a public hearing process will commence, with regulations by May 2010;
- Application forms will be prepared, and the state will begin accepting applications for qualifying advanced biofuels by October 2009;
- The state will continue to track and engage with federal and California efforts to establish analytical methodologies and protocols for evaluating non-waste feedstock biofuels, and will expeditiously seek to adopt such protocols, as they become available, for the purpose of the mandate.
- Biofuels that are produced from a mix of waste and non-waste feedstocks can seek qualification from the state for the portion of the finished biofuel that is attributable to the waste feedstock.
- The state will prepare an Advanced Biofuels Mandate Schedule for possible inclusion with tax filings by November 2009.
- The state will assess needs and options for enforcement, tracking of credits, and trading platform, by November 2009.

The Massachusetts Oilheat Council (MOC) has been working closely with the state in all aspects of the bill’s progression: helping to guide its drafting; fine-tuning language; sitting on state task forces and panels; testifying at numerous hearings; forming alliances with like-minded partners; working it into the National Oilheat Research Alliance (NORA) framework; and touting its merits at the state, regional and federal level.

MOC has further meetings scheduled with the state in order to continue to represent the industry and help ensure the mandate takes heating oil dealers into consideration as they complete the regulatory process. ☐

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Reform and Regulation

Understanding the Energy Markets and How They Could Change

WITH THE CONCURRENT CRASHES OF THE REAL estate and credit markets in late 2008, the complex systems large financial institutions set up in order to take advantage of regulatory loopholes were laid bare as they began to rapidly unravel.

They revealed that banks were willing to make highly leveraged bets they could never pay off, with little apparent knowledge or regard for the consequences that could follow if they failed. In addition to the mortgage and real estate markets, the heating oil industry was also swept up in these maneuvers, according to recent testimony by representatives of the New England Fuel Institute (NEFI) and other groups in Washington, D.C., arguing for tougher commodity regulations.

This summer's run in oil prices was occurring despite a sluggish world economy, increasingly high unemployment, dismal consumer confidence levels, demand for oil at a 10-year low, U.S. oil inventories at a 19-year high, and the value of the dollar having been essentially flat over the prior three months.

— Sean Cota, testifying on behalf of the New England Fuel Institute (NEFI)

The testimony came before the Commodity Futures Trading Commission (CFTC), the regulatory body in charge of making sure that the market for trading futures contracts remains free from fraud, manipulation and unfair practices. In addition to industry representatives, others called before the panel agreed that traders taking advantage of loopholes in the CFTC's authority have been responsible for much of the fluctuation in energy contract prices recently.

“Unlike larger energy companies, most retail fuel dealers are small, family-run businesses,” said former NEFI president Sean Cota, who also represented the Petroleum Marketers Association of America (PMAA) at the hearings. “Also unlike larger energy companies, we personally deliver product directly to the doorstep of American homes and businesses. And I bring with me a message from those home owners and businesses—please do everything in your power to fix these broken markets.”

Cota, co-owner of a retail heating oil company in Vermont, testified that the rise in the price of a barrel of oil in 2008, along with its precipitous fall, was the result of speculation by large financial institutions and not as a result of fundamental supply and demand. With oil rising again in 2009, Cota said it was clear the market was not being guided by the fundamentals again.

“This summer's run in oil prices was occurring despite a sluggish world economy, increasingly high unemployment, dismal consumer confidence levels, demand for oil at a 10-year low, U.S. oil inventories at a 19-year high, and the value of the dollar having been essentially flat over the prior three months,” he said.

INCREASING OVERSIGHT

While hedging forward contracts and using the market as a guide to set price plan contracts is critical for heating oil dealers each season in order to create a bit of price certainty, the futures market is also open to “non-commercial” buyers such as banks looking to use the contracts as an investment tool. Instead of using the contract to actually receive oil, they hold the contracts

until they can make a profit from them as the price per barrel moves.

“Energy commodity futures markets were not designed as an investment class—they were set up for physical hedgers to manage price risk by entering into a futures contract in order to lock in a price for future delivery,” Cota said. “They were designed as a tool for producers and purchasers of physical commodities to provide a fair price for commodities based on market fundamentals. Speculators were welcome and are necessary in order to provide necessary liquidity and facilitate this risk management, but were never intended to dominate the market and the markets were never intended to exist at their behest.”

Hedge fund manager Michael Masters, who testified a week later before the same panel, agreed that speculators have played a much bigger role than before in the market and have been able to have great influence over the direction the price travels.

Speculators far outnumber bona fide physical hedgers and therefore play the dominant role in price discovery. The oil futures markets routinely trade over 1 billion barrels of oil per day. This volume does not include the over-the-counter (OTC) markets, which are larger still. We know that the entire world only produces 85 million barrels of oil per day, which means that over 90 percent of trading in oil futures involves speculators trading with each other.

— Michael Masters, hedge fund manager

“Today's energy derivatives markets suffer greatly from excessive speculation,” Masters said. “Speculators far outnumber bona fide physical hedgers and therefore play the dominant role in price discovery. The oil futures markets routinely trade over 1 billion barrels of oil per day. This volume does not include the over-the-counter (OTC) markets, which are larger still. We know that the entire world only produces 85 million barrels of oil per day, which means that over 90 percent of trading in oil futures involves speculators trading with each other.”

Masters summed up the problems facing the country involving the derivatives market to include systemic risk to the world economy, excessive speculation and passive “investment.”

He said that the systemic risk, like we saw in the end of 2008 with the credit and real estate markets, can be virtually eliminated by clearing OTC trades through a designated clearing organization.

Continued on page 18...

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Energy Markets Glossary

The futures trading market is filled with jargon and terms that could be confusing to those outside the financial industry. Below are some pertinent definitions about issues that often have impact on the home heating industry.

Commercial: An entity involved in the production, processing, or merchandising of a commodity.

Derivative: A financial instrument, traded on or off an exchange, the price of which is directly dependent upon (i.e., “derived from”) the value of one or more underlying securities, equity indices, debt instruments, commodities, other derivative instruments, or any agreed upon pricing index or arrangement (e.g., the movement over time of the Consumer Price Index or freight rates). Derivatives involve the trading of rights or obligations based on the underlying product, but do not directly transfer property. They are used to hedge risk or to exchange a floating rate of return for fixed rate of return. Derivatives include futures, options, and swaps. For example, futures contracts are derivatives of the physical contract and options on futures are derivatives of futures contracts.

Force Majeure: A clause in a supply contract that permits either party not to fulfill the contractual commitments due to events beyond their control. These events may range from strikes to export delays in producing countries.

Forward Contract: A cash transaction common in many industries, including commodity merchandising, in which a commercial buyer and seller agree upon delivery of a specified quality and quantity of goods at a specified future date. Terms may be more “personalized” than is the case with standardized futures contracts (i.e., delivery time and amount are as determined between seller and buyer). A price may be agreed upon in advance, or there may be agreement that the price will be determined at the time of delivery.

Futures Contract: An agreement to purchase or sell a commodity for delivery in the future: (1) at a price that is determined at initiation of the contract; (2) that obligates each party to the contract to fulfill the contract at the specified price; (3) that is used to assume or shift price risk; and (4) that may be satisfied by delivery or offset.

Offset: Liquidating a purchase of futures contracts through the sale of an equal number of contracts of the same delivery month, or liquidating a short sale of futures through the purchase of an equal number of contracts of the same delivery month.

Over-the-Counter (OTC): The trading of commodities, contracts, or other instruments not listed on any exchange. OTC transactions can occur electronically or over the telephone. Also referred to as Off-Exchange.

Speculative Bubble: A rapid run-up in prices caused by excessive buying that is unrelated to any of the basic, underlying factors affecting the supply or demand for a commodity or other asset. Speculative bubbles are usually associated with a “bandwagon” effect in which speculators rush to buy the commodity (in the case of futures, “to take positions”) before the price trend ends, and an even greater rush to sell the commodity (unwind positions) when prices reverse.

Speculator: In commodity futures, an individual who does not hedge, but who trades with the objective of achieving profits through the successful anticipation of price movements.

Swap: In general, the exchange of one asset or liability for a similar asset or liability for the purpose of lengthening or shortening maturities, or raising or lowering coupon rates, to maximize revenue or minimize financing costs. This may entail selling one securities issue and buying another in foreign currency; it may entail buying a currency on the spot market and simultaneously selling it forward. Swaps also may involve exchanging income flows; for example, exchanging the fixed rate coupon stream of a bond for a variable rate payment stream, or vice versa, while not swapping the principal component of the bond. Swaps are generally traded over-the-counter.

Source: www.cftc.gov

...Continued from page 16

Excessive speculation, meanwhile, can be curtailed by ensuring that traders are held to aggregate limits across all venues.

“Fifteen years ago almost all derivatives trading for consumable commodities such as crude oil, copper and corn took place on fully regulated futures exchanges where each commodity had a single liquid contract with strict speculative position limits in place,” Masters said. “Today, derivatives trading on consumable commodities takes place across multiple venues. In order to effectively impose aggregate speculative position limits, all of those venues must be regulated equally, which will require closing all of the loopholes that have been opened up over the last 15 years.”

Masters also advocates severe restrictions on “passive” investors who hold commodity contracts for the long-term as an investment vehicle and with no intent of taking delivery.

THE INDUSTRY’S RESPONSE

NEFI and its industry allies have called for a number of similar changes to be made to the CFTC, which can be granted by Congress, including more limits for traders and more authority to monitor those limits, so that single traders or firms are not able to commandeer the market. On behalf of the industry, Cota urged the CFTC to:

- Impose strict position limits on all non-commercial market participants, and across all months and all markets;
- Restrict index funds to much smaller position limits per individual investor in the fund or the same limits applied to speculators for the entire fund;
- Create a new classification—Bona-Fide Speculator—anyone who has not actively traded commodities futures or has not taken equivalent short positions in addition to long positions cannot be a real speculator; and
- Limit passive investors’ positions to prohibit them from banding together, and as a consequence, driving up prices. PMAA and NEFI favor strict position limits on all funds and investors, and lower limits for those who buy only through passive investment vehicles like exchange traded funds (ETFs) or index funds. Investors are also urged to buy oil stocks rather than index funds because of index funds’ ability to have a negative impact on the price discovery function of commodity futures markets.

“We support the free exchange of commodity futures on open, well-regulated and transparent exchanges that are subject to the rule of law, oversight and accountability,” Cota said. “Let’s make sure that these markets are competitively driven by supply and demand and not purely the speculative whims of an investment community that solely views vital, finite commodities as a place to make a profit.” ☒



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reclaim the money in small claims courts. Barreria said that Quality Oil receives about five bounced checks each month during the heating season. Before using Electric Checks, it was often simply not worth the time to chase down every bounced check. Electronic check representment also gives dealers a few extra advantages over the normal collection process, according to Howard, including:

- An electronic check representment puts the check first in line to be paid;
- Electronic check representment is permitted three times, instead of the two allowed by a physical representment at the bank. So a “Do Not Represent” check can be represented one more time and is now worth money;
- Any check written from a U.S. bank can be collected. This makes out-of-state checks easier to collect for dealers with customers across state lines;
- The check can be timed to clear by calling the bank to verify funds prior to resubmitting the check by electronic means. The collection rate of checks verified for availability of funds prior to representment is higher than 80 percent;
- You do not have to contact the customer about the bounced check. You may call the customer, if you wish.

OTHER SERVICES

In addition to being able to retrieve funds from bounced checks electronically, Electric Checks began offering some new services to save dealers time in 2008 with remote deposit capture and electronic check processing.

Remote deposit capture gives dealers the ability to deposit checks into a bank account (or multiple accounts) via a check scanner from the office.

“There’s no need to physically deliver the check to the bank; a digital image of the check is scanned through your computer to the bank,” Howard said. “Funds deposited prior to 8 p.m. are debited into the account the next day. Costs are dependent on volume, but generally include a monthly fee, transaction fee and the cost of the scanner.”

Electronic check processing is a service that Electric Checks offers that provides an online interface that allows a small business to bill, collect and manage customer payments made by paper check without the check.

Dealers can set up recurring customer billing, e-mail invoicing and even online payments without having a dedicated Web site. In addition, they can accept checks via telephone, e-mail and fax or convert paper check to an electronic one.

For more information on these services, go to www.electricchecks.com or call Howard at (866) 999-ECHECKS. 

Bounce Back

Company Offers Chance to Retrieve Funds from Bad Checks for Free

AS MARGINS HAVE GOTTEN SQUEEZED WITH higher fuel costs and rising expenses, home energy dealers hope to collect every dollar owed from their customers, but too often run out of time and resources to do so.

A Massachusetts-based company that is now celebrating its 10th year in business helps do just that by helping dealers collect on what might otherwise end up as bad checks. The best part is that Electric Checks performs the service at a price that all dealers can feel comfortable with—free.

The company’s owner, Brenda Howard, started the business in 1999 because of the advent of new technology and laws that allowed third-party processors other than a bank to collect funds electronically from checks that rang up as having non-sufficient funds (NSF).

“We used to have to keep calling customers and then go through the district attorney’s office (to retrieve money from bounced checks). It took forever and they could rarely do anything for us.”

— Melissa Barreira, Quality Fuel

“The service is called electronic check representment,” Howard said. “We are able to offer it at no charge to the fuel dealer because the check writer pays a service fee that is allowable by state law. We also eliminate one of the most unpleasant tasks for dealers—calling a customer about a bounced check.”

Quality Oil of Rehoboth, Mass., has been an Electric Checks customer since 2000 and has been able to go through a much quicker process for claiming money from bad checks.

“We used to have to keep calling customers and then go through the district attorney’s office,” said Melissa Barreira. “It took forever and they could rarely do anything for us.”

Now when Barreira receives a bounced check by mail, she just faxes a copy to Howard, who is able to soon relay to Quality Oil when those funds will become available.

Before a dealer begins using the service however, the customer must be made aware of the program.

“The company must inform the customer using a sign at the point of sale stating that the company will be collecting return checks electronically along with a service fee allowed by state law,” Howard said. “The statement may also be placed on a credit application, invoice or Web site. I have several heating oil retailers who place the statement on their heating oil ticket.”

By giving this statement, dealers are essentially setting up a “return check policy,” which lets customers know they will all be treated in the same manner and that the company has a step-by-step process for collecting on bounced checks.

In addition to the time saved, adding electronic check representment can save on various other costs, according to Howard. Sending letters and placing phone calls to each customer can add up, along with trying to



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*The color yellow for heating boilers is a registered trademark of Energy Kinetics. †United States Department of Energy Brookhaven National Laboratory (2007), by Dr. T. Butcher.

* For this renewable energy initiative, System 2000/ Energy Kinetics was named "2008 New Jersey Clean Energy Small Business Leader of the Year."



Dispelling Heating Oil Myths

THE ENERGY COMMUNICATIONS COUNCIL (ECC), which represents home heating oil associations at the state and regional level and is funded by the National Oilheat Research Alliance (NORA), recently released a “myth vs. fact” sheet for dealers to use as an information aid in conversations with customers.

With an ongoing and vigorous debate over the use of various energy resources and their potential impact on the environment, much is being written about the United States’ reliance on foreign oil, the impact of fossil fuels on the environment, and the need to continually improve energy efficiency.

The ECC has prepared this information so that energy consumers, business leaders, policy makers, and the media can have all the facts when they make decisions and not rely on rhetoric and myths.

Myth: Oilheat is expensive.

Facts: Heating oil actually costs less than it did in 1980, when adjusted for inflation, and serves about 23 million Americans in 8.6 million households.

Myth: Oilheat does not produce as much energy as other fuel sources.

Facts: Each gallon of heating oil contains approximately 139,000 units of thermal energy (BTUs), making it an economically competitive energy source.

Myth: Oilheat today is inefficient.

Facts: Oilheating systems in use today use substantially less fuel than they did just 20 years ago. For example, an average home that used more than 1,200 gallons of heating oil in 1989 now uses only 900 gallons, or 25 percent less. This decrease in usage is attributable to advances in equipment efficiency and household conservation. New heating oil systems boast energy efficiency ratings from 83 to 94 percent.

Myth: Oilheat produces many harmful air emissions.

Facts: Heating oil burns almost 95 percent cleaner than it did in 1970. Today, residential oil burners produce less than one-third of 1 percent of total U.S. particulate emissions.

To gain even greater efficiency and lower emissions, the industry in coordination with state environmental agencies is working to cut the sulfur content of heating oil from 1,500 parts per million to 15 parts per million by 2018.

Myth: Oilheat has not responded to concerns about global warming.

Facts: Since 1970, the heating oil industry has cut its total greenhouse gas emissions by approximately one-third.

Myth: Oilheat is not renewable.

Facts: In addition to its sulfur reductions, the heating oil industry is moving toward zero emissions with new fuel blends, called Bioheat®, which contain between 2 and 20 percent renewable fuel. When combined with Bioheat, Oilheat has the potential to reduce emissions to the lowest level of any fossil fuel.

In fact, if just 5 percent of Americans heated their homes with today’s Bioheat, it would be equivalent to taking 700,000 cars and trucks off the road.

Myth: The heating oil industry does not contribute to the local economy.

Facts: Each year, the heating oil industry accounts for \$20 billion in sales and \$1.9 billion in payroll for 49,000 Americans. The fact that half of the U.S. energy workforce is expected to retire in the next 10 years, when combined with the heating oil industry’s commitment to renewable fuels, means that there will be thousands of good-paying jobs available for highly trained technicians, engineers, researchers, oil field workers, and others.

Myth: The heating oil industry is dependent on foreign energy from hostile suppliers.

Facts: This “myth” is complete nonsense. The United States produces the vast majority of its heating oil and imports 10 to 15 percent from Canada, the Caribbean and Latin America. Canada and Mexico also provide the United States with a significant amount of its crude oil. Advances such as Bioheat mean more heating oil can be produced in the Midwest instead of the Middle East. And new exploration technologies such as horizontal drilling also mean the United States can responsibly produce more oil at home.

Myth: Heating oil is not safe.

Facts: It takes an advanced high-tech burner to ignite heating oil. If you drop a match into heating oil, it will go out as if dropped into water. Heating oil must be vaporized before it will ignite or burn.

Sources for the facts above can be found at www.eia.gov, www.nora-oilheat.org, www.cewd.org and www.factsonfuel.org.

The ECC represents the New England Fuel Institute (NEFI), the Delaware Valley Fuel Dealers’ Association, the Maine Oil Dealers Association, the Massachusetts Oilheat Council, the Fuel Merchants Association of New Jersey, Oil Heat Comfort Corp. of Long Island, the New York Oil Heating Association, Inc., the Vermont Fuel Dealers Association, and the Virginia Petroleum, Convenience, and Grocery Association, and is funded by the National Oilheat Research Alliance.

For more information, contact Kevin Rooney at (631) 360-0200 or info@ohili.com; or John Huber at (703) 340-1660 or jhuber@nora-oilheat.org.

BRADFORD WHITE INTRODUCES SOLAR WATER HEATERS

Bradford White Water Heaters recently introduced 14 new indirect solar water heating units, increasing the company's offerings in the solar category to a total of 32 models.

"Essentially we believe the water heater market will move from high input like tankless, to low input with high storage such as solar, heat pump and even geothermal," said Fred Vattimo, Bradford White director of corporate advertising. "We have a large selection of solar tanks available and will provide solar packages in the future. That simple plug-and-play type system makes solar available to a larger contractor base and makes them feel comfortable installing the product."

Bradford White first breached the category in the 1980s with the release of a trio of Solar Saver indirect models.

Bradford White Water Heaters is a manufacturer of residential, commercial and industrial products for water heating, space heating, combination heating and storage applications.

BLACKMER ADDS OPTION FOR SLIDING VANE PUMP LINES

Blackmer, a global manufacturer in positive displacement rotary vane pump and compressor technologies, recently announced that the piston air valve used on its TX/TXD series of sliding vane pumps is now available in a 3-inch configuration. The company also stated that the piston air valve became the standard air-valve option for its 3-inch TX/TXD pumps, in place of the diaphragm air valve.

The piston air valves provide much longer service life, which means less leakage from the pump. This is a critical consideration for environmental reasons, where less product leakage means less chance of an environmental spill.

The 3-inch Piston Air Valve design incorporates the same features as the 2.5-inch version, including a sliding piston; FKM elastomers that are UL-listed for compatibility with ethanol, biodiesel and other biofuel blends; quad-ring liquid seal; U-Cup O-ring air seal; retaining ring on adjusting rod; and adjusting rod with shoulder. Since the piston air valve does not make use of diaphragms, which can fail, there is a decrease in downtime and maintenance costs. The new 3-inch Piston Air Valve is completely interchangeable with previous diaphragm air valves. A piston air valve kit may be installed on any Blackmer TXD3E or TXD1230A model pumps.

TX/TXD Series pumps are available with port sizes from 1.5 to 4 inches, flow rates from 10 to 500 gpm and relief valve pressures to 125 psi. For more information, see www.blackmer.com.

DOE OFFERS \$21.45 MILLION FOR COMMUNITY RENEWABLE ENERGY PROJECTS

DOE offered \$21.45 million in American Recovery and Reinvestment Act funds recently for up to four U.S. communities to use in planning and installing utility-scale renewable energy projects. The projects will demonstrate how multiple renewable energy technologies can be deployed at scale to supply clean energy to communities. The renewable energy systems may include solar, wind, biomass, landfill gas, geothermal and ocean energy systems, as well as upgrades to existing hydropower systems.

Applicants must provide matching funds and will ideally be ready to implement their projects with readily deployable renewable energy systems. DOE will select the projects by the end of November.



USI PLANS FLEET SAFETY SEMINAR

Insurance and risk management provider USI recently announced a one-day fleet safety seminar scheduled for Tuesday, Sept. 22.

The event will be held at USI's office at 12 Gill St., Suite 5500, Woburn, Mass. Registration and refreshments will take place from 9:30 to 10 a.m., and the seminar follows from 10 a.m. to 1 p.m.

Topics include accommodating the mature driver, in-cab behaviors and understanding driver fatigue.

Learning objectives include:

- Identifying the effects of aging on the driver;
- Evaluating actions in the cab that affect cognitive abilities;
- Recognizing how stimuli inside and outside the vehicle can affect the action of the driver;
- Discovering ways to reduce driver fatigue.

Reservations are required. If you wish to attend, e-mail USIMA.RSVP@usi.biz with the name of your company and the names and e-mail addresses of all attendees.

UL UNVEILS CERTIFICATION STANDARD FOR MID-LEVEL ETHANOL DISPENSERS

Underwriters Laboratories (UL) has unveiled a new dispenser certification standard for mid-level ethanol blends up to E-25. The E-25 certification increases the number of UL dispenser certifications to three:

- UL 87 for gasoline and ethanol blends up to E-10;
- UL 87 A-E25 for gasoline and ethanol blends up to E-25; and
- UL 87 A-E85 for gasoline and ethanol blends up to E-85

Currently, there are no dispensers certified to the new standard, though equipment manufacturers are likely to head in that direction. The new E-25 certification was developed in part to make way for an anticipated increase in the current E-10 maximum ethanol content allowed under the Clean Air Act (CAA) for conventional fueled vehicles. The increasing preference for ethanol blender pumps by consumers seeking mid range blends for their flex-fueled vehicles was also a catalyst for the new UL standard.

The EPA is currently considering a possible increase to an E-15 blend under both a waiver application filed by the ethanol industry and the agency's RFS II proposed rule. The multiple certification standards for fuel dispensers will provide future blend flexibility for dispenser manufacturers and address current and future industry needs, according to UL.

However, the new UL E-25 standard may prove to be problematic for retail marketers should the E-10 maximum blend be lifted or waived by the EPA. The absence of an alternative UL certification (other than costly E-85 dispensers) for mid-level dispensers was a powerful argument against a wide-scale retrofit of existing E-10 dispensers should the EPA authorize an E-15 blend.

The lack of a viable alternative prompted the UL to issue a statement earlier this year that existing E-10 equipment was compatible for E-15 use. Now that a UL dispenser certification capable of handling an E-15 blend has been developed, there may be more pressure from regulatory authorities to change out existing E-10 dispensers for mid-level pumps if the EPA authorizes a higher ethanol blend for conventional fueled vehicles.



Eight Tips for Improving Borrowing Ability

By Joe Ciccarello, Gray, Gray & Gray and Paul Flynn Jr., TD Banknorth

IN YEARS PAST, RETAIL OILHEAT DEALERS across the Northeast sometimes worried about having an adequate supply of heating oil for their customers. This year, the oil supply situation looks promising. But the concern now is whether there will be enough financing available to keep companies operating through the season.

The good news is that, despite the ongoing economic woes, regional banks do have money available to lend. However, you will have to sharpen your management skills and be ready to work a little harder to satisfy tightened lending requirements.

Your banker wants to lend you money and extend you credit. That's what banks do. But they also need to protect their investors and depositors by being exceptionally careful in their lending practices.

Work toward incorporating a number of commercial accounts (which are more stable and easier for a bank to evaluate and assess for risk) with your residential customers. Put as many customers as possible on automatic delivery, which offers more stability for your cash flow.

Therefore, most lending today is going to be asset-based, backed by collateral such as inventory, accounts receivable and equipment. This also means that your banker—even one you've had a relationship with in the past—may insist on a “field exam” of your business.

Here are eight steps you can take to make your business more attractive and less of a risk in the eyes of the bank.

Establish strong internal controls.

You need to show the bank that you are in control of your cash flow and spending. From tracking receivables, to budgeting, to monitoring bill-paying activities, you must be able to account for every dollar. “Fast and loose” bookkeeping won't cut it anymore.

Develop a good balance of customers.

Work toward incorporating a number of commercial accounts (which are more stable and easier for a bank to evaluate and assess for risk) with your residential customers. Put as many customers as possible on automatic delivery, which offers more stability for your cash flow. Don't be afraid to shed customers who are slow paying or low margin.

Have a collection policy. Review your accounts receivable monthly and have a company policy with regard to what steps to take once an invoice is more than 60 days old, more than 90 days old, etc. The longer the invoice stays on your receivable listing the greater the chance that it will turn out to be “bad.”

Manage your price-protection program.

Charging a program fee or insisting on partial payment in advance for a pricing program can generate much needed capital early in the heating season. It also provides a level of reassurance for a lender. But make sure you are properly protected, both upside and downside, should the oil market suffer one of its frequent price spikes or drops. Keep in

mind that cash received upfront is not an asset, but a liability. You are obligated to deliver the oil purchased with those funds.

Hedge with caution. Hedging is a game for experts. Poor decisions and outcomes by dealers who misread the market have cast dealers as gamblers and speculators—not a safe bet for lenders. If you are participating in a hedging program, make sure your banker knows it. Share with them the type of program you are using, methodology and documentation. The bank, understandably, wants to be comfortable with the program and your approach to hedging.

Clean up your finances—and your act.

Excessive receivables, old receivables that may be uncollectible, a high rate of customer turnover or an aging parts inventory are all signs of a company that may be mismanaged. Offering customers the option of paying by credit card is one way to speed up collections, and having the cash in hand may more than offset any credit card fees. Put your house in order and make sure your operations are running smoothly to impress banks that are nervous about lending money to shaky borrowers.

Communicate with your banker. Some business owners think that withholding information from their banker can somehow gain them leverage or smooth the approval of their loan or line of credit. Nothing could be further from the truth. Banks know what to look for and the right questions to ask, and if there is negative information about your company, they will find it. You are much better off treating your banker as an ally, not an enemy, and communicating fully and closely.

Be smart about borrowing. Make sure you understand the loan documents and are able to comply with all the loan covenants. Bankers are not as quick at granting waivers as they used to be when you miss one of the loan covenants. Don't use the proceeds from the line of credit to purchase capital assets. Talk to the bank about a term note when it comes to buying new equipment or improving the real estate.

Even with model management, a solid customer base and excellent prospects for profitability, securing a bank loan or line of credit in today's market is not the simple process it was just a few years ago. In all likelihood you will have to guarantee the loan personally, perhaps even putting up your own assets as collateral.

Above all, be ready and willing to work with a lender in order to meet lending requirements. Although not as flexible as in the past, most banks are still willing to make room in their portfolio for Oilheat businesses that are well run and show the promise of profitability. ☐

New Jersey

LICENSED SITE REMEDIATION PROFESSIONAL APPLICATIONS

For those members of the industry who are currently certified sub-surface evaluators (SSE) and are interested in becoming a Licensed Site Remediation Professional, the application for a temporary license and a frequently asked questions (FAQ) document has been posted at www.nj.gov/dep/srp/srra, the state Department of Environmental Protection's Web site dedicated to the Site Remediation and Reform Act (SRRRA).

Once the LSRP regulations are fully implemented, SSEs will only be able to work on unregulated underground storage tanks (UST). All regulated UST work can only be done by LSRPs. The SRRRA establishes the temporary LSRP program, which is a pre-requisite, and the only prerequisite, to being a LSRP.

To qualify for a temporary LSRP you must meet certain educational criteria. The only exception to the education requirement is if you have had at least 14 years of experience working on USTs. You would then be eligible for the temporary LSRP and that would enable you to sit for the regular LSRP license once established. If you are a temporary LSRP by virtue of the UST waiver to the education criteria and fail the full LSRP test, you would then have to meet all LSRP criteria. This is a "one-shot" deal.

If you are a certified SSE currently, and wish to do work in the future on unregulated USTs there is nothing further you need to do relative to the LSRP bill.

However, if you are currently a certified SSE and work on regulated USTs and wish to continue to work on regulated USTs and do not meet the educational requirement you will need to become a temporary LSRP and pass the LSRP exam. As was the case with the UST certification, there is no grandfathering.

ASSOCIATION EXECUTIVE NAMED 'PERSON OF THE YEAR'

The New Jersey Weights and Measures Association has named Fuel Merchants Association of New Jersey Executive Vice President Eric DeGesero as their "Person of the Year." The award was scheduled to be presented at the association's annual conference and dinner on Thursday, Sept. 10, at the Trump Plaza Hotel in Atlantic City.



Eric DeGesero

FMA's officers and board of trustees have offered congratulations to DeGesero on this award.

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Dear Friends,

I hope you will give me a few minutes of your time to tell you about AVATAS Payment Solutions. If the name doesn't ring a bell, that is because, until just a short time ago, we were known as COCARD. As a pioneer in payment processing solutions for the home heating industry, AVATAS has helped every single one of our more than 700 clients save money on credit card processing, and we can do the same for you—guaranteed!

Thanks to our unique skill set and our experience working exclusively with heating oil and propane companies, we are the undisputed experts in payment processing solutions. As an AVATAS Payment Solutions customer, you will:

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- *never be locked into a contract—you can leave anytime with no cancellation fee*
- *benefit from our years of experience working with companies just like yours*
- *save money guaranteed—even if you are already in the utility program*

Five years ago, when we led the effort to convince credit card companies to re-categorize home heating companies as utilities, you were paying processing fees that were at least 50% higher than they are today. That victory has saved the industry in excess of \$100 million! This is the kind of forward thinking and innovation you can expect from AVATAS Payment Solutions.

We chose the name AVATAS because it signifies agility, speed, leadership and power—all of which we can offer you as an AVATAS customer. If you knew about us before but haven't yet called us, please contact us today. ***We WILL save you money on credit card processing, guaranteed!***

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The American Energy Coalition (AEC) hopes to gather members from all sectors of the Oilheat industry. From left, Kevin Beckett, R.W. Beckett; Dan Donovan, Star Gas/Petro; Judy Delaney, Global Partners; Dan Vessio, Nulite Fuel Oil; and John Maniscalco, New York Heating Oil Association, at the NEFI EXPO presentation.

vice president of the New York Oil Heating Association (NYOHA). “Even though we’re doing great stuff with low sulfur and biofuels, there’s a sense of urgency.”

By bringing its message in regional meetings, the AEC is hoping to garner a groundswell of support through pledges. Once they are able to raise about \$2 million, the AEC will be able to start its media campaign across TV, radio, the Internet and on billboards.

“It’s time to really educate people about natural gas,” said Dan Donovan, president and CEO of Star Gas/Petro. “[The natural gas companies] think they are the solution to the environment.”

Many customers also believe this message, as Americans see natural gas as having both a price and environmental advantage over Oilheat, according to the AEC.

The AEC would use its national platform to primarily educate consumers and give Oilheat businesses more information in order to answer questions customers could raise about using a different fuel. The ad campaign would showcase statistics that display the true greenhouse gas emission numbers of natural gas, as well as energy lost through pipeline leaks. Another part of the campaign could be to highlight the local nature of Oilheat companies, which is mostly comprised of small businesses.

With many customer service representatives talking to people who are considering conversions, the AEC also plans educational seminars for dealers and their employees. This would give service reps more of a chance to rebut any notions spread by natural gas companies that customers raise.

“Leave behinds” available to AEC members would also be created, the group said. This would allow dealers the chance to leave information with every customer after a delivery that could answer questions about Oilheat and natural gas.

A Web site that offers both advice for consumers and material for AEC members is also planned. Members would have access to pre-written articles that could be personalized for a company’s own Web site or printed in their newsletter.

While raising the initial \$2 million would allow the AEC to begin its campaign, Donovan estimated that it could take between \$5 and \$15 million on an annual basis to continue battling the claims of the natural gas companies.

“Once we get the word out there, we win, because we have the facts on our side,” Donovan said.

For more information about the AEC, visit www.americanenergycoalition.org. ☐

Spreading the Word

Grassroots Organization Hopes to Take Oilheat’s Message National

THE INTERNATIONAL CONGLOMERATES THAT operate natural gas utility companies in the United States took advantage of the historic rise in the price of a barrel of oil in the summer of 2008 to continue pushing conversions from oil to gas, despite a concurrent rise in price of their product.

Even as prices fell through the fall and winter, National Grid continued its campaign, calling for heating oil customers to switch to natural gas. According to the *Times of London*, National Grid CEO Steve Holliday said his company was talking to officials in New York City about using federal stimulus money for

to repel these claims without a similarly national effort. While the National Oilheat Research Alliance (NORA) has created print, television and radio spots that promote the virtues of Oilheat, it is prevented from making comparisons to competing fuels due to the statutes written into its Congressionally-approved charter that limit NORA to a proactive agenda.

These factors have led to the formation of the American Energy Coalition (AEC), a national grassroots organization that is recruiting companies that rely on Oilheat for their business, from dealers and equipment manufacturers to banks and service providers.

The AEC pitched its campaign at the New England Fuel Institute (NEFI) EXPO in Boston in June, roughly a year after its first regional meeting. During that time, the group has traveled around the Northeast and worked to tell those with a stake in the Oilheat industry the importance of a national campaign against natural gas, citing that from 2000 to 2006 roughly 900,000 less American homes used Oilheat. Those numbers, however, may be accelerating, as some areas reported record conversions in 2008, according to the AEC.

“I’ve never been more uncomfortable with the state of the industry than in the last 8 months,” said John Maniscalco, executive

“It’s time to really educate people about natural gas. [The natural gas companies] think they are the solution to the environment.”

— Dan Donovan, Star Gas/Petro

wholesale conversions of aging oil units, also saying, “Each time you take an oil burner out of a normal home, it’s equivalent to taking four four-wheel drive vehicles off the road. It should be a no-brainer, it has a huge impact on the environment and air quality.”

National Grid has funded this campaign with millions of dollars in marketing money, and the Oilheat industry has been forced

WESROC®

“...monitors gas, diesel & propane.”

“We are very happy with the way our WESROC Remote Monitors are working – along with the ease of installation and their reliability – so we use them in both residential and commercial applications. Our main focus has been in the commercial area where *we service sites that have gasoline, diesel fuel as well as propane tanks.*

We take advantage of the fact that one WESROC Base Unit can receive and send tank report levels from multiple tank transmitters. A great example of this technology is a group of three different businesses in close proximity to each other. Their needs vary and we supply them on a timely basis even though these companies have a total of eight different tanks that include gasoline and diesel fuel in addition to propane. We have eight transmitters and only one WESROC Base Unit reporting each tank level, regardless of the type of fuel it holds.

Since we service most of our commercial customers with liquid fuels, our delivery tankers are divided into five compartments and hold a total of 3,400 gallons.



WESROC Monitors allow us to know in advance what type and how much of each fuel product we should load. In many locations *WESROC Monitors have allowed us to reduce our trips by half* – and that of course – increases our bottom line.”

Mark Derylo - Grand Rapids Fuel & Propane Facility Manager



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Vermont

ATTORNEY GENERAL DROPS HEATING OIL FROM CF-111 REVISION

On Aug. 4, more than 30 fuel dealers met at the Vermont Fuel Education Center in Montpelier with assistant attorney generals Elliot Burg, Wendy Morgan and Sandi Everitt.

Ten days earlier, the Attorney General's office proposed a revision to CF-111, the section of Vermont's Consumer Fraud statute that deals with the sale of propane. The Attorney General (AG) proposed extending the law to cover the sale of heating oil and kerosene. After listening to the concerns of heating oil and kerosene dealers for more than four hours, the AG decided to drop any reference to Oil-heat and kerosene. The CF-111 statute will still be revised, however, and it will deal solely with propane issues. VFDA agreed to form a working group of propane dealers to provide input during the revision process in the middle of August.

ASSISTANCE DISCOUNT AMOUNT DROPPED

After much discussion, the Vermont Fuel Assistance office has agreed to lower the mandated discount. In July, fuel dealers in Vermont received a letter from the Fuel Assistance office requiring them to provide a 15-cent per gallon discount to all fuel assistance recipients or face decertification.

VFDA sent a letter to Gov. Douglas and communicated directly with administration officials about the discount and the impact it would have on retailers and their customers. After listening to the concerns of dealers, the discount amount was reduced.

The new discount amount is 5 cents or the current cash discount, whichever is greater. The new discount amendment supersedes the previous discount amendment. Dealers had until Aug. 21 to decide whether or not to participate in the program. To receive a copy of the new certification agreement, contact VFDA.

BIODIESEL REPORT RELEASED

A hearing was held in August to discuss the Vermont Biodiesel Report. The report, written by the Vermont Sustainable Jobs Fund, looks at the opportunity to increase the use of biodiesel and Bioheat® in Vermont.

The report includes:

- Overview of biodiesel production, storage, distribution and use in Vermont
- Vermont biodiesel consumption (2002-08)
- Cost of biodiesel
- Performance of biodiesel blends in heating and transportation
- Emissions, efficiency, cold weather
- Warranties
- National and regional quality assurance and quality control;

- Recommendations for increasing biodiesel production and distribution;
- For more information, see www.vsjf.org.

Pennsylvania

WORK UNDERWAY ON STATE'S LARGEST WIND ENERGY FACILITY

Construction on what will be Pennsylvania's largest wind energy facility got underway recently in Bradford County. When completed, the Armenia Mountain wind turbine project will include 124 wind turbines in Bradford and Tioga counties.

Last July, the Department of Environmental Protection (DEP) issued the NPDES Permit for Stormwater Discharges Associated with Construction Activities, and the Water Obstruction and Encroachment Permit to AES Armenia Mountain Wind LLC of Arlington, Va., for the construction of the turbines. The company plans to construct 52 turbines in Armenia Township, Bradford County, and 73 in Richmond, Sullivan and Ward townships, Tioga County.

The turbines will produce about 150 megawatts of electricity, enough to service 47,000 homes.

Connecticut

ICPA MEMBERS LOBBY FOR COMMERCIAL TANK FUND

Independent Connecticut Petroleum Association (ICPA) motor fuels members (Abner Burgos Rodriguez of Standard Oil, Marc Dagesse of Alliance Energy, Doug Hendel of Hendel's, David Savin of Aldin Associates, Pete Shea of Drake/XtraMart and Rich Wiehl of Consumers Petroleum) seized an opportunity to lobby members of the Connecticut General Assembly during a recent veto session on the need to maintain funding for the Commercial Tank Fund.

ICPA members targeted leadership and members of the Appropriations Committee, communicating the benefit that the Tank Fund has on the environment, small businesses and consumers. Several legislators voiced support for the fund and a willingness to help work at making sure it remains viable. Gov. Rell and Democratic leaders have both pegged funding at \$4.9 million, which represents more than a 50 percent cut in funding. The Tank Fund at its peak paid tank owners nearly \$20 million per year and now is in jeopardy due to a nearly \$9 billion budget deficit.

House Majority Leader Denise Merrill indicated the importance of the Tank Fund and the need to remain in compliance with federal Environmental Protection Agency (EPA) requirements under Evidence of Financial Responsibility. ICPA continues to monitor budget negotiations to ensure that the state continues funding for the Tank Fund.

It is rumored that a budget deal will not be reached until after Labor Day.

Massachusetts

MOC JOINS ENERGY JOBS COMMITTEE

Massachusetts Oilheat Council (MOC) President Michael Ferrante has been chosen to serve on the steering committee for Gov. Deval Patrick's State Energy Partnership Charter under the state's Executive Office of Labor and Workforce Development in an effort to secure a federal grant for \$6 million to create new job and training opportunities in the "clean" energy sector across the state.

Ferrante and MOC's Alisha Frazee attended a steering committee meeting in August and were welcomed as integral partners in helping to determine what the workforce needs will be for retail home heating oil dealers as they alter their business models to embrace biofuels; install more new, higher efficiency Oilheat and propane equipment; and possibly train technicians and other employees to become certified energy auditors using programs like the Building Performance Institute (BPI) training.

"We are very excited to be part of this effort from the developmental stage, and if the state is awarded this grant, we expect this money to have a very positive impact on our industry and our center for training, the New England Fuel Institute (NEFI)," said Ferrante.

ASSOCIATION ASKS FOR OIL LINE LAW INTERPRETATION

The Massachusetts Oilheat Council (MOC) has asked the Board of Fire Prevention Regulations (BFPR) at the State Fire Marshal's office for a formal interpretation on key aspects of the recently enacted state law that requires upgrades to unprotected oil lines.

MOC has asked the BFPR to examine the law's April 30, 2010, deadline for the BFPR to "adopt regulations to carry out" the upgrades and to reconcile that date with language that states the law "shall take effect on July 1, 2010."

In his letter to legal counsel for the BFPR, Michael Ferrante wrote, "In your opinion, does this mean that the BFPR has until April 30, 2010, to adopt regulations to implement the new law? If so, the July 1st date would be impossible to comply with since that would give the home heating oil industry and homeowners only 8 weeks to comply with the oil line upgrades."

Ferrante also asked the BFPR for guidance on the development of "a form prescribed by the department of fire services" that will enable homeowners to submit "certification to the head of the local fire department or his designee" that the oil line upgrade work was completed by a state certified oil burner technician.

ECONOMIC DOWNTURN CUTS U.S. OIL AND NATURAL GAS DRILLING BY HALF

Drilling for oil and natural gas wells in the United States was down by nearly half in the second quarter of 2009, relative to the same quarter in 2008, according to the American Petroleum Institute (API). The API's second-quarter drilling report estimated that only 8,038 oil wells, natural gas wells and dry holes were completed in the second quarter, down 46 percent from the second quarter of 2008.

That's the lowest level of drilling seen in the United States since 2004. Most of the current drilling is targeting natural gas, with an estimated 4,225 natural gas wells completed during the quarter. Hardest hit were exploratory wells, with only 336 drilled during the quarter, a 63 percent decrease from 2008.

FUNDING ANNOUNCED FOR ETHANOL INFRASTRUCTURE AND OUTREACH

As part of the ongoing effort to support the development of domestic renewable fuels, the U.S. Department of Energy (DOE) announced in August the availability of up to \$5.5 million from the American Recovery and Reinvestment Act to increase the use of higher ethanol blends up to E85 by expanding refueling infrastructure and launching targeted outreach to promote public awareness.

DOE seeks to fund 15 to 30 cost-shared projects that will expand the infrastructure at retail fueling locations to accommodate blends up to E85. Potential projects may include modifications, upgrades or expansions of existing fuel pumps and other infrastructure at retail stations or the installation of new equipment to accommodate the higher ethanol blends. DOE is especially interested in supporting the development of fueling availability along major driving corridors at intervals no more than 100 miles apart.

DOE will also select up to five national campaign projects that will raise public awareness of the benefits, safety and use requirements of higher ethanol blends up to E85. This effort will help promote the use of renewable fuels to decrease dependence on petroleum.

REPORT: THE NEXT DECADE WILL SHAPE AMERICA'S ENERGY FUTURE

Actions taken by the United States between now and 2020 to develop and demonstrate several key energy technologies will largely determine the nation's energy options for many years to come, according to a new report from the National Research Council (NRC).

The report, "America's Energy Future: Technology and Transformation," notes that the United States could obtain substantial energy-efficiency improvements, new sources of energy, and reductions in greenhouse gas emissions through the accelerated deployment

of existing and emerging energy technologies. Deploying energy-efficiency technologies in buildings alone could eliminate the growth in U.S. electricity demand, while deploying energy efficiency in all sectors, including industry and transportation, could reduce projected U.S. energy use by 30 percent in 2030.

The report notes that a broad portfolio approach, supporting basic research through the demonstration stage, will likely be more effective than targeted efforts aimed at identifying technology winners and losers. At the demonstration stage, high-priority technologies include carbon capture and storage, evolutionary nuclear technologies, cellulosic ethanol, and advanced light-duty vehicles.

The more long-term research and development needs include new technologies for producing liquid fuels from renewable resources, advanced batteries and fuel cells, large-scale electricity storage, enhanced geothermal power, and advanced solar photovoltaic technologies. In addition, because many barriers exist that could delay or prevent technology deployment, the report recommends that sustained policy and regulatory actions, as well as other forms of incentives, be employed to drive adoption.

STUDY: RENEWABLES REQUIRE ENHANCED TECHNOLOGIES TO REACH FULL POTENTIAL

As part of the America's Energy Future study, the NRC also issued a report in mid-June that specifically examines renewable power. The report concludes that renewable energy could meet a significant portion of U.S. electricity needs, but taking full advantage of the potential for renewable energy will require enhanced technologies, increased deployment, greater financial investments, and the implementation of policies to drive the increased adoption of renewable electricity.

With accelerated deployment, increases in transmission capacity, and other electric-grid improvements, non-hydroelectric renewable sources could contribute up to 10 percent of U.S. electricity by 2020, and 20 percent or more by 2035, according to the report. However, major scientific advances and changes to the way we generate, transmit, and use electricity will be needed before renewable energy can contribute the majority of U.S. electricity.

Necessary improvements include the development of intelligent, two-way electric grids; large-scale and distributed electricity storage; and significantly enhanced, yet cost-effective, long-distance electricity transmission.

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OREGON LAUNCHES B2 BIODIESEL REQUIREMENT

Oregon's 2 percent biodiesel (B2) requirement went into effect on Aug. 5, making it the third state supporting increased reliance on the cleaner-burning, domestically produced fuel. Oregon's biodiesel production capacity has reached 5 million gallons, which triggered the requirement.

Established as part of renewable energy legislation passed in 2007, nine counties in northwest Oregon led the adoption on Aug. 5. The rest of the state will join by Oct. 1.

"Oregon recognizes the proven track record of biodiesel performance as well as its benefits for green jobs, energy security, the environment and more," said National Biodiesel Board CEO Joe Jobe. "The NBB has resources in place to assist in implementation, including an information hotline for anyone with questions."

Minnesota was the first state to enact a B2 requirement. In May, it was increased to B5. Washington State currently has a B2 requirement in place. Massachusetts will require diesel and home heating oil sold in the state to contain 2 percent biodiesel starting July 1, 2010. Pennsylvania also has a B2 requirement on the books, scheduled to be implemented Jan. 1, 2010.

Biodiesel already has a significant presence in Oregon. The state is home to three biodiesel plants. Also, biodiesel is a key part of the City of Portland's strategy to keep it as one of the greenest cities in the world. The city has used a minimum of 20 percent biodiesel in its fleet of several hundred diesel vehicles since 2004.

ENERGY, TREASURY FUNDING RENEWABLE ENERGY PROJECTS

With the goal of expanding development of renewable energy projects throughout the United States and creating new jobs, the U.S. Department of Energy and the U.S. Department of the Treasury recently announced they are now accepting applications for a program that will make direct payments in lieu of tax credits to companies that create and place in service renewable energy facilities.

The two departments estimate distributing at least \$3 billion in financial support to approximately 5,000 biomass, solar, wind and other types of renewable energy production facilities. The funding for this effort is made available through the American Recovery and Reinvestment Act.

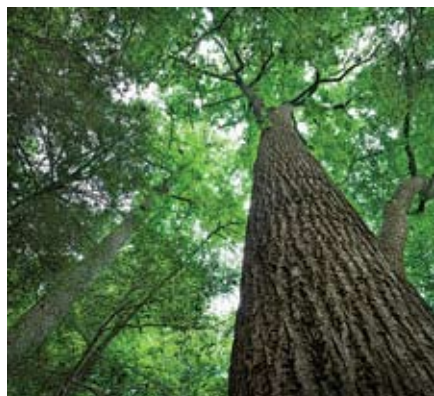
The Recovery Act authorized Treasury to make direct payments to companies that create and place in service renewable energy facilities beginning Jan. 1, 2009. Previously, these companies could file for a tax credit to cover a portion of the renewable energy

project's cost; under the new program, applicants would agree to forgo future tax credits in favor of an immediate reimbursement of a portion of the property expense.

In previous years, the tax credit has been widely used. The rate of new renewable energy installations has fallen since the economic downturn began, as projects had a more difficult time obtaining financing. The Departments of the Treasury and Energy expect a fast acceleration of businesses applying for the direct cash payment in lieu of the tax credit, allowing for an immediate stimulus in local economies.

DOE, AGRICULTURE DEPARTMENT TO AWARD \$6.3 MILLION FOR BIOFUELS RESEARCH

The Department of Energy (DOE) and the U.S. Department of Agriculture recently announced their joint selection of awards of up to \$6.3 million over three years toward fundamental genomics research, which may lead to the improved use of plant feedstocks for biofuel production.



DOE will provide \$4 million for four projects, while USDA will award \$2.3 million to three projects. The projects will focus on developing enhanced versions of poplar trees, alfalfa and grasses, including Miscanthus, switchgrass, Brachypodium distachyon (purple false brome), and sweet sorghum. The grants will be awarded under a joint DOE-USDA program begun in 2006 that is committed to fundamental research in biomass genomics, providing the scientific foundation to facilitate use of lignocellulosic materials for bioenergy and biofuels.

DOE AWARDS \$54 MILLION FOR STATE ENERGY PROGRAMS IN FOUR STATES

DOE awarded \$54 million in American Recovery and Reinvestment Act funds to four states, including Rhode Island and Vermont, to support energy efficiency and renewable energy projects. Under DOE's State Energy

Program (SEP), states and territories have proposed statewide plans that prioritize energy savings, create or retain jobs, increase the use of renewable energy, and reduce greenhouse gas emissions. The funds will support loan and grant programs; capital financing programs; building retrofits; building energy code upgrades; LED (light-emitting diode) upgrades for traffic signals and street lights; and funding to install solar renewable energy systems.

Vermont will use a portion of its funding to install solar thermal energy systems on the homes of low-income families, providing solar hot water and solar heating for those families.

GLOBAL CLEAN ENERGY INVESTMENT NEARLY DOUBLES IN SECOND QUARTER

Global investments in clean energy rallied in the second quarter of 2009, reaching \$24.3 billion, according to New Energy Finance. The second-quarter investments were 83 percent greater than global investments in the first quarter, which only totaled \$13.3 billion, but they remain below the investment level in the second quarter of 2008, which was \$36.2 billion.

The independent research company attributes most of the gain to increased investment in renewable energy facilities, such as wind power plants and solar power facilities, as well as successful new stock offerings from major renewable energy companies, like Vestas, SunPower and Suntech. Venture capital and private equity investment remains relatively low, at \$1.4 billion. Unfortunately, clean energy investments remained weak in the United States, with financing of renewable energy projects at only \$1.6 billion, which is down two-thirds from the second quarter of 2008.

The outlook is also improving for the performance of clean energy stocks. The WilderHill New Energy Global Innovation Index, or NEX, which tracks the performance of clean energy stocks worldwide, jumped 36 percent between April 1 and June 30. That helped to recover some of the index's losses from 2008, when the NEX lost 61 percent, and the first quarter of 2009, when the NEX lost another 9 percent.

Overall, at the end of June the NEX was down 53 percent from the high point it reached in November 2007, but up 67 percent from its lowest point, which it first hit in November 2008 and dropped to again in March 2009. New Energy Finance credits the recent increases to an uptick in oil prices and optimism over the "green stimulus" packages offered by countries throughout the world, including the United States.



Judy Garber, Executive Director of NAOHSM, turns the Oil Heat Cares Cup over from the Rhode Island Chapter representatives Charley Burse and George Fantacone, left to the 2009 recipient, the Garden State Chapter represented by Paul Cuprewich and Charley Holmes.

NAOHSM Rewards Aid, Plans New Events

THE 2009 OIL HEAT CARES (OHC) CUP WAS recently awarded to the Garden State Chapter of the National Association of Oil Heating Service Managers (NAOHSM). The Cup was presented at the annual Awards Banquet held during NAOHSM's 2009 convention and trade show held in May in Hershey, Penn.

Oil Heat Cares is a not-for-profit foundation that assists needy people and organizations with the replacement of their Oilheat appliances.

Annually, the board of OHC looks at the projects completed and decides upon the winner. In 2008 the Cup was awarded to several NAOHSM chapters and was shared among three chapters throughout last year. The decision to select a winner is not always easy for the board because there are always many worthy projects to choose from.

This year there was a standout winner upon the board's review. The Garden State Chapter is constantly initiating new projects as well as raising funds for the Oil Heat Cares Foundation. They go above and beyond and have helped so many people that truly need a helping hand, according to NAOHSM.

Another contributor to the Oil Heat Cares Foundation that NAOHSM recognized is Roger Marran of Energy Kinetics. For the fourth year in a row, he raised the most money in the "Care to Ride" event held at the annual convention. Marran raised \$4,000 for the foundation and received a trophy in recognition of his efforts.

HELP THE CAUSE

Lancaster County, Penn., is the place to be on Wednesday, Sept. 30, for an "Oil Heat Cares" event sponsored by NAOHSM. The four-part program begins at 4 p.m. with a tour of the Manheim Township High School and

its first-in-the-country high school geothermal heating and cooling system. The project engineer, as well as the school's mechanic, will be available to answer questions.

Next on the program is a visit to the nearby "Overlook Barn," a recently renovated 18th century barn and restaurant where several manufacturers—supporters of the Oil Heat Cares program—will be on hand to show and discuss a variety of new energy efficient products designed to provide customers with energy savings. Dinner will then be served, compliments of the sponsors, followed by the last part of the program, a presentation by Dan Holohan on "Heating Around the World."

According to NAOHSM, the seminar will be a great way to kick-off the heating season and is made possible in part by sponsors B.G. Mellinger, Schwanger Brothers and Worley and Obetz, all of whom are long-time supporters of the "Care to Ride" fundraising event at the National Association of Oil Heating Service Managers (NAOHSM) annual convention.

All proceeds of this seminar will benefit the Oil Heat Cares program. The registration fee is \$69. Registration is available online at www.naohsm.org or by calling the NAOHSM offices at (888) 552-0900.

NAOHSM has 30 chapters located throughout the Northeast portion of the United States. NAOHSM members—including individual virtual members (those located throughout the country without an affiliated chapter)—install the equipment at no charge to the homeowner.

To learn more about the Oil Heat Cares program and see a sampling of completed projects, visit www.oilheatcares.com or call (888) 552-0900. ☐



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GLOBAL INTRODUCES FUELS VISIBILITY DURING TERMINAL LOADING

Global Companies recently announced that new "sight glass" inserts at wholly owned and operated network of terminals will now give drivers a chance to view their product as they load it into their delivery truck or trailer.

This view is intended to demonstrate the company's care and watchfulness of the fuels that Global makes available and instill customer confidence in Global-supplied products throughout the Northeast marketplace, according to Global. The new

inserts also will help to ensure that the proper fuel gets loaded into each vehicle, to prevent confusion or contamination with different dyed products, and will help to avoid logistical and paperwork issues for taxable fuel products.

Global Companies LLC, based in Waltham, Mass., is a subsidiary of Global Partners LP, which owns, controls and has access to one of the largest terminal networks of refined petroleum products in the Northeast. Global Companies is a leading wholesale distributor of gasoline, distillate fuels (such as home

heating oil, diesel and kerosene) and residual oil to resellers and commercial customers in the region.

For more information, contact Judy Delaney at (800) 685-7222, ext. 4360, jdelaney@globalp.com or visit www.globalp.com.

BP ANNOUNCES NEW ENGLAND EXPANSION

BP Products North America Inc. announced recently that it reached an agreement with Green Valley Oil to supply retail sites in Connecticut, Rhode Island, New Hampshire and Massachusetts.

As a result of the agreement, Providence-based Green Valley will become a BP jobber and convert 235 existing sites to the BP brand.

"BP is very pleased to be working with Green Valley Oil to expand the BP brand in New England," said Corey Correnti, president of BP East & Gulf Coast Fuels Value Chain. "BP is focused on growing its business in New England and building on its current marketing and supply presence in the region."

Green Valley began branding BP sites in the New England area in June.

BP markets more than 15 billion gallons of gasoline every year to U.S. consumers through 12,000 retail outlets. BP's East & Gulf Coast Fuels Value Chain manages its fuels business in sixteen states from Florida to Connecticut and the District of Columbia.

PMAA LAUNCHES NEW WEB SITE AND ACTION CENTER

The Petroleum Marketers Association of America (PMAA) has announced that they have redesigned their Web site and navigation format at www.pmaa.org to put information in an easier-to-follow format. An added benefit is that all marketer members will be able to view PMAA's Weekly Review, Regulatory Reports, News from Capitol Hill and PMAA Today for the past 60 days in Article Archives. E-newsletters will continue to be archived in the Members Only section for an indefinite period.

The PMAA Small Business Committee Political Action Committee (SBC PAC) has also launched with a new site. Now members can access information about the PAC and can make one-time contributions to the PAC online or set up recurring contributions (i.e., yearly, quarterly and monthly).

DEVINE BROS. NAMES NEW PRESIDENT

Thomas Devine has been elected as president of heating oil retailer Devine Bros. Inc., based in Norwalk, Conn.

The company's eight-member board of directors elected Devine. He has been with the company for 20 years. He replaces Michael Devine, his cousin, who had been company president since 2002.


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2010 HVACR CONFERENCE SCHEDULED FOR LAS VEGAS

HVAC EXCELLENCE HAS ANNOUNCED THAT THE 2010 HVACR EDUCATORS AND TRAINERS Conference will take place from March 14 to 16, 2010, at the Tropicana Hotel and Resort in Las Vegas, Nev.

The National HVACR Educators and Trainers Conference is a train the trainer boot camp that consists of concurrent, high-impact sessions. The multiple day, multiple track format offers a self-directed, facilitated learning environment with sessions covering: new and changing technologies, changes in federal legislation, energy efficiency, best practices and training techniques that work.

The conference provides professional development exclusively for people training in the HVACR industry. Making the conference exclusive for the HVACR industry ensures attendees that all of the programs offered will be relevant to them and the industry they serve.

People from a wide swath of the industry are expected to attend, including: wholesalers, manufacturers, utilities, state administrators, training companies, unions, trade associations, government agencies, teachers from HVACR schools and contractors that provide training. Anyone interested in learning about new and changing technologies is invited to attend the conference.

Continuing Education Units (CEUs) are awarded for sessions attended, and there will be HVACR credentialing exams offered at no charge. The conference costs \$220 per person, with an early bird registration of \$199 for those who register by Oct. 31.

The conference will be at the Tropicana Hotel and Resort in Las Vegas. The Las Vegas venue provides a direct flight at an affordable cost from most locations. Shuttles and cabs provide access from the airport to the hotel. In addition, the Tropicana has reserved a number of rooms for \$79 per night for attendees. This price is good through Feb. 10, 2010, or until the block sells out. Attendees are encouraged to use online travel sites to find the hotel accommodations that meet their needs.

To register for the conference, call (800) 394-5268 or visit www.hvacexcellence.org for additional information.

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Lending Support

How the Small Business Administration Can Help Oilheat



Bob Nelson has been working with the Small Business Administration (SBA) since 1998, starting as a loan specialist in Connecticut.

GOVERNMENT OFFICIALS, FROM PRESIDENT BARACK OBAMA TO the local level, have repeatedly said that the best way for the U.S. to emerge from its current recession is by helping consumers and small businesses.

Federal stimulus legislation has supported those words, with many incentives and revised regulations meant to revive credit markets and improve sales. *Oil & Energy* spoke with Bob Nelson, Acting New England Regional Administrator of the Small Business Administration (SBA), about some of the organization's newest loan programs and other ways the SBA may be able to help home energy providers as they look to annually finance their supply.

Generally, how do loans granted through SBA programs differ from those normally given by banks?

SBA guarantees loans that lenders cannot make based on their normal underwriting criteria. Lenders usually look to SBA if there is inadequate collateral, insufficient equity or their customer needs a longer term to repay the loan than they are able to offer conventionally. Lenders will also look for an SBA guaranty when there is perceived industry risk.

This year, the federal government has instituted more changes to the SBA that can help heating oil companies. What are some of the loan programs that could help as they try to finance another season of supply?

SBA offers a wide range of loan products that can help heating oil companies and the changes to SBA loan programs as a result of the Recovery Act affect most of them. Two significant changes are that the SBA guaranty has been increased on most loan products to a full 90 percent, which lessens the risk on the part of the bank and may help the bank to get to the "yes" decision.

Also, the fees associated with obtaining an SBA loan have also been temporarily eliminated on most products, making obtaining an SBA loan that much more affordable. As a result of these two changes, SBA loan activity has returned to pre-crisis levels.

Last year, our Seasonal Line of Credit Program was adapted to accommodate the particular needs of fuel oil dealers. This product allows advances against anticipated inventory and accounts receivable to help

The SBA changed its definition of a small business for heating oil and propane dealers last summer and worked to inform those that it impacted. What was the response from companies that were reclassified?

SBA can only provide financial assistance to businesses defined as being small. Prior to August 2008, the definition of a small business in the fuel dealer industry was revenue-based (\$11.5 million for heating oil dealers and \$6.5 million for bottled gas dealers) and was changed to employee-based (50 employees). This change made more than 90 percent of the businesses in this industry eligible for SBA financing.

After the size standard change in August 2008 and its promotion by the SBA and the state fuel oil associations, the New England district offices fielded calls and set up training

sessions specifically designed for the oil dealers. The training resulted in the SBA and its participating lenders approving 36 loans to New England fuel oil dealers totaling \$11.2 million, ranging in size from \$50,000 to \$2 million, between August 2008 and August 2009.

I'd like to note that after the American Recovery & Reinvestment Act (ARRA) was signed into law on Feb. 17, 2009, the size standard was revised to tangible net worth not in excess of \$8.5 million and average net income after federal income taxes for the preceding two completed fiscal years not in excess of \$3 million, which makes even more small businesses eligible for assistance. This is a temporary change through Sept. 30, 2010, when the standard will revert back to 50 employees.

during peak seasons when businesses experience seasonal sales fluctuations. The loan can be revolving or non-revolving within the seasonal cycle with a maximum maturity of 11 months.

Another product is SBA's Contract Line of Credit Program, which can be used to finance the direct labor and material cost associated with performing assignable contracts. This loan can be revolving or non-revolving.

Most recently, as a result of the American Recovery & Reinvestment Act, SBA was given temporary authorization to offer America's Recovery Capital (ARC) loans to assist viable but struggling small businesses. These loans are interest free to the borrower, with SBA paying the interest to the bank for the life of the loan. These deferred repayment loans are available up to a maximum of \$35,000, with the proceeds of the loan being used to make six months worth of principal and interest payments on existing debt. These loans carry a full 100 percent guaranty from the SBA to the bank.

Generally SBA loans can be used to finance most business purposes, including: working capital needs, inventory, owner occupied real estate purchases or renovations, lease-hold improvements and equipment purchases.

In addition to helping with loan size or credit, are there other changes that have been made that could help the industry?

This has been an exciting six months at the SBA. Our part in the American Recovery & Reinvestment Act has enabled us to adapt our loan products to help small businesses obtain the financing they need during these challenging economic times.

SBA has eliminated fees for borrowers, which can result in a fee savings of up to \$54,000, which can be then used by the company for working capital or any other business purpose. SBA fees range from 2 percent up to 3.75 percent of the guaranteed portion of the loan, so this can result in a considerable savings.

We have also increased our guaranty percentage on 7(a) loans up to 90 percent, which has attracted many new and returning lenders and has in general substantially boosted our lending activity.

Does the SBA offer any loan programs specifically for companies that rely on a seasonal business cycle?

Yes, the SBA offers a Seasonal Line of Credit loan product mentioned above. We can also tailor payments on a term loan that would accommodate a business's seasonal

activity. SBA can allow interest-only payments during the off-season months and principal repayment during the season.

Is there any pending legislation that could change SBA rules or programs to further aid small businesses?

There's broad consensus within the Administration and Congress that small businesses are going to play a leading role in the nation's economic recovery. The ARRA and additional tools that SBA has had to work with since February reflect that commitment. Going forward there will undoubtedly be additional proposals geared toward aiding small business.

What kind of business counseling services does the SBA offer and are there any costs associated with it?

SBA partners with SCORE, Counselors to America's Small Business, to help small

If the business has suffered a downturn or has hit a rough patch, it is important that the reforms needed are already underway before talking to a bank. Small businesses should consult with one of SBA's resource partners for help with a business plan that can address deficiencies and ways to overcome them. It is important that customers be prepared when approaching a bank for financing.

businesses with advice from experts in their field. One-on-one counseling is free, but SCORE charges a nominal fee for their workshops.

Small Business Development Centers (SBDs) are another resource that offers in-depth one-on-one counseling. Like SCORE, there is a nominal cost associated with their workshops, but not their individual counseling sessions.

Women's Business Centers throughout New England also offer training and counseling services and are another valuable resource available to small businesses.

SBA's Small Business Training Network at www.sba.gov/services/training/onlinecourses provides extensive online training programs that are accessible at anytime online. SBA District Office teams also provide various types of training to small businesses.

SBA offices host numerous workshops for small business owners every month. What are some that may help heating oil retailers with their finances?

Every SBA District Office Web site includes a calendar of events that should be of interest to oil retailers. SBA lists its own workshops, plus those of its resource partners

and others related to small business on this site.

Topics generally include financial management, marketing, government contracting, Web site development and starting or growing your business, among others. I suggest that your members visit their state's SBA Web site for specific workshop information. All district office Web sites can be accessed via www.sba.gov.

Beyond the size standards, are there any limitations businesses should be aware of before applying for SBA programs?

SBA guaranteed loans cannot exceed \$2 million, with \$1.5 million as the maximum SBA exposure. Other requirements are that the business be organized for profit, be located in the United States, be small as defined by the SBA, and that the business demonstrates a need for the desired credit.

Also, the SBA participating lender must certify that credit is not available elsewhere on reasonable terms and the loan applicant must show that the funds are not available from alternative sources, including personal resources of the principals.

What are the first steps you would recommend for small businesses looking to either refinance loans or extend lines of credit through the SBA?

Gather information including personal and business credit history, credit needs and available financing. After this, make sure that you have complete financial statements for the past three fiscal years available. If the business has suffered a downturn or has hit a rough patch, it is important that the reforms needed are already underway before talking to a bank. Small businesses should consult with one of SBA's resource partners for help with a business plan that can address deficiencies and ways to overcome them. It is important that customers be prepared when approaching a bank for financing.

The SBA is here to help and we encourage small businesses to investigate all of our loan products. SBA 7(a) Loan Guarantees, our flagship loan product, can be used to establish a new business or to assist in the operation, acquisition or expansion of an existing business. Loan proceeds may also be used to: purchase of land or buildings, the acquisition of equipment, machinery, furniture, fixtures, supplies or materials, long-term working capital, the refinancing of qualified debt, or to purchase an existing business. ☐



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September 2009

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8 National Oilheat Research Alliance Executive Committee Meeting, Massachusetts. 703-340-1660 • www.nora-oilheat.org

9 NORA Energy Conservation Analysis Seminar, NORA Gold Certification, New Windsor, NY. Hudson Valley Oil Heat Council 845-561-0462 • www.hudsonvalleyoilheat.com

9-10 National Tank Truck Carriers and Federal Motor Carrier Safety Administration Two-day Cargo Tank Test and Inspection Workshop, Newton, MA. 617-969-1000 • www.tanktruck.net

10-13 NAOHSM's 4th Annual Oilheat Retreat, Wakefield, MA. 888-552-0900 • www.naoahsm.org

15-16 Hedge Solutions' "Hedging College," 9am-3pm, Manchester, NH. 800-709-2949 www.hedgesolutions.com

15-17 Oil Heat Council of New Hampshire's 44th Annual Convention, Mount Washington Hotel & Resort, Bretton Woods, NH. 603-895-3808 • www.nhoilheat.com

21-23 Penn. Petroleum Marketers & Convenience Store Assn. Fall Energy Conference & Annual Meeting, Wyndham Gettysburg, Gettysburg, PA. 717-902-0210 • www.ppmcsa.org

22 USI Fleet Safety Seminar, Woburn, MA. 781-376-2725 • www.usi.biz

23-25 Empire State Petroleum Assn. Fall Convention, Otesaga Resort, Cooperstown, NY. 518-449-0702 www.espa.net

24 NORA Silver Seminar & Exam (Test for Gold Available), FW Webb, Rutland, VT. Phone VFDA at 802-223-7750 • www.vermontfuel.com

30 "Oil Heat Cares" Benefit Seminar, Lancaster, PA, with Dan Holohan. Phone NAOHSM at 888-552-0900. www.oilheatcares.com

6-7 International Biorefinery Conference, East Syracuse, New York. (315) 470-6817 • www.esf.edu/biorefineries

11-15 Mid-Atlantic Petroleum Distributors Association Fall Conference, Cambridge Hyatt, MD. 410-349-0808 www.mapda.org

13 NORA Board Meeting, location TBD. 703-340-1660 • www.nora-oilheat.org

19-20 PMAA Fall Meeting at the NACS Show, Las Vegas Hilton, Las Vegas, NV. 703-351-8000 • www.pmaa.org

20-23 NACS Show/PEI Meeting, Las Vegas, NV. 703-351-8000 • www.pmaa.org

20-25 NEFI Fall Energy Conference, Bermuda. (617) 924-1000 www.nefi.com/trip

26-29 Air Quality VII Conference, Arlington, VA. (701) 777-3119 • www.undeerc.org

November 2009

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13-15 SIGMA Annual Meeting, The Fairmont Chicago, Chicago, Illinois. (703) 709-7000 • www.sigma.org

16-18 National Biodiesel Board Meeting, Washington, D.C. (800) 841-5849 • www.biodiesel.org

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Drain Out the Noise For Better Profits

By Mark Skaparas, Hedge Solutions

ON THE MORNING OF AUG. 6, I SAW THE following headline appear on the Dow Jones Newswires: US FTC Oil Manipulation Rules Give \$1 Million Per Day Fine Powers.

And wouldn't you know as soon as this news came out what happened to the price of oil? You guessed it! It went down.

Then later in the day the following also appeared on the Dow Jones Newswires: Goldman Sees Return to Commodity Shortage in 2010. Will there be a double dip recession or is the past recession in the rearview mirror?

This tug of war between bearish and bullish news happens daily. Rather than getting distracted by commodity price predictions in the media, look instead for opportunities to improve your business. For this month's Oil Market Stance, let's look at five opportunities that will make your business better no matter which direction the market goes.

Opportunity 1: Always remember that 70 percent of your customers chose to do business with you because of more reasons than just price. This means that for the majority of your customers the price is not at

Always remember that 70 percent of your customers chose to do business with you because of more reasons than just price. This means that for the majority of your customers the price is not at the top of the list when they are deciding whether or not to buy from you.

the top of the list when they are deciding whether or not to buy from you. Yes, that means that 30 percent of your customers buy from you mainly because of price, but the

good news is the percentages are on your side. Always remember the Golden Rule!

Opportunity 2: Your customers buy based on three main criteria: service, quality and price. The comfort lies with knowing that you don't have to be best in all three categories. In fact, your customers are going to have to pick two out of the three, because in reality no company can provide all three simultaneously. Focus on what you do the best and when you find what it is, make sure your customers are aware. The key is to maximize the overall perceived value. Some examples would be online ordering, payment plans, price protection offerings, bundled price protection and service contracts, etc.

Opportunity 3: Look inside your mailboxes! Both your e-mail and the one located outside your home can reveal opportunities. What can you learn from the other companies trying to sell you their products or services? How do they market or promote their business? Use these ideas to be creative in making your company stand out in the crowd. Look at the recent Jordan's Furniture deal that gave away a big screen television when you bought a couch or go out with your own form of a cash for clunkers program (take advantage of the zero percent loan programs for new equipment being offered by MassSave in Massachusetts).

Opportunity 4: Let all your customers know what else you sell or provide in services. You are already in the door, so look around and see how you can help your current customers even more. Those calendars that are sitting on the front desk counter hopefully will

detail the services you provide. Do you offer plumbing, solar, security systems? If not, always look for ways to make your customers' lives easier. For instance, maybe you don't offer a particular product or service in-house, but you can give a referral.

Opportunity 5: Show your current customers that you appreciate their business. No need to give away free oil or discount your annual maintenance plan. Maybe run a drawing for any customer who has been with you for more than two years. Make it an iPod or GPS, something that they will remember and tell several other friends about.

Whether you are a refiner, wholesaler or retailer, everyone has to look for opportunities in order to be successful. When to buy oil poses a challenge to many, if not all, throughout the energy chain. The key is to minimize your exposure to the steep fluctuations in price so that you don't give your customers a blatant reason to switch to a competitor.

The majority of your customers like doing business with you, so keep them happy and remember to treat them the way you would want to be treated. Service, quality and price are all nice but no one can deliver them all, so focus on your strengths and expertise.

Always continue looking around at how other companies, in the energy industry and outside, continue prospering in any economic climate. Make it known to your customers what other products or services you sell. Lastly, show your customers that you appreciate their continued business. Work hard, plan accordingly and opportunities will abound. ☐



Giving Customers New Choices

By Joe Rose, president, Propane Gas Association of New England

I OFTEN HEAR INDUSTRY VETERANS LAMENTING about the good old days when “We did what we did and customers were happy with that.” They continue to agonize about how the Internet has provided consumers with a variety of information, how new competitors do things differently than they do and that these new ways make no sense (at least to that veteran marketer).

Welcome to the 21st century. Our society has become more informed, busier, less patient and more demanding of service providers. Our role is to adjust, offer choices and continue to evolve the ways we operate our businesses. “One size fits all” does not work anymore, if it ever did.

One thing is clear, not every customer wants to or will tolerate being treated the same as every other... You can continue to offer your old “one size fits all” service offerings or you can adapt. You can learn what others are doing by participating in best practices groups, attending meetings and networking with other marketers, or simply asking questions to the marketers in your area.

MAKING CONTRACTS EASIER

In those good old days a handshake or verbal agreement was enough. Today we need written agreements with clients that clearly spell out terms and conditions.

These contracts should be in plain language, not industry jargon. All fees and conditions should be clearly spelled out, including what happens when the relationship ends.

The reality today is that society is also much more mobile, so customers move far more frequently than in the past. Your contract should be reviewed by an attorney to ensure that it is enforceable and complies with state laws in each state that you operate in. In fact, in some states those laws continue to change and evolve. Connecticut and New Hampshire are debating changes in contract language for propane consumers, and Maine has recently passed new language that has an impact on customer contracts.

INCREASING CHOICE

What do customers want? Choices! Some prefer pricing plans while others are content with market pricing. Some customers want to own the tank while others are happy to rent one and have the marketer handle the maintenance, inspections and upkeep.

In addition, some may want automatic refill while others want to control when the tank is refilled. Some love the convenience of a budget plan while others pay following the delivery. Some love the opportunity to pay after checking their balance on the Internet while others want the statement in the mail and to send a check.

The reality is all of these choices are valid, not devastating to how we run our businesses,

and each is fairly easy to accomplish. But one thing is clear, not every customer wants to or will tolerate being treated the same as every other. So what do you do as a marketer?

You can continue to offer your old “one size fits all” service offerings or you can adapt. You can learn what others are doing by participating in best practices groups, attending meetings and networking with other marketers, or simply asking questions to the marketers in your area.

SURVEYING CUSTOMERS

It really shouldn't be that hard with today's technologies to offer the choices that customers want. One great way to figure out what your customers want would be to simply ask!

A short survey that highlights two or three questions about customer choice could become part of your next newsletter, could be e-mailed to customers or could be part of every conversation that your staff has with customers. Let them tell you what you could do that would make doing business with your company easier for your clients. Not everyone will agree, hence the need for choice!

Have a great summer planning new ways to better serve your customers and continue to grow your business. If you have ideas that you would like to share or questions on how to get started you can e-mail me at jrose@pgane.org and I would be happy to engage in a discussion with anyone interested. It is your choice! ☑

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



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nents, sea-surface temperatures, surface air temperature, and total cloudiness fraction of the sky. When trying to construct a long-range outlook it can be useful to note the trend of the MEI and find other years (seasons) that compare favorably with the trend. Much of the credit for the ability to monitor this index comes from Klaus Wolter and his site at www.cdc.noaa.gov/people/klaus.wolter/MEI.

There are times, and this coming winter season may be one of them, that the MEI can give us the best estimate of which past years will compare favorably with the 2009-10 winter season.

If you use the MEI to find years when we were transitioning out of a La Nina into a weak to moderate El Nino during the summer season, five seasons stand out. They are 1951-52, 1957-58, 1963-64, 1976-77 and 2006-07. The MEI from all these years had similar values and trends as this year. As always, there are other global features and cycles that have to be considered when trying to assess which of these analog years are the best to use, but all have some MEI support and need to be assessed.

The 1957-58 winter featured a warm December, a warm early January that trended cold late followed by a very cold February. The 1963-64 winter saw a very cold December, a warm January and finally a near normal February. The 1976-77 winter was very cold from December well into January, which then led to a near normal to milder-than-average February. The last recent similar MEI analog winter, 2006-07, saw a mild December and January, followed by a very cold February.

All of the analogs listed above had at least a solid long-lasting cold period somewhere during the course of the winter. But like many winters, they also featured variability with some mild/warm periods.

The winter of 1951-52 is also an MEI analog and goes to show how other factors can greatly alter the basic footprint of the MEI signal. The 1951-52 winter was abnormally warm, especially during December and January. If a similar winter were to develop this year, the global warming fanatics would be screaming, "We told you so!" Of course, they would not tell you it also happened more than 50 years ago.

Right now, I think the 1976-77 and the 1957-58 analogs have the closest correlations to not only the current MEI trend but to some other global features. A blend of these two winters might be a good starting point to the upcoming winter forecast, which implies the winter runs near normal on average, but features some very solid cold periods. I will revisit and reassess the MEI analogs in each of my next three articles. ☒

Will History Repeat Itself?

By John Bagioni, Fax-Alert Weather Service

WELL THIS PAST AUGUST FINALLY PUT TO BED the idea that 2009 would be the "year without a summer!" across the Northeast region of the country. And although early and mid-August pretty much destroyed my forecast of a cooler-than-normal month, I was not shocked by the turn of events.

As stated in my last article, many, but not all, summers with a developing El Nino feature a cool August. That being said, there were solid hints showing up during July that the large-scale pattern could shift enough to allow for August to trend or flip warm. The most noteworthy changes to the pattern in August were the northwestward shift and weakening of the June/July Northeast trough, the development of the strong Atlantic ridge and finally the breakdown of the North Atlantic blocking pattern (the flip from a negative NAO to a positive NAO).

While all of these changes are related, the presence of the Atlantic ridge and its ability to build westward into the Eastern U.S. played a huge role in the increased warmth. When all is said and done, it will likely be recorded that August 2009 tried to act as the balancing out month of what will still go into the record books as a significantly cooler-than-average summer season.

In my August article, I stated my opinion that September and at least early October would trend milder than average. While I still think a relatively mild start of the fall season (September through October) is likely, the warmth of August is making me think about bringing the warm prediction for the September/October period down a bit.

My reasoning has to do with the likelihood

that the last seven to 10 days of August would see a decrease in the warm anomaly pattern built during the first 20 days of the month. This would be the result of an expected Midwest trough finally intensifying and pulling in some fairly cool air. Some of that cool air should have spread into the Northeast by late August and started to temper or destroy the early/mid-month warmth.

Given some mid-August modeling trends that suggest the September/October period may feature some of the upper-air pattern alignment expected (but not achieved) during August, I am going to continue to call for a mild early to mid-fall pattern across the Northeast, but not an overly warm one.

In fact, if the Midwest trough does indeed become a stable player and the North Atlantic pattern trends back closer to neutral or even a slight negative NAO configuration, we would see some decent cool periods that would greatly temper warm signal.

Where does that leave us with regard to the September/October period? I want to keep a modest mild call in play, but given the August pattern shift, feel enough cooling could show-up from time to time and allow the 60 day period to run close to normal.

Now let's start getting serious about the 2009-10 winter season. While there are a host of long-range forecasting techniques being used by meteorologists these days, many, including myself, give some weight to the trends and analog references of the Multivariate Enso Index (MEI).

The MEI uses six main observed variables over the tropical Pacific. The variables include sea-level pressure, two surface wind compo-



What Our Customers Don't Know Will Hurt Them, And Our Industry!

By Paul Nazzaro, Advanced Fuel Solutions Inc.; National Biodiesel Board

I WAS RECENTLY INVITED TO SIT IN ON A CONSUMER focus group organized by the National Biodiesel Board (NBB) in Boston. It was one of two scheduled sessions with the most important element of any supply chain, the customer, at center stage.

The second event was scheduled in Denver with the intent of understanding what consumers knew about biodiesel along with the various threats to its long-term success. Biodiesel communication specialists crafted an outline for the facilitator to use in determining how issues such as food versus fuel, indirect land use, air quality, taxes, subsidies and energy independency impacted the consumer's decision-making process when it came to accepting biodiesel as their future fuel of choice.

This article is an invitation to join the ranks of the "promoters" already in place who are helping stimulate interest in tomorrow's Oilheat. Our present petroleum outreach program that focuses on training the trainers has been relatively effective, but the missing link appears to be transferring information about Bioheat® benefits to the customer.

When I was first asked to attend I thought of the invitation more as a disruption to my personal schedule rather than a privilege. I mean who really wants to watch a cross-section of Massachusetts's residents sitting together between the hours of 6 and 8 p.m., after a long day, as they discuss their views on alternative fuels, and more specifically biodiesel and Bioheat®?

I mean let's face it, do we really need validation that biodiesel is terrific and that Bioheat is without question the pathway for our industry's long-term success? Well guess what, this group certainly did not think so! Actually, they failed to describe what biodiesel was and expressed confusion with the interchangeability of the terms biodiesel and biofuel used throughout the session.

When asked what came to mind when the word "alternative" was used, the response was everything but biodiesel and Bioheat. Hybrid, natural gas, hydrogen, nuclear, wind, solar and yes, even ethanol was named. It appeared that ethanol was the one fuel that most in the group recognized and proceeded to compare it to biodiesel.

However they couldn't tell you that ethanol was a gasoline blend stock and biodiesel

was to be used in diesel fuel and heating oil. Surprisingly enough, they did know that government subsidized ethanol for years. One retired military participant and boat owner claimed numerous problems with his boat since the industry transitioned to ethanol blends. It likely hit home with him simply because "it was about him and his personal situation."

What I have found over time is that people need to know "what's in it for them" before they can truly focus on issues that are ever so important to them and their family, whether it be directly or indirectly.

Within the first 15 minutes of the session I sank in my seat and was just plain discouraged. Here I was, observing a select group of Massachusetts citizens, all of whom will be impacted by the statewide biofuel mandate scheduled for implementation in July 2010.

It boggles my mind to think that not one of them even understood what this biodiesel product was all about never mind being keen to the fact that home heating oil would soon be blended with 2 percent biodiesel by 2010, followed by increased percentages of up to 5 percent by 2013. Whew... we certainly

have a lot of work ahead of us in educating our customers!

THE CATALYST OF COMMUNICATION

I was truly taken back this particular evening for many reasons. For better than a decade I have been fortunate to communicate an intelligent and exciting message for the entire petroleum supply chain, focusing on biodiesel and Bioheat playing a key role today and into the future as a blend stock for middle distillates.

I recognize that the fuel lacks a comprehensive distribution model and unless state mandates like Massachusetts, Minnesota, Pennsylvania and several others accelerate the market activities, then biodiesel will likely remain a niche market fuel for dynamic fuel distributors and an arbitrage tool for those interested in blending for profit.

I frequently use the word "catalyst" to describe action. If you visit Wikipedia the term catalysis describes a process in which the rate of a chemical reaction is either increased or decreased by means of a chemical substance known as a catalyst.

It goes on to suggest that catalysts that speed the reaction are called positive catalysts while catalysts that slow down the reaction are called negative catalysts, or inhibitors. Substances that increase the activity of catalysts are called promoters and substances that deactivate catalysts are called catalytic poisons. I guess the question I have of industry and the individuals that make it up is, "will you be the promoter or the poison of the Bioheat communication roll out?"

Before I ask for your much-needed support in advancing a communication platform for Bioheat, I would like to let you know the next steps that I have decided to enact immediately. Within 24 hours after the consumer focus group, I made contact with The National Biodiesel Board, Massachusetts Oilheat Council, the National Oilheat Research Alliance, a local radio station and the focus groups facilitating company Moore Information.

I informed my valued associates of how I intended to coordinate with all parties involved to establish another focus group to be scheduled in mid-August with Massachusetts residents. Unlike the previous group, this selection process will be broader in scope and will seek those responsible for their home energy spending as well as those individuals currently using Oilheat.

The goal of this Boston-based encore presentation will be to determine the consumer's receptiveness and/or the pushback for Bioheat, a new, improved heating oil which will be widely available come July 2010

based on the terms of the Massachusetts state-wide mandate.

Immediately following the focus group event and even before Moore Information submits a formal report, our team's intention is to review and put the information to good use by way of executing an informational series of 60-second timeslots on a well-respected Boston radio station for a minimum of eight weeks leading into the upcoming heating season.

These factoid-type slots will suggest Oilheat consumers visit www.bioheatonline.com for more information on this exciting, new and improved Oilheat. The timeslot will close by suggesting the listener contact their trusted Oilheat provider (that would be you) for more information, so as to get you included in the emerging demand.

This article is somewhat an invitation to join the ranks of the "promoters" already in place who are helping stimulate interest in tomorrow's Oilheat. Our present petroleum outreach program that focuses on training the trainers has been relatively effective, but the missing link appears to be transferring information about Bioheat benefits to the customer.

I titled this month's article what I did because I believe that if your customer, the lifeblood of every fuel dealer, is reading this article and does not understand what our industry intends on bringing forward, you are in for quite the uphill battle. You and your staff are faced with the challenge of teaching them the many terrific features of Bioheat upon that first official delivery.

We still have adequate time to encourage our customers to visit www.bioheatonline.com to gather information about Bioheat and you certainly can gain adequate insight on Bioheat to empower you and your business associates to prepare your communication campaign, but you must start today!

A blend of low-sulfur heating oil in concert with up to a 5 percent blend of biodiesel is not really a decision to ponder any longer. Lawmakers, air quality leadership and the brutal oppressive competition from natural gas make this our only choice and I hope you make your choice to plan accordingly for Bioheat's arrival. For more information visit www.bioheatonline.com or call or write (978) 664-5923 or paulsr@yourfuelsolution.com to learn more. ☒

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Gas Heat Training for Oilheat Technicians

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NEW DATES:
Webinar 1: "Responsibilities":
1:30 pm – 2:30 pm, September 9, 2009
Webinar 2: "Time and Space":
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SEPTEMBER 15 & 16, 2009 • 9:00 am – 3:00 pm / Lunch Provided
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Winning Strategies for Everyday Tragedies

Tuesday, September 22, 2009 • 9:30 am – 3:30 pm
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www.bluecowsoftware.com • 888-499-2583
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The New England Fuel Institute (NEFI) seeks contract educators with training content ready for presentation to fuel marketers. We seek fuel-related and general business curriculum for integration into our ongoing technical and non-technical offerings. NEFI's education and training offerings are given in traditional classroom and laboratory formats as well as webinar and webcast formats.

Interested parties are urged to contact Shane Sweet, CEO, at shane@nefi.com or (617) 923-5011, with proposals or questions.



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The New England Fuel Institute (nefi.com) seeks a qualified individual to teach its industry standard 160 hour basic oil heat technician and installation course. This course entails classroom as well as hands-on heating instruction using live heating equipment and follows the industry-standard curriculum. We seek to fill a year round position teaching adult students from around the region. Full time and part time candidates are urged to apply.

All classes are taught in both the classroom and in our state-of-the-art lab at our Watertown, Massachusetts facility, but we also have need for instructors willing to teach at our other locations in the northeast.

Instructor Candidates for Massachusetts classes must have a valid Massachusetts oil burner license.

Send resume and letter of interest to Bob Messia, Principal Instructor, bob@nefi.com, or mail to: Bob Messia, Principal Instructor
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DOE Awards \$13.8 Million to 28 New Wind Energy Projects

DOE selected 28 new wind energy projects in July for up to \$13.8 million in funding, tapping \$12.8 million in American Recovery and Reinvestment Act funds. The projects will help address market and deployment challenges, including wind turbine research and testing and efforts to better integrate wind power into the nation's electrical grid.

The 14 wind turbine research and testing projects include work on improved wind turbine towers, blades, gearboxes, lubricants, and generators; advanced manufacturing techniques; and technologies for monitoring the performance of operating wind turbines. The wind integration projects involve analyses of wind measurement and forecasting techniques, energy storage systems, and means of integrating wind power into electrical grid operations, including operating techniques, software models, market simulation tools, and other strategies and decision support tools.

DOE also released the 2008 *Wind Technologies Market Report*, which details the \$16 billion investment made in U.S. wind power projects in 2008. The report finds that U.S. wind power capacity increased by 8,558 megawatts in 2008, continuing the United States' four-year streak of leading the world in annual wind power capacity growth. The rapid growth rate also led the United States to overtake Germany and claim the world lead in cumulative wind power capacity.

The demand for wind power spurred expansion of wind turbine manufacturing in the United States, creating about 8,400 new jobs in 2008. Wind power also remained competitive in wholesale power markets in 2008, although the industry is contending with continuing upward pressure on wind power prices.

DOE Offers \$30 Billion in Loan Guarantees for Renewable Energy Projects

The U.S. Department of Energy (DOE) has announced that it will offer an estimated \$30 billion in loan guarantees for renewable energy projects. The actual value of the loan guarantees depends upon the specific applications and the market conditions, both of which determine how much funding is needed to subsidize the loan.

DOE's lending authority includes up to \$8.5 billion in loan guarantees supported by 2009 annual appropriations, as well as \$2 billion in loan subsidies from the American Recovery and Reinvestment Act, which can support billions in loans for renewable energy and electric power transmission projects.

Degree Day Reporting Form

REPORTING DATE: 7-31-2009

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	70	58	12	103
Portland, ME	41	19	0	37
Concord, NH	36	22	1	44
Burlington, VT	13	17	2	38
Albany, NY	5	10	0	26
Worcester, MA	31	9	1	20
Boston, MA	13	4	0	8
Hartford/Springfield	3	3	4	12
Providence, RI	6	3	0	9
Chatham, MA	18	16	0	12
Bridgeport, CT	2	2	0	4

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.

**Distillate Stocks by PADD (Million Barrels)
PRODUCTS IN STOCK: MOST RECENT WEEKS**

Ultra-Low Sulfur / 15 ppm and under			
	Week Ending		
District	08/14/09	08/07/09	Year Ago
East Coast (PADD I)	22.3	21.8	17.3
NEW ENGLAND	2.5	2.5	1.6
MID-ATLANTIC	10.3	9.6	7.7
SOUTH TO FLA.	9.5	9.7	7.9
Midwest (PADD II)	27.3	27.4	22.5
Gulf Coast (PADD III)	32.1	31.8	23.1
Rocky Mtn. (PADD IV)	2.6	2.6	2.4
West Coast (PADD V)	9.5	9.6	10.4
U.S. Total	93.8	93.3	75.6

Low Sulfur / 15 ppm+ to 500 ppm			
	Week Ending		
District	08/14/09	08/07/09	Year Ago
East Coast (PADD I)	8.4	8.9	7.5
NEW ENGLAND	0.5	0.7	0.3
MID-ATLANTIC	4.1	4.7	3.1
SOUTH TO FLA.	3.7	3.6	4.1
Midwest (PADD II)	3.4	3.6	4.2
Gulf Coast (PADD III)	7.3	7.1	7.9
Rocky Mtn. (PADD IV)	0.2	0.3	0.3
West Coast (PADD V)	1.1	1.3	1.4
U.S. Total	20.4	21.2	21.3

Greater than 500 ppm (0.05%) Sulfur			
	Week Ending		
District	08/14/09	08/07/09	Year Ago
East Coast (PADD I)	37.7	37.6	24.8
NEW ENGLAND	9.8	9.4	4.0
MID-ATLANTIC	26.0	26.1	19.4
SOUTH TO FLA.	1.9	2.1	1.5
Midwest (PADD II)	1.9	2.0	2.3
Gulf Coast (PADD III)	6.5	6.7	6.5
Rocky Mtn. (PADD IV)	0.1	0.1	0.2
West Coast (PADD V)	1.2	1.3	1.3
U.S. Total	47.4	47.8	35.1

TOTAL DISTILLATE STOCKS			
	Week Ending		
District	08/14/09	08/07/09	Year Ago
East Coast (PADD I)	68.3	68.3	49.6
NEW ENGLAND	12.9	12.5	5.9
MID-ATLANTIC	40.4	40.4	30.1
SOUTH TO FLA.	15.0	15.5	13.5
Midwest (PADD II)	32.6	33.0	29.0
Gulf Coast (PADD III)	45.9	45.6	37.5
Rocky Mtn. (PADD IV)	3.0	3.0	2.9
West Coast (PADD V)	11.8	12.3	13.1
U.S. Total	161.6	162.3	132.1

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 Jan. 1, 2009 through Aug. 22, 2009 has been 3 percent cooler than last year and 2 percent warmer than normal.

Location	Current	Normal	% Change
	1/1/09 thru 08/22/09	1/1/09 thru 08/22/09	Current vs. Normal
Boston	496	639	-22%
Chicago	508	674	-25%
Hartford	523	636	-18%
New York	826	902	-8%
Philadelphia	986	975	+1%
Pittsburgh	528	595	-11%
Portland	248	297	-16%
Providence	480	588	-18%
Raleigh	1,525	1,172	+30%
Richmond	1,266	1,116	+13%
Washington	1,129	1,187	-6%

Oil & Energy Securities Recap

Company	Symbol	8/21/09	7/21/09	Change
Ashland Inc.	ASH	35.95	28.80	+7.15
BP-Amoco	BP	52.37	49.61	+2.76
ChevronTexaco	CVX	69.71	65.80	+3.91
Conoco Phillips	COP	44.01	43.29	+7.2
ExxonMobil	XOM	69.85	69.73	+12
Global Partners	GLP	22.48	19.20	+3.28
Hess Corp.	HES	52.69	52.00	+69
LUKOIL	LUKOY	50.30	49.00	+130
Marathon Oil	MRO	31.75	30.84	+91
National Grid Plc	NGG	49.41	46.35	+3.06
Occidental	OXY	74.70	69.25	+5.45
Royal Dutch Shell Plc	RDSA	54.83	51.15	+3.68
Star Gas	SGU	3.49	3.42	+07
Sun	SUN	26.06	23.48	+2.58
Tesoro Petroleum	TSO	13.42	12.17	+1.25
Total	TOT	56.93	56.13	+80
Valero Energy	VLO	18.50	18.00	+50

**MASS. SHOULD RECONSIDER
BIOFUEL REGULATIONS**

MASSACHUSETTS HAS BEEN AT THE forefront of the renewable energy movement, paving the way for the first state mandate for biofuel in heating oil with a bill passed in July 2008. The industry embraced the change and awaited the first official regulations in order to prepare for its implementation in July 2010.

When the state revealed those regulations in August, it showed that even though the state was willing to be the first with a biofuel mandate, it was still following the science and methodologies of others, potentially to the detriment of the industry.

Only biofuel created using waste feedstocks, such as grease, will count for the mandate. Biofuels made from soy, palm or other vegetable-based oils will be ineligible to be counted as mandate-compliant.

The state based its decision on data from the Environmental Protection Agency (EPA), which claimed that using non-waste feedstocks would not lower greenhouse gases significantly enough. To qualify for the program, biofuels must reduce emissions at least 50 percent more than the fuel they're replacing.

The government's argument that using plant-based biofuel would create land-use issues in foreign countries has been routinely dismantled by organizations such as the National Biodiesel Board (NBB).

At an EPA public hearing, the NBB testified that while U.S. biodiesel production increased from 25 million gallons in 2004 to 690 million gallons in 2008, South American acreage devoted to soybean cultivation actually decreased.

Science aside, by relying solely on waste feedstocks, the state is imposing a de facto "winner" for the industry and limiting competition from established companies that offer vegetable-based feedstocks. While waste feedstocks are relatively inexpensive to produce now, prices could rise if the price for grease rises with demand.

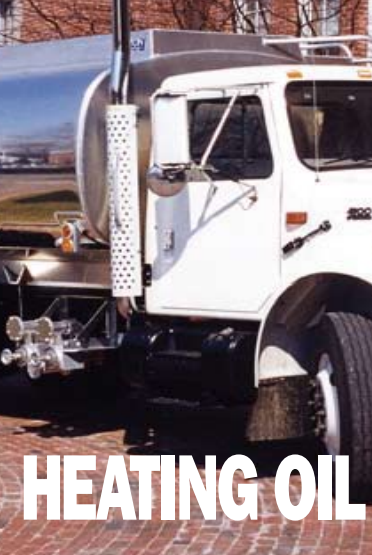
The ruling could also create a problem if not enough biofuel from waste feedstocks can be produced to satisfy the mandate.

At a time when many biodiesel production facilities have been shuttered or delayed due to the economy, the government should make certain it is fostering the nascent industry.

While state and federal mandates are increasing the market for biofuel, the regulations could hamper the effort to bringing greener, cleaner fuels to the country. Massachusetts should be concerned more about being the state with the best biofuel mandate, not simply the first. ☐

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.



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