

# OIL & ENERGY

OILHEAT • PROPANE • DIESEL FUEL • BIOFUELS

## LIHEAP Stays Level For 2009-10

*Government Maintains  
Funding at \$5.1 Billion*

### ***Also Inside:***

**LIHEAP Association Head  
Expects Record Requests**

**National Propane Group  
PERC Faces Education  
Restrictions**

**Maine Company  
Studies Biomass As  
Oilheat Component**

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



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## FIRST LIHEAP FUNDS RELEASED

The U.S. Department of Health and Human Services (HHS) released \$2.7 billion in fiscal year 2010 Low Income Home Energy Assistance Program (LIHEAP) funding to states, tribes and territories in late October. The funding was part of a continuing resolution passed in September, which is designed to keep the government operational one month while Congress continues work on federal appropriations measures.

The funding was only for the first quarter and states could request up to 75 percent of their fiscal year 2009 funding. When Congress eventually approves the HHS funding measure, LIHEAP is expected to be fully funded to a total of \$5.1 billion, and states will be eligible to receive the remainder of their appropriations after the bill is signed. For more on LIHEAP, see page 12.

## HEATING OIL RESERVE GETS LARGEST APPROPRIATION EVER

A bill has been passed to President Barack Obama that provides \$11.3 million for the Northeast Home Heating Oil Reserve, the largest amount in the program's history.

The New England Fuel Institute (NEFI) has been a long-time advocate for greater funding for the reserve and reports that the president is expected to sign the measure to provide the funding.

## NEW JERSEY SUNOCO REFINERY IDLED 'INDEFINITELY'

Sunoco recently announced that it will be indefinitely idling all process units at its Eagle Point refinery located in Westville, N.J., in an effort to reduce losses in its refining business at a time when a recessionary economy, weak demand for refined products and increased global refining capacity have created margin pressure on the entire refining industry.

Sunoco will shift current Eagle Point production to its two nearby refineries in Pennsylvania, which will now operate at higher capacity utilization. The company will be able to produce essentially the same amount of refined products in two facilities that it currently produces in three while continuing to meet customer demand. The product racks will remain open.

This move follows the recent announcement by Valero that it will idle its refinery in Delaware City, Del.

## RESPONSE TO SENATE CLIMATE BILL URGED BY INDUSTRY

With Senate hearings and committee markups scheduled imminently as this issue went to press, the New England Fuel Institute (NEFI) and its industry allies are urging individuals to contact their local representatives.

NEFI and the Massachusetts Oilheat Council (MOC) sent a letter to Sen. John Kerry, D-MA, the bill's primary sponsor, outlining the gains the industry has made in efficiency and concerns with concessions made to the natural gas industry in the bill.

The entire letter can be read at [www.nefi.com](http://www.nefi.com), where members can also find more information for contacting their local representative and expressing their concern about the bill.

## THE DIFF.

Spot Prices (Cents/Gallon) as of October 23, 2009\*

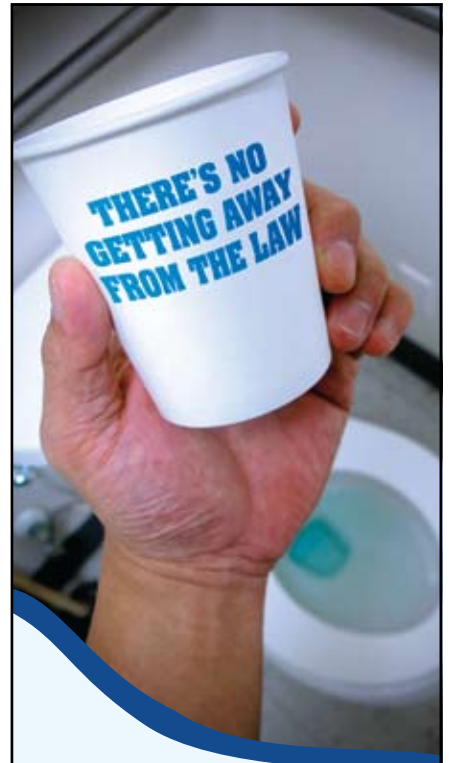
New York Harbor No. 2 Fuel Oil / Heating Oil	New York Harbor No. 2 Diesel Low Sulfur	U.S. Midcontinent No. 2 Diesel
<b>200.30</b>	<b>202.80</b>	<b>200.00</b>

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

## THE BAROMETER

Comparing Heating Oil to Other Financial Products

	October 23, 2009	One Year Ago
No. 2 Fuel Oil/New York (cents/gallon)	200.30	215.47
Crude Oil (dollars/barrel)	\$80.15	\$72.06
10-year Treasury Bill	3.48%	3.79%
30-year Mortgage	5.15%	6.16%
Dow Jones Average	9,960.77	9,192



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

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



## NEFI Action Center: From Washington ..... 10

Mark Morgan, NEFI Regulatory Counsel, writes about government enforcement of dispensers, while Jim Collura, NEFI Vice President for Government Affairs, gives the latest update on the cap-and-trade bill that is now being worked on in the Senate.



## LIHEAP Outlook ..... 12

The Low Income Home Energy Assistance Program (LIHEAP) has been fully funded at \$5.1 billion for the second year in a row, and several states have expanded their benefits to a bigger audience due to the economy. We asked state administrators for the latest data on their programs, as well as offering information on other heating aid opportunities.



## Q&A: NEADA Executive Director Mark Wolfe ..... 24

While the LIHEAP program only runs during the heating season, it takes a year-round effort to coordinate the program and push for funding. Oil & Energy recently talked to National Energy Assistance Directors' Association Executive Director Mark Wolfe about the status of LIHEAP and how the economy will impact the program this year.



## ECC Offers Simple Conservation Tips ..... 26

The Energy Communications Council (ECC) has come up with several simple conservation tips for dealers to offer to customers this winter that are free or inexpensive, but could pay big dividends in terms of efficiency.



## Maine Biofuel Plant Could Lead to Commercial Production ..... 30

A pilot plant in Gorham, Maine, has shown the Biofine Inc. process for creating biofuel from various biomass sources to be a success, leading to the company looking to open a demonstration plant in the area that is the last step before commercial production.

## The Historic Value of Oilheat ..... 32

A report from John Batey of the Oilheat Manufacturers Association has shown that Oilheat has been a better value for 12 of the last 18 years over natural gas, despite the spike in oil prices before the last heating season.



## Bioheat®: Oilheat's Successful Off-season ..... 34

Paul Nazzaro of Advanced Fuel Solutions says that recent developments for biofuels and the heating industry as a whole have positioned Oilheat well for this heating season. Nazzaro can be reached at (978) 664-5923 or paulsr@yourfuelsolution.com for more information.

## Biz Tip: Assessing Propane Facilities ..... 36

Heating oil dealers have been following the Spill Prevention, Control and Countermeasure (SPCC) regulation changes for years, but propane facilities also have to keep up to date in order to run efficiently. Engineers Michael A. Nicoloro and Joan M. Fontaine of S E A Consultants outline what facility owners should do to conform to regulations. For more information, contact S E A at (617) 497-7800.



## Propane: PERC Faces Education Restrictions ..... 38

Joe Rose, the Propane Gas Association of New England president, writes about the recent government decision to order the Propane Education and Research Council to cease all education activities and how the industry can cope.



## Oil Market Stance: The Weakening Dollar ..... 42

Mark Skaparas of Hedge Solutions writes about the weakening U.S. dollar and explains what economic forces have caused its decline, as well as its relation to the crude oil market. Skaparas can be reached at mark@hedgesolutions.com or (508) 721-7604.



## Weather Trends: An Active Early Winter ..... 45

John Bagioni of Fax-Alert Weather Service forecasts the upcoming winter by looking at various analog seasons and writes that if an extreme winter arrives, he expects it to be on the colder side. Bagioni can be reached at johnbag@comcast.net.

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## NEFI Submits Comments on Far-reaching Renewable Fuel Standard Changes

NEFI submitted comments to the EPA recently concerning the agency's proposed rule to implement changes to the Renewable Fuels Standards (RFS).

The proposed regulations (known as RFS II) specify the volumes of cellulosic biofuel, biomass-based diesel, advanced biofuel, and total renewable fuel that must be used in transportation fuel each year, with the volumes increasing over time and reaching 36 million gallons per year by 2022.

### Heating Oil

The proposed rule also includes new definitions and criteria for both renewable fuels and their feedstocks. One key change expands the program from on-road fuels to include off-road fuels for the first time. Expanding the program to include all "transportation fuels" is expected to provide a powerful incentive to increase biodiesel blending into off-road fuels in the coming years. While heating oil is not included in the definition of "transportation fuels," the proposed rule expands the RINS program to heating oil, though these blends will not count toward meeting annual renewable fuel mandates imposed on refiners and upstream blenders.

### Greenhouse Gas Emissions of Renewable Fuel

The EPA is mandated to include a provision to assess the greenhouse gas emission performance for renewable fuels, including biodiesel. This proposal is controversial because the source of most biodiesel is soy beans—which under EPA assessment models have a high greenhouse gas emission profile. If the greenhouse gas assessment models remain unchanged, soy-based biodiesel feedstocks will become significantly more expensive and less available.

### Biofuels

NEFI included a strong endorsement for the increased use of renewable fuels in heating oil. NEFI supported the provision in the proposed rule allowing heating oil blends to generate RINS that could be traded. Under the proposed rule, RINS generation for heating oil blends would be voluntary, so blenders can decide whether they wish to take on the added regulatory burden.

NEFI also endorsed the proposal to allow small blenders to require biodiesel feedstock suppliers to keep RINS rather than passing them along to the blender. This would allow small blenders to remain outside of the RINS program altogether. NEFI strongly opposed moving renewable fuel volume obligations downstream because the regulatory burden on small business heating oil dealers would be devastating.

The EPA is expected to publish a final rule early next year.

## CBO Reports Cap-And-Trade Bill Would Cost Jobs

In October, the non-partisan Congressional Budget Office (CBO) Director Douglas Elmendorf said that the Senate cap-and-trade bill known as the "Clean Energy Jobs and American Power Act" (S. 1733) would reduce American jobs overall.

Elmendorf testified before the Senate Energy and Natural Resources Committee to underscore the job-creation merits of the House and Senate cap-and-trade bills. However, Elmendorf concluded that the growth in green jobs resulting from S. 1733 is not likely to offset the oil and gas jobs that would be cut over the period covered by the legislation from 2012 through 2050.

In September, a CBO report concluded that the House cap-and-trade bill, the "American Clean Energy and Security Act of 2009" (H.R. 2454) would slow economic growth between 1 to 3 percent from where it would be by 2050.

## NEFI and Allies Critical of Lack of Diversity in CFTC Committee

NEFI and its allies in the Commodity Markets Oversight Coalition recently wrote a letter to Commissioner Jill Sommers of the Commodity Futures Trading Commission (CFTC) to bring attention to the lack of diversity on the Global Markets Advisory Committee (GMAC), where she is the chairman.

The coalition said: "We have noted that the committee's membership is comprised of representatives from the various exchanges, self-regulatory organizations and the financial services industry.

"Without end-user and consumer participation," the coalition continued, "the committee may also not be 'fairly balanced in terms of the points of views represented'" as required by federal law. The coalition suggested that the CFTC review GMAC membership to determine if further diversification is required.

## House Holds Credit Card Fee Hearing

The House Financial Services Committee held a hearing in October on the Credit Card Interchange Fees Act, H.R. 2382, sponsored by Reps. Peter Welch, D-VT, and Bill Shuster, R-PA.



Specifically, H.R. 3282 will do the following:

- Allow merchants to offer a lower price for customers who pay with lower-cost payment types or devices.
- Allow a business to not accept cards at a given location, e.g. a company with a Web site and a retail store can decide to accept payment types and devices for their online business, but not in their retail location.
- Allow merchants to set a minimum for purchases initiated with a credit card or other payment device.

Also would allow merchants to set a maximum so that transactions don't exceed the preauthorization amount discussed in the previous section.

- Prevent credit card companies from requiring any merchant to conduct a minimum number of transactions for using such network's payment device during any given time period.

- Require MasterCard and Visa to disclose all terms, rates and conditions to the FTC and allow the FTC to review and determine if any practices are anti-competitive.

- Require full disclosure in several places of interchange or other merchant-paid fees to consumers.

## Oilheat Industry Informs Low Carbon Groups of Summit Resolution

Regional air quality officials in the Northeast States for Coordinated Air Use Management (NESCAUM) and the Northeast States Center for a Clean Air Future (NESCCAF) are currently considering a regional Northeast Low Carbon Fuel Standard. The goal is to achieve reductions in regional greenhouse gas emissions of 10 percent by 2020.

A report was published by NESCCAF in July. In addition to reducing carbon intensity in the transportation sector, the report says that "heating oil is used in substantial quantities" in the Northeast, and therefore states might "include heating oil in a low carbon fuel program in the same timeframe as transportation fuel."



The report suggests means to encourage the displacement or replacement of heating oil consumption, and sees woody biomass (such as wood or wood pellets) and agricultural biomass as one means to this end. "[Biomass] could be used to heat 1 million homes in 2020,

displacing 660 million gallons of heating oil" in the Northeast.

However, there have been some significant developments within the industry since July, including the embracing of a low carbon future by the industry in a national summit. The industry highlighted these unprecedented developments in light of the NESCAUM/NESCCAF initiative in a letter. The letter references a resolution approved overwhelmingly by summit attendees that would see heating oil reduce its carbon intensity by aggressively pursuing a new national bio-blending and ultra-low sulfur mandate within the coming years, as well as integration of solar thermal technology.

"We believe this resolution is a significant step in demonstrating that the Oilheat industry is voluntarily taking responsibility for improving its product," the letter says. "It should be noted that a program endorsed by [NESCAUM and NESCCAF] to convert oil consumers to either natural gas or woody biomass will undermine our industry's laudable resolution and initiative."

The letter expresses a desire to communicate directly and working cooperatively on moving forward. The following groups signed the letter: New England Fuel Institute, Fuel Merchants Association of New Jersey, Independent Connecticut Petroleum Association, Massachusetts Oilheat Council, New York Oil Heating Association, Oil Heat Institute of Rhode Island, Maine Oil Dealers Association, Vermont Fuel Dealers Association, Oil Heat Council of New Hampshire and the Oil Heat Institute of Long Island.

## Commodity Markets Oversight Coalition Urges Reform

In letters to House Agriculture Committee Chairman Collin Peterson, D-MN, and Senate Agriculture Committee Chair Blanche Lincoln, D-AR, the New England Fuel Institute (NEFI) and its allies in the Commodity Markets Oversight Coalition (CMOC) again urged action on commodity trading reform.

"Congress must act decisively to prevent another speculative bubble in commodities by assuring adequate transparency, accountability and oversight in the commodity [trading] markets," the letter said, and specifically urged the Congress to grant federal regulators the authority to:

- Increase transparency and oversight of over-the-counter (OTC) swaps and derivatives, except securities under the jurisdiction of the SEC. Congress should require that all standardized contracts be traded on CFTC-regulated exchanges where possible, or at least on a CFTC-regulated clearing corporation.



- Impose aggregate speculative position limits to prevent excessive speculation and return our futures markets to their traditional role as a tool for the hedging and risk management of bona-fide physical players. This system worked well for decades until so many exemptions were granted that financial speculators have come to dominate the markets, undermining commercial market participants and eroding public confidence.

- Prove a manipulation case under the same "reckless conduct" standard that the SEC, FERC and FTC employ, in contrast to its current difficult-to-prove "specific intent" standard. This would make clear that market manipulations resulting from "reckless conduct" will be illegal.

- Deny "no-action letters" to foreign boards of trade unless the board in question is subject to a foreign

regulator with comparable oversight and regulation as is required of boards of trade within the United States.

- Ban "High Frequency" trading in the commodity markets. This trading practice employs tactics such as close-proximity electronic trading, super-computers and complex software to give a select few market participants an anti-competitive advantage. The SEC is considering a ban on such trading tactics but currently the CFTC lacks explicit authority to do so. If the SEC bans this activity and the CFTC lacks the authority to follow suit, "High Frequency" trading could become more prevalent in the commodities markets.

The House Financial Services Committee, chaired by Rep. Barney Frank, D-MA, cleared legislation through committee on Oct. 15 that would regulate the OTC markets, as urged by the first bullet above, but is weaker than coalition members had hoped. As this issue of *Oil & Energy* went to press, the House Agriculture Committee was preparing to mark up its version of commodities reform legislation, and is expected to be somewhat stronger. Any new developments will be reported in next month's issue.

## EPA: No Regulation of Diesel Exhaust Fluid in Underground Tanks

The U.S. EPA announced that the federal underground storage tank (UST) regulations do not apply to diesel exhaust fluid (DEF) stored in USTs. The EPA said the ammonia content in DEF is not sufficient to rise to the level of a regulated hazardous substance subject to the federal UST regulations. This announcement is important because it removes uncertainty over the selection of DEF

dispensing alternatives for retail and wholesale fueling facilities.

Demand for DEF is expected to rise after Jan. 1, 2010, when all newly manufactured heavy duty truck engines must meet strict EPA diesel fuel emission standards. New heavy duty diesel engines will use selective catalytic reduction (SCR) technology to meet the EPA emission standard. DEF is not a fuel additive or component of the fuel system. Instead, SCR engines spray minute amounts of DEF into a truck's exhaust stream to convert ozone-causing oxides of



nitrogen (NOx) into harmless nitrogen gas (N2) and water vapor (H2O).

Since DEF tanks on trucks must be refilled periodically, petroleum marketers have been contemplating how to store and dispense this new product. High volume sites such as card locks and truck stops require large quantities, stored in either aboveground or underground tanks.

Until this point, it was unclear whether UST storage would be a viable option for DEF due to possible compliance expenses associated with federal underground storage tank regulations. Now that the EPA has decided not to regulate DEF under the UST regulations, petroleum marketers can move forward with their dispensing options in time for the arrival of 2010 compliant heavy duty diesel truck engines.

## NEFI Welcomes New Members

New England Fuel Institute welcomes two new **RETAIL** members.

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DEMAND MORE THAN SUPPLY

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## IRS Steps Up Dispenser Label Enforcement

Mark S. Morgan, Esq., NEFI Regulatory Counsel

Do you know that one of the most common IRS fines you may be exposed to has nothing to do with motor fuel tax receipt records? Do you also know that the IRS can slap this costly fine on you without even stepping over the threshold of your door or looking at a single record?

Unfortunately it's true, and occurring with alarming frequency over the past few months. While the prospect of a hefty IRS fine is frightening, it can be easily avoided by making sure that your diesel fuel, kerosene and heating oil dispensers are properly labeled.

The IRS requires all dyed diesel and dyed kerosene dispensers to have a specific label indicating that the fuel is for nontaxable use only. The labeling requirement has been in place for diesel dyed diesel dispensers since 1993 and for dyed and clear kerosene dispensers since 1998.

The IRS has recently stepped up enforcement of the dispenser label requirements. Some petroleum marketers are under the mistaken belief that the EPA's LSD and ULSD dispenser labels—which also provide notice on nontaxable uses of these fuels—are a replacement for the IRS labels. This is incorrect. Both the IRS and EPA labels are required.

The following IRS labels must be posted on any retail dispenser or other delivery facility (skid tank, consumer dispensers at bulk plants or card locks) where dyed diesel fuel and/or dyed kerosene are dispensed for use by a purchaser/consumer: "DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE" or "DYED KEROSENE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE."

In addition, the following label must be posted on all blocked pumps that sell clear, untaxed kerosene: "UNDYED UNTAXED KEROSENE, NONTAXABLE USE ONLY."

The labels must be affixed to the dispenser in a conspicuous place within easy sight of the person dispensing the fuel, either on the face of the dispenser (on both sides) or on the side of the dispenser just above the nozzle housing.

Some heating oil dealers provide heating oil dispensers at their bulk plant for residential customers who wish to buy smaller quantities. The IRS regulations do not address heating oil dispensers specifically. But since heating oil is a dyed fuel and capable of being dispensed in the fuel tank of an off-road vehicle, it is recommended that these dispensers be labeled with an IRS diesel label as well.

If the heating oil in the dispenser meets the EPA LSD sulfur content of 500-ppm or less or the ULS sulfur content of 15-ppm or less, it is recommended that the heating oil be sold as "diesel fuel" using the corresponding EPA and IRS dispenser labels. For high sulfur heating oil that cannot be used as an on- or off-road diesel fuel, attaching the IRS dyed diesel fuel label is not recommended at this time. However these dispensers still require the appropriate EPA heating oil decal.

It is important to remember that the IRS has not commented directly on the issue of whether heating oil dispensers should be labeled or not. NEFI has been actively attempting to obtain a definitive answer from the IRS. Moreover, it is not clear whether heating oil dispensers are a target of IRS enforcement.

In short, when there is a gray area in the law, regulated parties run the risk of violation. Heating oil dealers should carefully weigh the risk of enforcement against the benefits of maintaining a heating oil dispenser.

Any seller that fails to post the required labels on any applicable dispenser is presumed to know that the fuel will not be used for a nontaxable use and may be responsible for paying the 24.4 cents-per-gallon federal excise tax on the fuel and assessed \$10 for every gallon of fuel in the tank at the time of the violation.

Recently, I've received calls from marketers complaining of fines as high as \$75,000 simply for not having the correct IRS label on the dispenser.

These labels are available at [www.nefactioncenter.com/shopLRAC.html](http://www.nefactioncenter.com/shopLRAC.html).

## Cap-and-Trade Debate Begins in Senate

Jim Collura, NEFI Vice President for Government Affairs

On Sept. 30, Sens. John Kerry, D-MA, and Barbara Boxer, D-CA, introduced a discussion draft of climate change legislation called the Clean Energy Jobs and American Power Act.

The bill comes on the heels of a House-passed climate change bill and a major address by President Barack Obama before the international community calling for action on global warming. The president had hoped to sign a climate bill into law before negotiations began on a new "Kyoto Treaty" in Copenhagen this December and is putting pressure on Congress to act.

The Senate bill, like the House bill, calls for drastic cuts to U.S. greenhouse gas emissions. Its short-term goal is more ambitious, calling for a 20 percent cut to 2005 emissions levels by 2020, as opposed to the 17 percent cut proposed by the House. Its long-term goal is the same, calling for an 83 percent cut by 2050. And like the House bill, the Senate will create a national "cap-and-trade" program as the means to these reductions.

One major difference between the House and Senate bills is treatment of the natural gas industry. Having not received as many concessions as they had hoped in the House, their army of lobbyists pressured the bill's Senate authors to include many giveaways. The Senate bill provides incentives and carbon offsets for preventing methane leaks, grants for low carbon natural gas technologies for residential and commercial purposes, and provides natural gas utilities with an exemption from a carbon "cap" until 2016.

Both the House and Senate bills would allocate hundreds of billions of dollars worth of "free emissions allowances" as relief to affected industries and consumers that will undoubtedly experience increases in the cost of energy. The House bill sets aside 9 percent for natural gas and 1.875 percent for Oilheat and propane consumers.

NEFI is concerned about how these allowances would get to consumers. Utilities would be allowed to use up to two-thirds of their allowances in order to provide direct subsidies to their ratepayers, and the remaining one-third for efficiency programs.

Oilheat and propane allowances would be given to state governments. Half would be required for efficiency programs, and the remaining for fuel assistance rebates. This disparity puts heating oil and propane dealers at a competitive disadvantage. Utility consumers would see a credit on their bill, non-utility consumers would have to apply for one.

While NEFI questions the idea of a "cap-and-trade" program, it is important to also voice concerns to Congress about the unequal treatment of non-utility fuels under the bill. As always, we appreciate your support!



CONTACTS: (left to right):

Jim Collura, NEFI Vice President for Government Affairs: [jimcollura@nefi.com](mailto:jimcollura@nefi.com)  
Mark S. Morgan, Esq., New England Fuel Institute Regulatory Counsel: [mark@nefi.com](mailto:mark@nefi.com)

Dave Rocco, Member Services Specialist: [dave@nefi.com](mailto:dave@nefi.com)



# COMMITMENT COMES WITH NAMES ATTACHED

## WE ARE PLEASED TO RECOGNIZE OUR VALUED SUPPORTERS

### 2009 CONTRIBUTORS As of October 14, 2009

#### \$10,000

Fawcett Energy Partners, Inc. Kingston, MA  
James Devaney Fuel Co. Newton, MA

#### \$7,500

Petro Norwalk, CT  
Petro Providence, RI  
Atlas Glen-mor Oil Chelsea, MA  
Peterson Oil Service Worcester, MA  
Total Energy Solutions, LLC Portsmouth, NH

#### \$5,000

Townsend Oil Co. Inc. Danvers, MA  
Arlex Oil Corp. Lexington, MA

#### \$3,000 And Up...

Scott - Williams Inc. Quincy, MA  
Champion Energy New Rochelle, NY  
Buckley Heating & Cooling Peace Dale, RI  
MacFarlane Oil Dedham, MA  
Cota & Cota Inc. Bellows Falls, VT  
Alvin Hollis & Co. South Weymouth, MA  
Wesson Energy Inc. Waterbury, CT  
Noonan Energy Corp. Springfield, MA  
New York Oil Heating Association New York, NY

#### \$2,000 And Up...

Fred Fuller Oil Co. Hudson, NH  
W. H. Riley & Son Inc. North Attleboro, MA  
Scott Oil Co. Gloucester, MA  
Noar's Oil Worcester, MA  
L. E. Belcher Inc. Springfield, MA  
Dupuis Oil Pawtucket, RI  
Cheshire Oil Co. Keene, NH  
Munhall Energy Co. Watertown, MA  
Energy Kinetics Inc. Lebanon, NJ  
C. K. Smith Oil Company, Inc. Worcester, MA  
Coan Inc. Natick, MA

#### \$1,750 And Up...

Medway Oil Co. Inc. Medway, MA  
T. H. Malloy & Sons Cumberland, RI  
Keyser Energy Rutland, VT  
Fleming Oil Co. Brattleboro, VT  
Osterman Propane Whitinsville, MA  
Faulkner Brothers Inc. Somerville, MA  
Dominick Fuel Inc. Norwalk, CT  
Lipton Energy Pittsfield, MA

#### \$1,000 And Up...

Fratlicelli Oil Co. Leominster, MA  
H. R. Clough Inc. Contoocook, NH  
Warren Ent./Fisher-Churchill Dedham, MA  
Julians, LLC Medway, MA  
Anderson Fuel North Scituate, MA  
Stadium Oil Heat Inc. Peabody, MA  
Palmer Gas Co. Inc./Ermer Oil Co. Atkinson, NH  
Northboro Oil Co. Inc. Northboro, MA  
East Providence Fuel Oil Co. E. Providence, RI  
Norbert E. Mitchell Co. Inc. Danbury, CT  
Concord Oil Co. Inc. Concord, MA  
Cubby Oil Co. Somerville, MA  
Griffith Energy Services Columbia, MD  
Daniels Oil Co. Inc. Portland, CT  
Horan Oil Corp. Stoughton, MA  
Dennis K. Burke Inc. Chelsea, MA  
Metro Energy DBA M&T Oil South Boston, MA  
Huhtala Oil East Templeton, MA  
Ayer & Goss Inc. Henniker, NH  
Standard Oil of CT Bridgeport, CT  
Hedge Solutions, Inc. Manchester, NH  
Bursaw Gas & Oil Inc. Acton, MA  
Barrieau Oil Co. Inc. W. Hartford, CT  
Dolinsky Associates West Cornwall, CT  
Kerivan-Lane Inc Needham, MA  
Alpha Oil Co. Inc. Wilbraham, MA  
City Fuel Co. Manchester, NH  
Densmore Oil Co. Mystic, CT  
D. F. Richard Energy Dover, NH

#### \$600 And Up...

Stocker Oil Co. Peabody, MA  
Howell Fuel Inc. Fairfield, CT  
Atlantic Pratt Oil Co. Inc. Braintree, MA  
Needham Oil & Air, LLC Needham, MA  
Reliable Oil & Heat Co. Glenbrook, CT  
Reggie's Oil Co. Inc. Quincy, MA  
Rowayton Fuel & Oil Co. Inc. Norwalk, CT  
Landry & Martin Oil Co Inc. Pawtucket, RI  
Bourne's Inc. Morrisville, VT  
Stafford Oil Company Inc. Laconia, NH  
Homestead Fuel Inc. Ellington, CT  
Sunshine Oil Co. Bristol, RI  
State Line Oil Co. Granby, CT  
Henry Oil Co Inc Providence, RI  
Guy E. Nido Inc. Wilmington, VT  
Mello Fuel Inland Oil Terminal Jamaica Plain, MA  
Interstate Gas & Oil Corp. Sudbury, MA  
Hall Oil Co. South Dennis, MA  
Whitney Brothers Oil Co. Clinton, MA  
Petrocom Energy Group, LLC Houston, TX  
Sochia's Oil & Gas Inc. East Douglas, MA  
B & B Oil Co. Charlestown, MA  
Star Petroleum Co. Inc. Foxboro, MA  
Dutchess Oil & Propane Co. Millerton, NY  
West Oil Co. Inc. North Adams, MA  
JRRBC Inc. Hudson, MA  
Sherman Oil Co. West Brookfield, MA  
L. H. Gault & Son Westport, CT  
Swanzy Oil, LLC West Swanzy, NH  
Lakeside Oil Co. Inc. Marlboro, MA  
Federal Heating & Eng. Co. Inc. Winchester, MA  
D. Ferruccio & Son Inc. Hudson, MA  
L. F. Powers Co. Inc. Waterbury, CT  
Blue Cow Software Lynnfield, MA  
Continental Fuel Co. Inc. Bridgeport, CT  
John A. Healy & Sons Westford, MA  
Pioneer Propane Co. Harrison, AR  
Winthrop Fuel Co Inc Winthrop, ME  
Rand-Handy Oil Co. Marshfield, MA  
Gottier Fuel Co. Inc. Rockville, CT  
A. Hohmann & Co., Inc. Dorchester, MA  
Brideau Oil Corp. Fitchburg, MA  
New England Oil Co. Inc. Greenwich, CT  
Tasse Fuel Corp. Southbridge, MA  
Ashley Fuel Inc. Beverly, MA  
Knight Fuel Co. Hudson, MA  
Dunn Oil Co. Inc. Maynard, MA  
J. & S. Oil Co. Inc. Manchester, ME  
Central Mass Oil Rutland, MA  
Lees Oil Service Inc Westport Point, MA  
Augusta Fuel Co. Augusta, ME  
Westmore Fuel Co. Inc. Greenwich, CT  
Gillespie Fuels & Propane Inc. Northfield, VT  
Goodrich Oil Co. Inc. Newport, NH  
Affordable Oil, LLC Rollinsford, NH  
Sippin Energy Products Monroe, CT  
Holden Oil Inc. Peabody, MA  
J. J. Sullivan Inc. Guilford, CT  
Chapman Fuel Inc. Gardiner, ME  
R F Ohl Fuel Oil Lehighton, PA  
Fuel Services Inc. Westfield, MA  
Erickson Fuel Co. Inc. Medford, MA  
Mass Energy & Oil Pittsfield, MA  
Town Oil Co. Wethersfield, CT  
Waldo-Thompson Brothers Inc. Waldo, ME  
Huckleberry Heating Oil, LLC Boscawen, NH  
Jack F. Corse Propane, LLC Cambridge Jctn, VT  
Albert Culver Co. Rockland, MA  
Brow Oil Co. Braintree, MA  
James E. Kimball, Jr. Inc. GT Barrington, MA  
Murphy Fuel Corp. Waltham, MA  
Angus Partners Ft. Lauderdale, FL  
Baker-Whitney Oil Co. Acton, MA  
Whiting Energy Fuels Holyoke, MA  
Haffner's Service Stations, Inc. Lawrence, MA  
Boston Steel & Mfg. Co. Malden, MA  
Robert Greene Inc. Bennington, VT  
Bigelow Oil Co. Newton Upper Falls, MA  
Imperial Oil Co. South Windsor, CT

#### \$300 And Up...

Micheletti Oil Service Inc. Johnston, RI  
Marran Oil, LLC Holtsville, NY  
Advanced Fuel Solutions, Inc. North Reading, MA  
Fred's Plumbing & Heating Derby, VT  
Pallett Oil Co. Inc. Chesapeake, VA  
E. P. Cotter Oil Co. Norwood, MA  
Premium Fuels DBA Al's Oil Shrewsbury, MA  
Madison Oil Co. Inc. Madison, CT  
Towne Heating Co. Inc. Swansea, MA  
Glendale Oil Service Inc. Glendale, RI  
R. E. R. Fuel Service N. Billerica, MA  
Dempsey Oil Dedham, MA  
Sinclair Heating Co. Walpole, MA  
Wehof Forms Somerville, NJ  
Columbus Energies Inc. Swansea, MA  
Rose's Oil Svc / Todd Oil Co. Rockport, MA  
Hilton Oil Co. Inc. Lawrence, MA  
Michaud & Raymond Oil Inc. Peabody, MA  
Needham Energy Inc. Needham Heights, MA  
Foley Oil Co. Inc. Laconia, NH  
Jennings Oil Co. Danbury, CT  
Sorenti Bros. Inc. Sagamore Beach, MA  
McKusick Petroleum Co. Dover-Foxcroft, ME  
Giguere & Marchand Oil Services Inc. Blackstone, MA  
Kieras Oil Inc. North Amherst, MA  
Guardian Fuel & Energy System Westerly, RI  
John's Fuel Service dba John's Oil Co. Lynn, MA  
Dorr Oil Co. Inc. Manchester Center, VT  
Total Fuel Services Corp. New Rochelle, NY  
Hayes Oil Co. Waltham, MA  
Benway Oil Co. Milton, MA  
East Coast Petroleum Stoughton, MA  
Braley & Wellington Ins. Agency Worcester, MA  
Avatas Payment Solutions Beverly, MA  
Arlington Fuel Oil Co. Arlington, MA  
Nardone Oil Co. Wakefield, MA  
Hiller Fuels Inc. Marion, MA  
Lemay Oil Co. Inc. Hartford, CT  
Spring Brook Ice & Fuel Svc. New Britain, CT  
Cetane Associates, LLC Ellicott City, MD  
Patten Oil Co. Inc. Rutland, VT  
Lincoln Laboratory Leicester, MA

**\$100 And Up...**

Murray Oil Co. Turner, ME  
Niccoli Bros. Oil Inc. Brockton, MA  
Community Oil Co. Cambridge, MA  
Boston Environmental, LLC Portsmouth, NH  
Cape Ann Oil Gloucester, MA  
Port Oil Billerica, MA  
H. H. Snow & Sons Inc. Fuel Orleans, MA  
S-K Quality Fuel Inc. Oquossoc, ME  
Booma Oil Lynn, MA  
Perillo Brothers Farmingdale, NY  
Interstate Biofuels Roslyn Heights, NY  
People's Fuel Inc. Gardner, MA  
Prendergast Oil Co. Watertown, MA  
Blanchard Oil Co. Orleans, VT  
Guy's Inc. Niantic, CT  
Harvard Oil Co. Harvard, MA  
Gray Gray & Gray Westwood, MA  
Arrow Fuel Seekonk, MA  
Linwood Fuel Inc. Hyde Park, MA

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

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



## LIHEAP Funding Remains at Maximum

### FOR THE FIRST TIME, APPROPRIATED FEDERAL FUNDS FOR THE LOW INCOME HOME ENERGY

Assistance Program (LIHEAP) have been approved at the maximum level of \$5.1 billion for consecutive years. That level would give states a portion of \$4.5 billion in LIHEAP funds, with \$590 million remaining in contingency funds for use at the president's discretion.

After reaching more than \$3 billion in total funds during the 2006 fiscal year, LIHEAP money dipped to about \$2.2 and \$2.6 billion in available funds for 2007 and 2008, respectively. As fuel prices rose last summer, the New England Fuel Institute (NEFI) and other industry groups fought for Congress to approve the maximum allotment for the program in 2009, in order to ensure dealers could deliver more fuel to more households, while also receiving fair prices on delivery.

This year, the industry again asked for the maximum amount, as many households struggled as a result of the economy. The Senate and House both approved the same funding as last year.

*Oil & Energy* recently surveyed LIHEAP administrators from across the country to find out the latest information about their programs for the upcoming season. We asked for information on this year's funding compared to last year, how the economy will impact applications and who to contact for more information. We thank all of the officials who took the time to respond to the questions.

**Program starts/ends:** Starts Oct. 5 and ends May 14.

**Eligibility levels:** The eligibility level is 150 percent of current Office of Management and Budget (OMB) poverty guidelines.

**Changes from last year:** No changes.

**Will economy and high unemployment numbers impact LIHEAP:** Yes. Increased unemployment will increase demand.

**Emergency delivery changes:** No changes.

**What dealers can do to help:** Immediate responses are always appreciated.

**Questions:** Contact Tom Scott, Community Development Administrator, at (317) 232-7015 or [tscott@ihcda.in.gov](mailto:tscott@ihcda.in.gov).

### Maine

**Funding:** We are currently anticipating \$47,649,042. Ideally another \$30 million is needed.

**Compared to last year:** It would provide the same level of funds for Maine as last year.

**How many served:** We are anticipating 70,000 to apply this year. Last year we served 62,000.

**Program starts/ends:** The program runs from Oct. 1, through April 30.

**Eligibility levels:** We are setting the eligibility to 75 percent of the state median, which is the same level as last year.

**Changes from last year:** There are no changes to the process.

**Will economy and high unemployment numbers impact LIHEAP:** Yes, we do expect the economy and high unemployment to increase the levels and are preparing to serve 8,000 more households this winter.

**Emergency delivery changes:** No changes expected.

### Idaho

**Funding:** We receive no state money. Funding for 2010 is not finalized, but we anticipate it to be similar to last year.

**Compared to last year:** Last year we received \$22.8 million.

**How many served:** We expect a 10 to 40 percent increase from last year. We served 45,120 families last season.

**Program starts/ends:** The program begins Nov. 1 and ends March 31. The Crisis Program runs year round.

**Eligibility levels:** The level is 60 percent of the state median income.

**Changes from last year:** None.

**Will economy and high unemployment numbers impact LIHEAP:** Yes, we anticipate a large increase in applications.

**Emergency delivery changes:** None.

**Questions:** Payment inquiries and questions regarding the agreements should be directed to Community Action Partnership Association of Idaho. Questions about specific participants should be directed to the local CAP agency. For more information, contact Christine Baylis, Idaho Department of Health & Welfare, at (208) 334-5742.

### Indiana

**Funding:** Approximately \$89 million is budgeted for 2010 heating assistance program in Indiana. The state could always serve more with more funding.

**Compared to last year:** Funding is approximately the same as last year.

**How many served:** There were 197,000 households served last year. About the same number are expected this year.

Continued on page 14...



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TODAY'S SMART CHOICE FOR  
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...Continued from page 12

**What dealers can do to help:** Vendors do a great job working with our local Community Action Agencies to coordinate and deliver top notch services to LIHEAP households.

**Questions:** For more information, contact Marjorie Love, Interim Director of Energy and Housing Services at (207) 626-4600 or by fax at (207) 624-5780.

### Maryland

**Funding:** Maryland's base allocation for LIHEAP is expected to be \$101 million, the same as last year. State specific funds are \$55 million, but designated for electric.

**Compared to last year:** Last year Maryland received about \$110 million, which included LIHEAP emergency and leveraging funds. For this year those amounts are unknown at this time.

**How many served:** In fiscal year 2010, we expect to serve about 134,000 households. Last year 122,000 were served.

**Program starts/ends:** We start taking applications on July 1 and stop on May 31.

**Eligibility levels:** The levels begin at 175 percent of the federal poverty level.

**Changes from last year:** No changes.

**Will economy and high unemployment numbers impact LIHEAP:** Absolutely, we have already seen people who have lost their jobs applying for assistance in greater numbers.

**Emergency delivery changes:** No changes.

**What dealers can do to help:** Notify customers that help is available.

**Questions:** Contact Ralph Markus, Director of the Office of Home Energy Programs, at (410) 767-7415 or rmarkus@dhr.state.md.us.

### Massachusetts

**Funding:** We are not anticipating any state funding in fiscal year 2010. We are expecting \$162.91 million from the federal government.

**Compared to last year:** It's an estimated projection—it appears that funding will decrease by about 24 percent. Our total allocation was \$214.19 million.

**How many served:** Last year, the program served 186,000 households. We are expecting to serve at least the same number of households during the 2009-10 heating season.

**Program starts/ends:** The program will run from Nov. 1 through April 30 unless extended.

**Eligibility levels:** The levels start at 60 percent of the estimated state median income. The maximum for a family of four will be \$56,011.

**Changes from last year:** No changes.

**Will economy and high unemployment numbers impact LIHEAP:** Yes. The exact impact is hard to predict at this point, but we are

looking into some of these variables for modeling purposes.

**Emergency delivery changes:** Massachusetts uses a FastTrack Emergency Program, which means all emergency clients are expected to be served expeditiously. There are no changes from the previous year.

**Questions:** Contact Gerald Bell, Manager of Community Services Programs at (617) 573-1438, by fax at (617) 573-1460.

### Michigan

**Funding:** Michigan expects to receive \$220 million in the basic LIHEAP grant if the federal spending bill is approved. For the past several years, we have also received Low Income Energy Efficiency Funds (LIEEF) from the Michigan Public Service Commission. We expect \$35 million for fiscal year 2010.

**Compared to last year:** This is basically the same as last year's total LIHEAP allocation. It is a decrease of \$3 million in LIEEF.

**How many served:** Michigan served 566,483 so far in fiscal year 2009. We do not have numbers for fiscal year 2010 yet, but expect them to be approximately the same as 2009.

**Program starts/ends:** The heating program application period is Jan. 1 to Sept. 30. The crisis and weatherization programs run year round, or as funding allows.

**Eligibility levels:** Levels begin at 110 percent of federal poverty for heating and 60 percent of state median for crisis and weatherization.

**Changes from last year:** No changes.

**Will economy and high unemployment numbers impact LIHEAP:** Yes. Michigan's unemployment rate is 15.2 percent, the highest in the nation.

**Emergency delivery changes:** No changes are expected.

**What dealers can do to help:** Submitting invoices in a timely manner is most appreciated. In addition, special trip charges and pressure check charges can be eliminated with regular deliveries. Notices to customers would be helpful in this regard.

**Questions:** Contact Joan Lamoreaux, Energy and Emergency Services Specialist, by phone at (517) 373-0864 or fax at (517) 355-4801.

### Minnesota

**Funding:** Estimated at \$144 million.

**Compared to last year:** Fiscal year 2010 is expected to be the same as fiscal year 2009. The 2009 funding was up dramatically from the fiscal year 2008 funding level of \$102 million.

**How many served:** We expect to serve over 140,000 households in fiscal year 2010, depending on funding. Minnesota served nearly 154,000 households in fiscal year 2009.

**Program starts/ends:** The program runs

Oct. 1 to May 31 (or until program funds run out). The crisis program operates on the same schedule.

**Eligibility levels:** Households at 50 percent of state median income (SMI). For example, a family of four is eligible if earnings do not exceed \$41,723.

**Changes from last year:** No changes in the way deliveries are coordinated and paid for.

**Will economy and high unemployment numbers impact LIHEAP:** Yes, we expect that program participation will continue to increase as more households become eligible for our program.

**Emergency delivery changes:** Emergency deliveries are offered as in the past.

**What dealers can do to help:** Dealers are partners in the delivery of the program. Most have access to eHEAT, the online EAP system for Minnesota, and communicate closely with local service providers.

**Questions:** Contact John Harvanko, Director of Office of Energy Assistance Programs, at (651) 284-3275, john.harvanko@state.mn.us or [www.energy.mn.gov](http://www.energy.mn.gov).

### Nevada

**Funding:** The LIHEAP fiscal year 2010 appropriation has not passed, but we are anticipating a LIHEAP block grant allocation of \$13 to \$14 million based on the current version of the bill. The Division anticipates additional revenue of \$9 to \$10 million each year. Revenue is generated from a Universal Energy Charge applied to all energy users.

**Compared to last year:** About the same.

**How many served:** Nevada operates a year-round program. The ability to cool homes in the summer in Southern Nevada is as critical as the need to heat Northern homes in the winter months. We served approximately 21,000 households last fiscal year, and project to serve over 25,000 this year.

**Program starts/ends:** Our program year runs from July 1 to June.

**Eligibility levels:** Income less than 150 percent of poverty.

**Changes from last year:** No.

**Will economy and high unemployment numbers impact LIHEAP:** Yes.

**Emergency delivery changes:** Not applicable.  
**Questions:** Contact Lori Wilson, Chief of Employment and Support Services, Division of Welfare and Supportive Services, at (775) 684-0626 or by fax at (775) 684-0617.

### New Hampshire

**Funding:** The total amount of funding for program year 2010 is unknown at this time. However, the Office of Energy and Planning (OEP) expects to receive a standard grant

Continued on page 16...



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...Continued from page 14

award of LIHEAP federal funds in the amount of \$34,149,501 based on the current Continuing Resolution. Additional contingency funds may be released during the program year.

**Compared to last year:** OEP received a standard grant award last year of \$34,149,501 plus contingency funds of \$3,192,599 (program year 08 funds received in September 2008), and \$13,624,352, for a total of \$50,966,452.

**How many served:** New Hampshire's Fuel Assistance Program assisted 44,425 households last year. OEP anticipates that the number of households served in program year 2010 will

be equal to or greater than the number of households served this past year.

**Program starts/ends:** New Hampshire's Fuel Assistance Program (FAP) opens on Dec. 1, 2009 and ends on April 30, 2010. However, the application process for the general public began on Sept. 1, 2009.

**Eligibility levels:** Eligibility is determined by household income (200 percent of the federal poverty guidelines or 60 percent of the state median income if funds are available), number of people in the household and home energy costs.

**Changes from last year:** There are no changes in New Hampshire's FAP delivery system. OEP continues to subcontract with New Hampshire's six Community Action Agencies, who are responsible for providing the services at the local level.

**Emergency delivery changes:** New Hampshire's Fuel Assistance Program continues to operate the same emergency component as last year, which is also delivered through the Community Action Agencies.

**What dealers can do to help:** OEP would appreciate fuel dealers utilizing any available opportunity to promote the Fuel Assistance Program to their customers. For example, fuel dealers can encourage customers who may need assistance to contact their local Community Action Agency. Vendors can remind customers that they do not need to wait until they are in an emergency/no heat crisis before applying for assistance. OEP also welcomes suggestions from vendors as to how OEP could better improve New Hampshire's Fuel Assistance Program.

**Questions:** There are six different offices to contact depending on region. They are:

- Community Action Program Belknap-Merrimack Counties Inc. serves Belknap and Merrimack counties. The contact number is: (603) 225-3295.
  - Rockingham Community Action Inc. serves Rockingham County. The contact number is (603) 431-2911.
  - Southern New Hampshire Services Inc. serves Hillsborough County. The contact number is (603) 668-8010.
  - Southwestern Community Services serves Cheshire and Sullivan Counties. The contact number is (603) 352-7512.
  - Strafford County Community Action Committee Inc. serves Strafford County. The contact number is (603) 516-8130.
  - Tri-County Community Action Agency serves Coos, Carroll and Grafton Counties. The contact number is (603) 752-3248.
- You can also contact Celeste Lovett, Fuel Assistance Program Manager, at (603) 271-8317 or by fax at (603) 271-2615.

**New Jersey**

**Funding:** About \$188 million. Ideally \$200 million will be needed.

**Compared to last year:** Last year we received \$188 million.

**How many served:** Last winter we served 295,220 clients. We project a 15 percent increase this year.

**Program starts/ends:** Nov. 1 to April 30.

**Eligibility levels:** That hasn't been determined yet. Last year we served clients at 225 percent

Continued on page 18...

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM FY 1983 TO FY 2010 (\$ IN THOUSANDS)			
Fiscal Year	Appropriated	Contingency Funds	Total Available
1983	1,975,000	1,975,000	
1984	2,075,000	2,075,000	
1985	2,100,000	2,100,000	
1986	2,009,700	2,009,700	
1987	1,825,000	1,825,000	
1988	1,531,840	1,531,840	
1989	1,383,200	1,383,200	
1990	1,443,000	1,443,000	
1991	1,415,037	195,177	1,610,214
1992	1,500,000	0	1,500,000
1993	1,346,030	0	1,346,030
1994	1,662,392	300,000	1,737,392
1995	1,319,202	100,000	1,419,202
1996	900,000	180,000	1,080,000
1997	1,000,000	215,000	1,215,000
1998	1,000,000	160,000	1,160,000
1999	1,100,000	175,299	1,275,299
2000	1,100,000	744,350	1,844,350
2001	1,400,000	455,650	1,855,650
2002	1,700,000	100,000	1,800,000
2003	1,788,300	200,000	1,988,300
2004	1,789,380	99,410	1,888,790
2005	1,857,519	324,880	2,182,399
2006	2,452,775	627,225	3,080,000
2007	1,980,000	208,395	2,188,395
2008	1,980,000	610,678	2,590,678
2009	4,509,672	590,328	5,100,000
2010	4,509,672	590,328	5,100,000

Source: Congressional Research Service, U.S. Department of Health and Human Services

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...Continued from page 16

of poverty, not to exceed 75 percent of state median income. This year's bill is still before Congress, with the 75 percent of state median income in it.

**Changes from last year:** No changes are foreseen in that respect for this year.

**Will economy and high unemployment numbers impact LIHEAP:** Yes, typically the program experiences a 7 percent increase yearly. Last

year we experienced a 37 percent increase. We project a 15 percent increase this year.

**Emergency delivery changes:** The coordination of emergencies will not experience any change this year.

**What dealers can do to help:** We appreciate the cooperation of our fuel dealers. We look forward to working and improving this cooperation.

**Questions:** Call Miguel Gonzalez, LIHEAP coordinator, at (609) 292-3374.

### North Carolina

**Funding:** North Carolina's LIHEAP Block Grant request is for \$55,808,166. Actual funding is unknown at this time.

Continued on page 20...

### THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) IS NOT

the only venue for heating oil and propane dealers to offer help to those in their community who cannot afford to heat their homes for the winter without aid.

Citizens Energy, which buys fuel from dealers and offers it at a discount to those in need, will once again be rolling out a program for the 2009-10 heating season, though details were not yet available at press time. Representatives said the program may not begin until January, as it did last year.

Other changes last year, including an expanded coverage area and easier registration, are also expected to continue.

The program, which operates with help from Citgo, covered all of New England, with New Hampshire joining last year. Citizens Energy also operated in Alaska, Connecticut, Delaware, Indiana, Maine, Maryland, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, D.C., and Wisconsin last year.

In the past, Citizens paid dealers the full retail price for fuel, which was then delivered to households in need already approved by the group. In 2008-09, more than 2,500 dealers participated, providing 170,000 households with No. 2, 4 and 6 oil, kerosene and biodiesel.

Last year, Citizens introduced a Web portal that allowed dealers them to register, track clients, invoices and payments, and follow any program updates.

Citizens plans to release official information about its 2009-10 program, including the starting date, by the middle of December. For more information on the Citizens Energy program or to register, see [www.citizensenergy.com](http://www.citizensenergy.com).

Dealers can also contact their state associations to learn about other aid programs they can contribute to. The following is a summary of some of those programs and who dealers can contact for more information

#### NEW HAMPSHIRE

Operation Helping Hand started its season on Nov. 1. The Oil Heat Council of New Hampshire's program works to make sure that families of service people who are actively deployed and serving overseas stay warm this winter.

Donations of oil in increments of 150 gallons or a check made out to the Oil Heat Council of New Hampshire are asked for from dealers who wish to help.

For more information, contact the group at (603) 895-3808 or [info@nhoilheat.com](mailto:info@nhoilheat.com).

#### NEW JERSEY

After a successful inaugural season for winter 2008-09, the Fuel Merchants Association of New Jersey (FMA) is again encouraging all members to participate in the association's partnership with NJ SHARES.

NJ SHARES (New Jersey Statewide Heating Assistance and Referral for Energy Services) is a nonprofit organization that provides assistance to individuals and families living in New Jersey who are in need of temporary help in paying their energy bills. The organization is currently funded by contributions from utility companies and their customers, as well as escheated funds from utility customers, i.e. customers who moved and did not request a refund of their security deposit and the utility was unable to locate them. The assistance is for those who make above the current threshold for LIHEAP assistance.

"Last heating season the state contributed \$10 million to NJ SHARES, which helped integrate the Oilheat industry," said FMA Associate Director Kat Madaras. "While the state is again going to contribute to NJ SHARES, it will only be \$5 million for the 2009-10 winter season. In order to continue and strengthen the partnership, we need all FMA members to join, as well as encourage all members to solicit their customers to contribute."

The program can be beneficial for those in need of fuel, individual dealers and the industry as a whole, according to Madaras.

"By participating with NJ SHARES, you will be able to afford your customers the opportunity to receive funds from NJ SHARES," she said. "Not only does it have the potential to help your business (as you write off more than the \$1,150 required to participate in bad debts annually), it would continue to be a huge PR boost for the industry."

The \$1,150 is based on a minimum \$1,000 contribution for fuel, plus the \$150 administrative fee. FMA members who participate with NJ SHARES will receive referrals from NJ SHARES. As per the agreement, customers will be eligible for either 150 gallons or \$700, whichever is of greater benefit to the customer.

If you have any questions about NJ SHARES, contact Madaras at [kmadaras@fmanj.org](mailto:kmadaras@fmanj.org) or (973) 467-1400, ext. 15.

#### VERMONT

Vermont's fuel assistance fund was established by the Vermont Fuel Dealers Association (VFDA) more than 20 years ago as a way for dealers to help local residents during the winter.

For Vermonters who are in need but do not qualify for heating assistance programs, the VFDA's Patch Chit program is an option.

The Patch Chit Program was created in honor of the late David Patch, the owner of Patch's Petroleum. Currently underway is the Split the Ticket campaign, which shares the cost of the fuel delivery ticket in a 50 percent split with the participating Patch Chit/Neighbor-in-Need Program fuel dealer.

VFDA members who take part in this program agree to donate a delivery of up to 150 gallons of heating oil, kerosene or propane to one of their own customers.

If the fuel dealer is unable to identify a customer for Split the Ticket, the VFDA will work with other local nonprofit organizations to find a recipient.

For more information, see [www.vermontfuel.com](http://www.vermontfuel.com). ☒



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...Continued from page 18

**Compared to last year:** North Carolina requested \$46,882,504. That figure does not include additional government funding and emergency contingency funds. Total received was \$130,171,566.

**How many served:** It is expected North Carolina will serve 703,871 this winter, while there were 637,597 the previous winter.

**Program starts/ends:** North Carolina's heating only assistance program runs from Nov. 2 to 14, 2009. Crisis assistance for heating and cooling is a year-round program.

**Eligibility levels:** The one-time payments are dependent on the number of approved households, where in the state they reside, total household income and heating type. Households approved for the one-time only payment must be at or below 110 percent of the federal poverty guidelines. Crisis recipients must be at or below 150 percent of the federal poverty guidelines.

**Changes from last year:** No changes are planned.

**Will economy and high unemployment numbers impact LIHEAP:** With the current state of the economy, we may see an increase in applicants.

**Emergency delivery changes:** N/A

**Questions:** Contact Dean Simpson, Chief of Economic and Family Services, North Carolina Division of Social Services, at (919) 334-1234 or by fax at (919) 334-1266.

**Ohio**

**Funding:** Ohio is anticipating the same amount of federal funding as last year (minus the contingency funding), which is \$220,588,000. There is no state funding for energy assistance in Ohio. Ideally, if the contingency funding of \$25,162,000 is released, we should be able to serve everyone who requests assistance.

**Compared to last year:** The funding would be the same as last year.

**How many served:** We expect to serve 410,000 households this year. Last year we served approximately 394,000 households.

**Program starts/ends:** We begin taking applications in August and continue until May 31 or until the funds are depleted. Our Winter Crisis Program runs from Nov. 1 through March 31 and our Summer Crisis Program ran July 1 through Aug. 31.

**Eligibility levels:** This winter we have decided to go with 200 percent of poverty, which is under 75 percent of the state median income in Ohio. For a family of four, their income cannot exceed \$44,100.

**Changes from last year:** None.

**Will economy and high unemployment numbers impact LIHEAP:** Yes, we do expect the state of

the economy and unemployment to have an impact on program participation. For the past few years we have seen the number of households requesting assistance increase and Ohio currently has one of the largest unemployment rates in the nation; so we expect the numbers to increase again this year. We raised the income guidelines to 200 percent of the federal poverty level to try to assist those households that are now unemployed or underemployed.



**Emergency delivery changes:** The only change in our Winter Crisis Program this year is that our maximum benefit for fuel oil and kerosene customers is reduced to \$600 from \$950 last year and the maximum benefit for propane is reduced to \$600 from \$750. Last year we increased the benefit amount in anticipation of large price increases in heating oil when in reality they leveled off.

**What dealers can do to help:** Most fuel oil vendors are very cooperative. However, we do have some that will not deliver until they receive the money rather than the intent to pay.

**Questions:** Contact Janet Cesner, Assistant Office Chief at the Office of Community Services, at (614) 644-6637, via e-mail at Janet.Cesner@development.ohio.gov or by fax at (614) 728-2823.

**Vermont**

**Funding:** The state will receive a \$25.6 million basic block grant.

**Compared to last year:** Same basic block grant but no contingency funds. Last year we had \$13 million in contingency funds.

**How many served:** There are 27,000 expected this year and there were 26,300 last winter.

**Program starts/ends:** July 15.

**Eligibility levels:** The levels will be the same as last year at 125 percent of the

poverty level for seasonal fuel assistance and 150 percent for crisis assistance.

**Changes from last year:** No.

**Will economy and high unemployment numbers impact LIHEAP:** Somewhat, but not as big as last year when record high summer fuel prices scared folks.

**Emergency delivery changes:** No.

**Questions:** Contact Richard Moffi, Fuel Assistance Program Chief, at (802) 241-1097.

**Virginia**

**Funding:** As of Sept. 28, the fiscal year 2010 LIHEAP appropriation is not known. Virginia does not receive any state funding for energy assistance. If Virginia receives the same level of funding as received in fiscal year 2009, we will receive about 118 million in LIHEAP block grant funding.

**How many served:** This winter we anticipate an increase of 15 to 20 percent over last year. Last year, through the Fuel Assistance component, we served just over 120,000 households.

**Program starts/ends:** Pre-printed applications are mailed to prior year recipients in late September; the walk-in application period runs from Oct. 13 to Nov. 13.

**Eligibility levels:** Levels are set at 130 percent of the federal poverty level.

**Changes from last year:** No.

**Will economy and high unemployment numbers impact LIHEAP:** Yes, we anticipate an increase in requests for assistance.

**Emergency delivery changes:** No changes.

**What dealers can do to help:** Review training materials, comply with billing instructions, include itemized bills for service and merchandise and bill the Department of Social Services as soon as possible.

**Questions:** Call Sandy Spady, (804) 726-7379.

**Washington, D.C.**

**Funding:** We anticipate approximately \$500,000 for oil assistance.

**Compared to last year:** The funding amount is about the same as fiscal year 2009.

**How many served:** In fiscal year 2008, 230 oil customers were served and in fiscal year 2009, we had 216 oil customers.

**Program starts/ends:** Our program starts on Oct. 1 and ends on Sept 30, which is the end of federal fiscal year.

**Eligibility levels:** District of Columbia residents whose household income meets the guidelines established annually by the U.S. Department of Health and Human services (60 percent of the state median income).

The breakdown for assistance is:

- \$20,180.00 for 1-person household

Continued on page 22...

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- \$26,389.00 for 2-person household
- \$32,598.00 for 3-person household
- \$38,807.00 for 4-person household
- \$45,016.00 for 5-person household
- \$51,225.00 for 6-person household
- \$52,389.30 for 7-person household
- \$53,553.60 for 8-person household and add \$1,164.30 for each person in household above 8 people.

**Changes from last year:** None, we live in a temperate climate, so we see no problems in deliveries unless there are extreme weather changes.

**Will economy and high unemployment numbers impact LIHEAP:** As in all other regions of the country, we believe that more people will be seeking energy assistance from us who find themselves unemployed and not able to keep up with their energy cost.

**Emergency delivery changes:** We will proceed on a case-by-case basis.

**What dealers can do to help:** Expand their efforts to get customers to be more energy efficient and provide materials that empower the customer to conserve energy.

**Questions:** Contact Keith Anderson, Director of the Energy division, at (202) 478-1417 or Willie Vazquez, Chief of the Affordability division, at (202) 671-3304.

### Wisconsin

**Funding:** We anticipate \$130,095,000 in LIHEAP funding.

**Compared to last year:** This is slightly less than received last year, but the amount received last year included \$17,512,170 of contingency (supplemental) funds. The amount received last year was \$147,607,700.

**How many served:** This year we expect to assist 280,000 households. Last year we assisted 178,340 households.

**Program starts/ends:** The program year starts on Oct. 1 and ends on May 15.

**Eligibility levels:** Income eligibility is limited to households at or below 60 percent of the state median income. For a family of four, that would be \$45,067.

**Changes from last year:** No.

**Will economy and high unemployment numbers impact LIHEAP:** Yes, but for Wisconsin the biggest cause for change is that we moved to 60 percent of state median income. Last year the income limit was at 150 percent of the federal poverty level.

**Emergency delivery changes:** No.

**What dealers can do to help:** Communicate with the local WHEAP offices.

**Questions:** Call the local WHEAP offices. If dealers need the correct contact information, it can be obtained by calling (866) 432-8947 or visiting our Web site, [homeenergyplus.wi.gov](http://homeenergyplus.wi.gov).



## Maine Group Embraces New Name

**THE RECENT OILHEAT INDUSTRY SUMMIT IN** Baltimore—where national, regional and state associations overwhelmingly approved a move to an ultra-low sulfur diesel and biofuel product—also reinforced to those in attendance that while customers liked Oilheat, they had many misconceptions about it.

With the advancements in fuel in mind, the Maine Oilheat Dealers Association (MODA) recently announced it would be changing its name to the Maine Energy Marketers Association (MEMA).

“Data has indicated that the public perception of Oilheat and our dealers is changing,” said MEMA President Jamie Py. “While customers love the dealers, they are exploring alternatives and need to hear from the dealers as to all options available. The future is clearly green. Our products and services are green, although the customer doesn’t necessarily view what we do that way.”

In addition, Py said that Maine Oilheat dealers are involved with the majority of propane and solar hot water systems sales, as well as the pellet business.

“Our name has to reflect what we are doing today as well as where we are going tomorrow,” he said.

Even though the name change is just a subtle difference, it provides a way for the entire Oilheat industry to market itself as being on the forefront of the efficiency movement, according to Py.

“We have hundreds of green collar experts right now,” he said. “Think about what a heating oil service department really does. Anytime a service technician fixes or maintains a boiler, installs controls, upgrades equipment or adds the latest technology,

that technician is doing one critical thing—ensuring that that heating system delivers the greatest amount of heat in the most efficient way with the least amount of fuel.”

Even without specific training, service technicians are capable of accomplishing numerous green goals, according to Py, such as reducing the amount of fuel consumed, reducing the cost of heating a home, reducing America’s dependence on foreign energy and lowering the customer’s carbon footprint.

Py suggests MEMA members adopt other key terms and phrases in order to enhance the industry’s perception as one promoting efficiency and conservation.

“We’ve been telling people to have their boiler ‘cleaned’ once a year, so the customer thinks their system is dirty,” he said. “We should all be talking in terms of energy conservation, which is exactly what maintenance work is: an energy efficiency checkup. The service department needs to be the energy conservation department and service agreements should be energy conservation agreements.”

Py is now working to inform energy marketers throughout the state about the changes so they can properly inform their customers as well.

“We have a bill stuffer, an Oilheat system report card, that uses the new language and focuses on Oilheat’s green qualifications,” he said. “We also are providing a six-page folder that summarizes the salient points of the purpose and direction we are embracing. We are also providing marketing help and seminars to assist dealers with their transition.”

For more information, visit their Web site at [www.maineenergymarketers.com](http://www.maineenergymarketers.com).

### OHIO MARKETERS NAME RHOADS AS PRESIDENT

The board of directors of the Ohio Petroleum Marketers and Convenience Store Association (OPMCA) has named Jennifer Breech Rhoads as the new president and CEO of the organization.

She succeeds Roger Dreyer, who retired recently. Rhoads has served as the association’s chief legal counsel since 1999.

Prior to the OPMCA, Rhoads served as an assistant attorney general under Ohio Attorney General Betty Montgomery. She is the first woman to be named as president and CEO of the organization in its 90-year history.

As general counsel of OPMCA, she has been responsible for handling regulatory and legal issues for the industry. Rhoads has worked closely with state agencies, lawmakers and other regulators on behalf of the association’s membership.



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It would allow states to plan their programs earlier and set eligibility levels prior to the beginning of the winter heating season.

**Last year, many states expanded the program to cover more families by changing the application criteria in the face of rising fuel costs. Have changes such as these carried through for this year?**

Yes, those will still be in effect.

**Has the continued recession changed LIHEAP criteria this year as well? If so, how?**

States are planning to maintain the same higher eligibility levels that they approved last year in order to help low-income working families.

**What effect does LIHEAP have on helping people focus on other costs, such as mortgages, medical bills or food?**

Many low-income families have to choose between paying for their winter heating bill and other essentials, such as medicine, food and shelter. By paying part of a family's energy bill, LIHEAP can help these families stay warm without having to reduce expenditures for basic needs.

**In light of the recession and volatile fuel costs, are there any substantial changes LIHEAP should incorporate in order to provide the best benefits?**

LIHEAP provides states with considerable flexibility in setting benefit and eligibility levels. The key issue is funding. LIHEAP is not an entitlement like Food Stamps, where the U.S. Treasury will provide funding as long as there are applicant eligible households. In the case of LIHEAP, when the money runs out, the program ends. For states, the key to providing adequate benefits is having adequate funding.

**What can heating oil and propane dealers do to help LIHEAP participants and the state administrators with the program?**

One of the key areas that they can help is letting their customers know early in the year that LIHEAP is available and how to apply for help. Heating oil and propane dealers, as well as their associations, have done a great job supporting the Northeast delegation on LIHEAP over the years. That's one reason we were able to achieve the \$5.1 billion. We definitely appreciate your efforts. ☑

## Coordinating LIHEAP

### D.C. Group Helps State Energy Assistance Efforts

**ALTHOUGH THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) ONLY RUNS** during the heating season in most states, there is a year-round effort to push for funding and refine the process to make it easier on households, fuel dealers and the government.

As executive director of the National Energy Assistance Directors' Association (NEADA), Mark Wolfe is involved in all of those aspects of the program. NEADA serves as an educational and policy center for state LIHEAP directors, conducting research on the program and presenting the findings to the directors, the media and before Congress.

*Oil & Energy* recently talked to Wolfe about the current state of LIHEAP, including what impact the economy may have on the program and what fuel dealers can do to help the program run smoothly.

**Could you explain what NEADA is, who the members are and what its mission is?**

The National Energy Assistance Directors' Association is a non-profit association representing the state directors of the Low Income Home Energy Assistance Program. The purpose of NEADA is to conduct research on low-income energy assistance, including energy pricing, arrears, shut-offs and public health issues.

**Congress has authorized \$5.1 billion for LIHEAP for the second consecutive year, nearly double the total 2008 appropriation. Has this been a sufficient allocation for the program? What impact has it had on benefits?**

The increase in benefits has allowed states to increase the number of households served

from 5.8 million to 7.6 million. In addition, many states have raised their eligibility ceilings in order to allow more working families to qualify for assistance.

**How many people are expected to participate in LIHEAP this year? How does this compare to recent years?**

We are expecting the number of households to again reach record levels as more families who have lost jobs apply for assistance.

**How come there is a \$5.1 billion limit for LIHEAP? What amount is NEADA looking for Congress to approve for 2011?**

This is the authorized level for funding. Congress increased it to address rising energy prices. We will be requesting \$5.1 billion for fiscal year 2011. If Congress considers a second stimulus bill, we will request supplemental funding to address the energy needs of the newly unemployed.

**In the past, Congress has approved LIHEAP funds late in the year. How would approving them earlier aid the program?**

*"Heating oil and propane dealers, as well as their associations, have done a great job supporting the Northeast delegation on LIHEAP over the years. That's one reason we were able to achieve the \$5.1 billion."*

— NEADA Executive Director Mark Wolfe

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## Conservation Made Simple

### ECC Offers Tips for Consumers

**OILHEAT RETAILERS IN THE NORTHEAST ARE** telling consumers that it's not too late for them to save on winter heating costs by tuning up their heating oil systems and taking other simple, practical steps to conserve energy.

New oil furnaces are highly efficient, but an annual tune up also keeps existing equipment functioning at top performance, according to the heating oil industry's Energy Communications Council (ECC). Properly maintained boilers and furnaces can operate at higher temperatures, while burning less fuel, and thus reduce heating bills by up to 10 percent.

"Consumers can save on their heating costs, conserve energy, and help the environment when they tune up their heating systems before winter," ECC spokesman Kevin Rooney said.

**"Many Oilheat consumers across the country use budget billing because they like the convenience and certainty of having one heating expense figure to plug into their monthly home or business budget."**

— Kevin Rooney, Energy Communications Council

"There are also many easy and cost-effective ways to use less heating oil and lower other energy costs in the home or office," said Rooney. He advises dealers to direct their customers to the Web site [www.oilheatamerica.com](http://www.oilheatamerica.com) for additional useful information on how to stay warm and conserve energy year round.

In addition to the ease of automatic delivery based on degree-day usage, consumers

should also be told about the financial benefits of a budget payment plan for their energy purchases that can spread out fuel oil costs at the same monthly level throughout the year.

"Many Oilheat consumers across the country use budget billing because they like the convenience and certainty of having one heating expense figure to plug into their monthly home or business budget," Rooney said.

The ECC also offered up a list of tips that energy retailers can pass on, such as:

- Get a heating system tune up—it'll ensure you get maximum performance from every drop of heating oil burned.
- Open shades and drapes when the sun is out to let it help warm your home. Close them when the sun goes down.
- Turn back the thermostat at night or when you are away from home; for every degree you lower your thermostat for 8 hours or more each day, you'll save 2 percent on your heating bill.
- Wrap your pipes to guard against heat loss and prevent them from freezing.
- Stop drafts by eliminating any gaps between your door and the threshold on the floor. Use a bottom seal that can be attached to the bottom of the door—it should brush up against the floor to seal up the threshold.
- Caulk or re-caulk exterior spaces between the windows and walls of your home.
- Close your kitchen vent, fireplace damper and closet doors when not in use.
- If you have central air conditioning, close your vent(s) to the outside.

- Remove air conditioning window units, or cover them to keep cold air outside.

- Keep radiators and registers free of dust for top efficiency.

In addition to those simple tips, the ECC has other recommendations that can greatly increase efficiency for most customers.

- Replace heating systems that are more than 20 years old.

- Upgrade your oil furnace or boiler—modern versions can cut costs by as much as 15 percent.

- Replace your furnace or boiler fuel economizer.

- Make sure you have good insulation on exterior walls, ceilings with cold spaces above and floors with cold spaces below.

- Install or close storm windows. Consider new glass designed to decrease radiant heat loss without lowering visibility.

For more information regarding practical energy saving tips, dealers are encouraged to have customers contact their state or regional heating oil association or to visit [www.oilheatamerica.com](http://www.oilheatamerica.com).

The ECC is comprised of the New England Fuel Institute (NEFI), the Delaware Valley Fuel Dealers' Association, the Empire State Petroleum Association, the Maine Energy Marketers Association, the Massachusetts Oilheat Council, the Fuel Merchants Association of New Jersey, Oil Heat Comfort 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 (NORA). ☐

**DOE CAMPAIGN ENCOURAGES EVERYONE TO 'STAY WARM, SAVE MONEY'**

Fall is here (in the Northern Hemisphere, that is), and as thoughts turn to the coming colder weather, the Department of Energy (DOE) has launched a new Web site and educational campaign to help people be more energy efficient and save on their energy costs this winter.

Titled "Stay Warm, Save Money," the campaign focuses on providing simple, cost-effective, energy-saving solutions for individuals and small businesses that heating oil retailers can pass on to customers. The "Stay Warm, Save Money" Web site lists no-cost and low-cost energy-savings tips, financial assistance links, long-term solutions for saving energy, and a blog that covers energy-saving topics. You can also find information on performing an energy audit to find out where your home or business is losing energy. See more at [www.energysavers.gov](http://www.energysavers.gov).

**G20 NATIONS COMMIT TO PHASE OUT FOSSIL FUEL SUBSIDIES**

The 20 leaders of the world's top industrialized nations, as well as key countries with developing economies, have agreed to phase out their subsidies for fossil fuels.

In a concluding statement from the Group of 20 (G20) Summit—held in Pittsburgh, Penn.—the nations' leaders agreed to "phase out and rationalize over the medium term inefficient fossil fuel subsidies."

The G20 leaders also called for targeted support for poor people that would be impacted by higher prices for fossil fuels. The leaders noted that "inefficient" fossil-fuel subsidies "encourage wasteful consumption, reduce our energy security, impede investment in clean energy sources, and undermine efforts to deal with the threat of climate change."

According to President Barack Obama, the agreement will phase out nearly \$300 billion in global subsidies for fossil fuels. And as noted in a White House fact sheet, the Organization for Economic Cooperation and Development and the International Energy Agency estimate that eliminating fossil fuel subsidies worldwide would cut global greenhouse gas emissions by 10 percent or more by 2050.

According to a new report from the Environmental Law Institute (ELI), the United States has a long way to go in phasing out fossil fuel subsidies. The report reviewed fiscal years 2002-08 and found that fossil fuels benefited from about \$72 billion in subsidies over the seven-year period, while subsidies for renewable energy and fuels totaled only \$29 billion.

Of the fossil fuel subsidies, \$70.2 billion went to traditional sources such as coal and

oil, while \$2.3 billion went toward carbon capture and storage. In addition, more than half of the subsidies for renewable energy and fuels went to corn-based ethanol.

**OBAMA ORDERS FEDERAL AGENCIES TO TRIM GREENHOUSE GASES**

President Barack Obama signed an executive order in October that sets sustainability goals for federal agencies and focuses on making improvements in their environmental, energy and economic performance. The Executive Order requires federal agencies to set a greenhouse gas emissions reduction target for 2020 within 90 days.

It also requires federal agencies to increase their energy efficiency, reduce the petroleum consumption of their fleets, conserve water, reduce waste, support sustainable communities, and leverage their federal purchasing power to promote environmentally-responsible products and technologies.

In his order, Obama requires agencies to meet a number of energy, water and waste reduction targets, including reducing their vehicle fleet petroleum use by 30 percent by 2020; beginning in 2020, designing all new federal buildings to achieve net-zero energy use

by 2030; and meeting sustainability requirements in 95 percent of all applicable contracts.

Within 180 days of the order, the federal government will also develop guidance for locating federal buildings in a manner consistent with sustainable development.

**GINA REQUIRES EMPLOYERS TO DISPLAY POSTER**

On Nov. 21, 2009, the Genetic Information Nondiscrimination Act (GINA) of 2008 will go into effect. This act is intended to prevent employers from discriminating against individuals based on genetic tests and information.

The Equal Employment Opportunity Commission (EEOC) poster may change to include information about the Genetic Information Nondiscrimination Act, as well as the Family Medical Leave Act (FMLA) poster. All covered employers are required to post the most recent EEO notice along with the five other required federal posters.

The act affects all private employers with 15 or more employees, certain public sector employers and employment agencies and labor organizations. Failure to display all state and federal posters can lead to fines of up to \$17,000.

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## New Jersey

### UST FUND LAW SIGNED

In early October, Gov. Jon Corzine signed legislation into law expanding access to the Underground Storage Tank (UST) Fund and requiring written confirmation of the award of financial assistance. The legislation was sponsored in the Assembly by Assemblywomen Connie Wagner and Bonnie Watson-Coleman, and in the Senate by Sens. Robert Gordon and Steve Oroho.

Among other changes, the new law requires the New Jersey Economic Development Authority (NJEDA) to provide homeowners a 45-day guarantee that they will receive funding for the voluntary replacement of a non-leaking UST provided the work is completed in that time, and they are otherwise eligible. The new law will also allow the proactive replacement of USTs 2,000 gallons or less at nonprofit facilities.

In addition, the law harmonizes the reimbursement schedule for work done under thenon-leaking tank program with work done under the leaking tank program administered by DEP. The changes take effect immediately.

## Vermont

### CLEANUP FUND NEARLY EXHAUSTED

The Petroleum Cleanup Fund Advisory Committee met recently to discuss the status of the dwindling fund. The committee, which includes Vermont Fuel Dealers Association (VFDA) President Peter Bourne and Executive Director Matt Cota, voted to make an emergency transfer of \$250,000 from the motor fuels account to the heating fuel account.

Even with the transfer, the heating fuel balance is now less than \$75,000. The motor fuels account is also financially unsound, due to the legislature raiding nearly \$3 million from the fund to pay for a "sales tax holiday." Due to the lack of funds, some cleanups will be delayed and the low income tank replacement program has been suspended.

There is a proposal to increase the fee on heating fuel from a half cent to 1 cent. However, even if approved by the legislature, the money will not address the immediate shortfall without a transfer of funds.

### PELLET STOVE SAFETY ISSUES REPORTED

Vermont fire officials are investigating reports of problems with pellet stoves and outdoor furnaces. According to the recent newsletter by the Division of Fire Safety most of the problems are with stoves that are not properly maintained or cleaned.

Unlike regular wood stoves, pellet stoves contain special vent tubes, motors, fans, electronics and electrical features. These

items must be maintained to ensure that the stove functions properly. In addition, an outdoor wood furnace is under investigation by DFS, the U.S. Consumer Product Safety Commission and the State of Vermont Attorney General's Office. According to fire officials, the temperature gauge on the "WoodMaster AFS 900 Outdoor Furnace" can fail and cause fire in the fuel storage hopper, posing a fire and burn hazard to consumers.

## Pennsylvania

### ALTERNATIVE FUEL PROJECT FUNDING ANNOUNCED

Department of Environmental Protection Secretary John Hanger recently announced the opening of reimbursement grant funding for clean, alternative fuel transportation projects in Pennsylvania, and investment in Pennsylvania's energy sector.

"The primary goals of the Alternative Fuels Incentive Grant Program, or AFIG, are to improve Pennsylvania's air quality and reduce consumption of imported oil through the use of homegrown alternative transportation fuels like biodiesel, natural gas and electricity that will help the state's economy and environment," Hanger said.

A total of \$7 million is available for innovative, advanced fuel and vehicle technology projects resulting in cleaner advanced transportation within the state. Funding is available for school districts, municipal authorities, political subdivisions, nonprofit entities, corporations, limited liability companies or partnerships incorporated or registered in Pennsylvania to retrofit fleet vehicles to operate on alternative fuels, subsidize the cost of the purchase of an alternative fuel vehicle for a fleet or subsidize the cost to install fleet refueling equipment for alternative fuel vehicles or support next phase advanced research, development and training related to alternative fuels and alternative fuel vehicles.

AFIG grants also subsidize school districts, political subdivisions and nonprofit entities for the incremental cost to purchase biofuel and refueling and storage equipment or related tank cleaning.

Funding is also available for qualified renewable fuel producers to receive reimbursement of up to 10 cents per gallon of renewable fuels produced in a calendar year up to 12.5 million gallons.

"We have the resources and the know-how to promote and build markets for advanced or renewable energy transportation technologies," said Hanger. "Stimulating ways to power vehicles with domestic, cleaner fuels is vital to the security and health of all Pennsylvanians."

## New Hampshire

### STATE SUBMITS APPLIANCE REBATE PROGRAM TO FEDERAL GOVERNMENT

The New Hampshire Office of Energy and Planning (OEP) recently announced the agency has submitted a State Energy Efficient Appliance Rebate Program plan to the Department of Energy.

The innovative proposal, developed in collaboration with a variety of stakeholders, will offer \$1.2 million in rebates to New Hampshire residents for the purchase and installation of solar-thermal hot-water systems and for upgrading heating systems, including boilers, furnaces and hot-water heaters to more energy-efficient models.

This plan is designed to:

- Save the greatest amount of energy;
- Compliment existing programs;
- Result in a high rate of recycling older and less efficient appliances; and
- Assist and encourage market transformation of renewable energy.

By leveraging existing programs such as the Renewable Portfolio Standard-funded programs, System Benefits Charges and federal tax credits, OEP has developed a plan that will maximize the environmental and economic impacts of this rebate program, while ensuring the state meets the DOE's objectives of achieving the greatest possible energy savings, and stimulating economic activity and job creation.

The rebate will be available to New Hampshire residents who are replacing an existing appliance listed under the program. Savings for residents, in some instances, could be as high as 50 percent for replacing a wasteful and inefficient hot-water heater, boiler or furnace.

OEP anticipates a decision on its proposal from DOE by the end of the year. If approved, rebates are expected to be available in early 2010 through late 2012 or until funding is depleted, whichever comes first and the rebate will not be available to prior purchases.

For more detailed information on this rebate program, visit OEP's Web site at [www.nh.gov/oep/recovery/seearp.htm](http://www.nh.gov/oep/recovery/seearp.htm). For more details on OEP's Appliance Rebate plan, visit their Web site at [www.nh.gov/oep/](http://www.nh.gov/oep/) or contact Kate Vattes at (603) 271-0598 or via e-mail at [kathleen.vattes@nh.gov](mailto:kathleen.vattes@nh.gov).

## Massachusetts

### BIOHEAT MANDATE STILL ON TRACK

The Massachusetts Oilheat Council (MOC) has fielded many questions in recent weeks concerning a delay in the 2010 Massachusetts biofuels mandate. The mandate has not been delayed, but the wholesaler/

terminal requirements for the introductory year have been modified.

As MOC reported earlier, following a formal announcement by Massachusetts state energy officials in late August that the mandated 2 percent volume of biofuel for both home heating oil and diesel fuel starting in July 2010 would be waived for the first year of the program, MOC moved quickly to try and clarify the status of the program.

In a conference call arranged by MOC with officials from the Massachusetts Department of Energy Resources (DOER) and MOC's wholesale members, MOC attempted to gain further clarification on DOER's announcement so that wholesalers could begin mapping out infrastructure improvements and supply strategies to meet the mandate.

"This has been a frustrating process for MOC and our wholesaler partners," said MOC President Michael Ferrante. "Our wholesalers are committed to meeting the 2010 mandate and trying to reshape the Oilheat industry, but the state continues to create more hurdles for our terminal operators and leave important questions unanswered."

Here's where the biofuel mandate stands at this point in time:

State energy officials continue to say they are committed to the mandate and ultimately fulfilling the law's requirement to meet the 2 percent blend by waiving mandated volume for the first year of the program but giving wholesalers "Early Action Credits" for all gallons of "qualified petroleum distillate substitute fuels" sold in 2010. Credits may then be applied to the second year mandate obligations.

"Waste" feed stocks are currently the only "qualified" biofuels that can be blended with distillate to meet the mandate. Virgin oil products such as soy and palm will not qualify under the mandate until the U.S. Environmental Protection Agency determines these products meet a protocol for reducing greenhouse gas emissions by 50 percent.

DOER will announce by Dec. 31, 2010, whether the second year of the biofuels mandate will be at the 2 or 3 percent level.

DOER will propose regulations that call for mandatory reporting by wholesalers on heating oil and diesel fuel sales in gallons, the testing of all shipments of distillate to demonstrate the content of "non-qualified" biodiesel from B0 to B5 levels, and proof of "qualified" biodiesel volume sold for "Early Action Credit."

Final draft regulations from the state on the biofuel mandate will be prepared by Dec. 31, 2009, for public comment, with final regulations promulgated by May 2010.

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The Biofine process used at the Gorham, Maine, facility results in three useful products: ethyl levulinate which can be used as a fuel; formic acid, which can be sold commercially and a char that can be used to power a facility.

byproducts from the feedstocks being tested.”

However, a 50 ton-per-day facility is currently being planned for Old Town, Maine, which will use forest biomass from the same sources that supply large biomass-fired power plants throughout the region.

### THE BIOFINE PROCESS

Using its ability to refine numerous types of biomass through its high-temperature, acid-catalyzed process, Biofine creates three products: levulinic acid, which is then further processed to produce EL; formic acid and furfural; and a byproduct, carbonaceous char, that can be burned or gasified to produce steam and/or electric power in quantities that exceed the needs of the process, according to Nace.

“Because we can produce (formic acid) at a much lower cost than the current commercial production process reflected in the worldwide market, the range of uses of formic acid are forecast to grow dramatically,” Nace said. “Further, the process also produces a carbon-rich char, which is suitable for burning in a biomass boiler and will produce more energy than is needed by the process. Thus, the Biofine process is totally energy self-sufficient.”

With the experience gained from two pilot plants and the planned 50 ton-per-day facility in Maine, Nace said the plan is for continued expansion into facilities that can take advantage of Biofine’s unique properties.

“Biofine plans to scale up to multiple 1,000 ton-per-day commercial plants,” he said. “Exhaustive modeling and known yields assure us that at that scale we can profitably produce EL at prices that are competitive in today’s heating oil market. A key element of the commercialization strategy is to roll out these production facilities in areas with high levels of heating oil consumption, which also happen to have available sources and forest biomass, and also underutilized industrial facilities at which these biorefineries can be co-located.”

The Biofine business model calls for licensing the technology at different facilities on a case-by-case basis, but Nace said that despite being a capital-intensive process, the growing importance of renewable fuels and availability of existing facilities makes it viable.

“The demand for heating oil is concentrated in areas of the country where there are also large concentrations of forest biomass, our primary feedstock,” he said. “These same areas are home to industrial assets based on forest biomass, which are now underutilized due to changes in the international competitive position of the American pulp and paper industry.”

## Maine Attraction

### Industry Delegation Tours Biofuel Plant with Commercial Aspirations

**WITH THE HEATING OIL INDUSTRY RECENTLY** showing support for a move toward rapid adoption of an ultra-low sulfur diesel biofuel base stock, many businesses have been busy developing innovative and efficient ways to create biofuels to be used for blending.

These companies have taken different approaches to creating renewable fuels for this use, including a variety of feedstocks and refining processes. One of those companies, Biofine Inc., recently hosted National Oilheat Research Alliance (NORA) representatives at their pilot plant in Gorham, Maine, to look at the possibility of including the company’s biomass-created fuel in an Oilheat blend.

Biofine creates a product called ethyl levulinate (EL) to be used as a home heating oil blendstock. According to Paul Nace of Biofine, the company worked with Texaco several years ago to evaluate the potential of (EL) as a diesel fuel blendstock. Texaco concluded that a blend of 20 percent EL, 1 percent co-additive and 79 percent diesel can be developed that meets or exceeds the ASTM D-975 diesel fuel standards and exceeds the standard in several respects.

However, EL is currently categorically excluded from both the ASTM Diesel (D-975) and Biodiesel (D-6751) specs because it is not a petroleum distillate and not derived from vegetable oils or animal fats, according to Nace.

“The current 1 ton-per-day pilot plant in Gorham, Maine, has been operated with a variety of feedstocks ranging from forest biomass and pulp to food wastes,” said Nace.

In addition, Nace said the Biofine process can accommodate virtually any cellulosic biomass, ranging from agricultural waste such as sugar cane and corn stover to forest biomass, construction and demolition waste and the cellulosic portion of municipal waste.

Biofine now is working with Dr. Tom Butcher at Brookhaven National Laboratory

to conduct the necessary testing to establish an ASTM standard that includes the EL produced by Biofine. NORA is working with Biofine in supporting this effort at Brookhaven, according to Nace.

### LONG-TERM DEVELOPMENT

The Biofine process has actually been refined and expanded for two decades, with initial test work being conducted in the late 1980s at the National Renewable Energy Laboratory in Golden, Colo., and funded jointly by Biofine and the New York State Energy Research and Development Authority (NYSERDA).

At that time, Biofine developed a system that produced high yields of levulinic acid and another substance called furfural from biomass, demonstrated over a wide range of operating conditions.

The next step was a reactor system installed at Dartmouth College in New Hampshire under a grant from Biofine and NYSERDA.

In 1997, the reactor system was scaled up to 1 dry metric ton per day of biomass in a pilot plant built in South Glens Falls, N.Y. This work was supported under a grant from the U.S. Department of Energy and NYSERDA, and co-funded by Biofine. This project demonstrated that high yield levels of levulinic acid were obtainable in a multi-day operation at an increased scale, according to Nace.

In 2006, the 1 dry metric ton per day plant was moved from New York to its current location in Gorham, Maine, where the plant is capable of sustained multi-day operation.

“The Biofine pilot plant in Gorham, Maine, is designed for development, process testing and feedstock evaluation, not production,” Nace said. “It is not operated to produce product on a long-term basis. Outputs are used for the validation of yields of products and

In addition to the facilities, concentrating operations in locations with these biomass capabilities has potential workforce and development advantages.

“From feedstock harvesting to plant operations, jobs may be retained and created in regions of the country suffering significant job losses within the pulp and paper industry,” said Nace. “Further, many have existing permitted capacity sufficient to accommodate a biorefinery, thereby dramatically accelerating the project development timeline.”

**LOOKING AHEAD**

The timeline for the proposed demonstration project provides for full production at the 50 ton-per-day of feedstock rate four years after project approval, according to Nace. Commissioning of the first commercial biorefinery is then set to occur within three years of that. That facility will be focused on large-scale production of EL for use as home heating oil.

The first step is getting the 50 ton-per-day plant operating, which Biofine is currently working on.

“Biofine has recently applied for a grant from the Department of Energy that focuses on integrated biorefineries,” Nace said. “If our application is successful, we will be able to build and operate the 50 ton-per-day demonstration facility much sooner than if such support were not available. This is the last step before full commercialization of the technology.”

In addition, Nace said that as an advanced biofuel, he expects EL to be able to qualify for the federal tax credit programs currently in place for biofuels.

As the heating oil industry continues to lobby for the government to adopt feedstock-neutral biofuel policies, Biofine is looking for a similar outcome.

“As a matter of national policy, we believe that government should support all financially sound emergent technologies that lead to biofuels and not favor just one or a few approaches, e.g., ethanol,” said Nace.

He also sees the work of NORA and the industry as a whole supporting companies such as Biofine that can provide a petroleum-free and green fuel.

“In adopting biofuel content objectives, the industry has set a course that we think will position it well for the future,” Nace said. “We applaud the recent strategic direction announced by the Maine Energy Marketing Association, formerly the Maine Oil Dealers Association, in realizing that they are actually energy suppliers, not just oil dealers. This allows them to be on the right side of the issue, embracing the future.”

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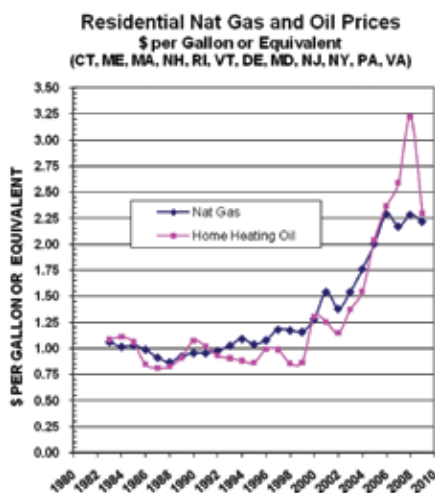


## Oilheat Provides Better Value Historically OMA Report Highlights Long-term Advantage Over Natural Gas

**WHILE THE PRICE OF FUEL OIL DID NOT COMPARE** favorably to natural gas the last two years as oil reached record highs, it has still been the less expensive option for 12 of the last 18 years, according to a recent report from the Oilheat Manufacturers Association (OMA).

The report, prepared by OMA Technical Director John Batey, compares recent and historic residential fuel oil and natural gas prices. Historically, natural gas prices have been higher than home heating oil in the regions of the United States where Oilheat is common, but for two years oil prices increased, according to the data. For 2009, residential oil and gas prices are again very close to natural gas and show a long-term price parity that is expected for competing fuels, Batey found.

Using data from the U.S. Department of Energy (DOE), Batey summarized the average state prices for the period from 1983 through 2009, shown in the accompanying graph titled “Residential Nat Gas and Oil Prices.”



The graph shows that in 2005 and 2006 residential oil and gas prices were very close, but in 2007 and 2008 oil prices increased while natural gas prices departed from the prior five-year trend and remained level. Oil prices increased above gas in 2007 and 2008. However, in 2009 oil prices dropped substantially and are now again very close to gas prices. It is important to look at long-term pricing trends of oil and gas to assess their impact on residential customers, according to Batey.

- The graph created by OMA also shows:
- For the 10 years from 1983 to 1992, oil and gas prices were similar (for equal heating values) with up and down variations year to year. The average price of oil was \$.965 per gallon and gas was \$.97 per gallon equivalent. Price parity was observed.
  - For the next 7 years from 1993 to 1999, oil prices were 18 percent lower than natural gas, with oil prices averaging \$.904 per gallon and gas at \$1.11 per gallon equivalent.
  - For the next 7 years from 2000 to 2006, oil prices averaged 9 percent lower than natural gas, with oil prices averaging \$1.57 per gallon and gas at \$1.68 per gallon equivalent.
  - For 2007 and 2008, oil prices were higher than natural gas as oil prices rose and gas prices broke from historic trends and remained steady. In 2009, oil and gas prices are very close again.

Batey summarized the results of the data: Oil prices were higher than natural gas in 2007 and 2008, but are very close in 2009.

Oil prices were lower than natural gas for the periods from 1993 to 1999 and 2000 to 2006.

Oil prices have been lower than natural gas 12 out of the last 18 years.

Long-term oil and gas prices are nearly

equal over the past 27 years (1983 to 2009) with oil at \$1.30 per gallon and natural gas at \$1.32 per gallon equivalent.

While future trends cannot be predicted with certainty, price parity between the two interchangeable fuels seems most likely in the long term.

### EXPECTED VERSUS ACTUAL OIL PRICES

Batey also looked at residential oil price increases compared to other consumer products from 1983 to 2009 by using the Consumer Price Index (CPI) in his report. The graph labeled “Residential Oil Prices” plots projected residential oil prices based on the CPI plotted with actual oil prices, starting with 1983 as the base year. The CPI price adjustment is based on data from the U.S. Department of Labor, Bureau of Labor Statistics.

From 1983 to 2005, actual oil prices are far lower than expected when CPI adjustments are applied to home heating oil, according to the report. In 2006, 2007 and 2008 oil prices were higher than expected using the CPI index, but in 2009 actual fuel prices are below the expected price using 1983 oil prices adjusted each year by the CPI.

In 1983, the average residential oil price in the states that were evaluated was \$1.09 per gallon. The upper line in the graph shows the expected price for oil when it is adjusted each year by the CPI, which increases reflecting the gradual increase in cost of the average consumer product.

This line shows that if oil kept pace with other consumer products, oil prices would have increased gradually from 1983 through 2009. Oil prices would have risen from \$1.09 to \$2.35 over that 27-year period, according to Batey’s research.

The lower plotted line in the graph shows actual oil prices based on U.S. Department of Energy fuel price publications. Oil prices actually dropped from 1984 to 1987 and then cycled up and down with an average price that was less than \$1 per gallon until the year 2000.

Over that same period, consumer prices continued to rise. For example, in 1999 the average oil price was \$.87 per gallon, while the projected price based on adjustment by the CPI was \$1.82 per gallon. Heating oil consumers benefited from much lower than expected oil prices and heating costs that were 53 percent less than expected if oil prices increased at the same rate as the average consumer product, according to the report.

Oil prices increased to \$1.30 a gallon in 2000, but then decreased again in 2001 and 2002 to \$1.27 and \$1.15 a gallon, respectively. These were still far below the CPI-adjusted

price for oil of \$1.88, \$1.93, and \$1.96 per gallon for 2000, 2001 and 2002, respectively.

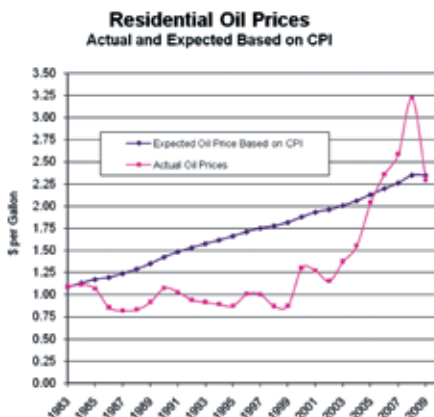
Average oil prices rose in 2003 to 2005. However, even with these increases, the actual price in 2005 was \$2.02 per gallon, which is less than the CPI-adjusted value of \$2.12 per gallon using the base year of 1983. In 2006, 2007 and 2008, oil prices rose above the CPI-adjusted oil price for the first time in 22 years, but then dropped down again below the CPI line in 2009, as shown in the graph.

The rise in residential heating oil prices over the past two and a half decades is less than the average of consumer products, according to Batey. The graph shows that home heating oil prices have been much lower than expected except for the brief period from 2006 to 2008. Actual fuel oil prices from 1983 through 2009 averaged \$1.31 per gallon, while the CPI-adjusted average price for the same time period is \$1.70 a gallon. Oil was \$.39 a gallon lower.

Therefore, for the past 27 years, the average cost to heat homes with oil has been 30 percent lower than expected if oil prices had increased at the same rate as other consumer products. This represents a fuel

costs savings of \$10,000, on average, per home heated with oil over the past 27 years.

While oil prices increased in 2007 and 2008, they are now decreasing again, and oil consumers have enjoyed 22 years of low oil prices and low heating costs, according to the



data. The area below the CPI from 1983 to 2005 is much greater than the area above the CPI line from 2006 to 2008. This graphically

shows the net savings produced by historically low oil prices and that oil prices were lower than expected for 20 years.

#### FURTHER INCREASING VALUE

In addition, higher fuel prices can be offset by investing in a range of energy conservation activities that have been demonstrated by Brookhaven National Laboratory and other independent research agencies, Batey said in the report.

One way to increase fuel efficiency is by the installation of modern high-efficiency oil heating equipment that can lower fuel use by as much as 50 percent in some cases, based on recent studies. Many of these equipment upgrades offer substantial cost savings and are economically attractive, with returns on investment of 30 percent to 50 percent or more, in some cases.

For any questions you may have about the information provided by the OMA, or if you would like information on energy conservation opportunities with Oilheat, contact the Energy Research Center at (203) 459-0353 or [erc@optonline.net](mailto:erc@optonline.net), or OMA at (802) 325-3509. ☒



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[donna@nefi.com](mailto:donna@nefi.com)





Bioheat to the focus group was making sure their current home heating oil provider would be able to provide the product.

On Sept. 15, in Baltimore, Md., the National Oilheat Research Alliance (NORA) states convened to ratify a new direction for Oilheat. By July 2011, all heating oil will be ultra low sulfur diesel (ULSD) blended with biodiesel.

In the interest of lowering the carbon intensity of heating oil applications, training will be provided to heating oil companies on thermal solar applications. Industry leadership should be congratulated on collectively coming together to forge a new path for Oilheat.

State associations will be busy this year speaking with lawmakers about the voluntary action being taken by the Oilheat industry to improve the fuel's carbon footprint. Please take the time this year to drive to your state capital to make the case for the future of our industry. Oilheat companies provide jobs and support the local economy and community.

Over the past 25 years, people have watched and listened to natural gas commercials touting their product as the cleaner fuel, while Oilheat has been portrayed as dirty and bad for the environment. The advertising has worked and, as a result, Oilheat has forfeited market share to natural gas over the past 10 years.

ULSD blended with 12 percent Biodiesel fired by a high efficiency non-condensing oil boiler, when compared to a natural gas condensing boiler, will result in lower annual CO2 emissions. Currently, a committee is being formed by NORA and the NBB to begin the approval process for biodiesel blends up to 20 percent with ULSD for heating oil applications.

Opportunities are becoming available now for the fuel oil marketer to recreate the business model and expand into new products and technologies. Defense may win championships in sports, but it is a lot more fun to be on the offense in business.

This was a very good off-season, in my opinion, for Oilheat. We became united as an industry; we are introducing thermal solar technologies and renewable fuels in our future so we can now stand "toe to toe" with natural gas. Perhaps the most important reality is that Oilheat consumers like and trust their providers more than we may have thought.

On second thought, how many keys to your customers' homes are in your office? That type of trust is limited to a very select few. The future is here for those Oilheat marketers who have the courage to take advantage of the new opportunities that lie on the horizon. Oilheat still has its share of challenges. However, this year I think that we are going to have a winning season and I like our chances for a championship in the future. ☑

## Oilheat Had a Very Good Off-season

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

**LOOKING OUT MY WINDOW TODAY I SAW THE** beautiful colors of autumn and the beginning of another heating season. By now, many Oilheat consumers have made their decision on whether to cap, to lock in or to purchase their heating oil at the market price, and service departments are moving into full swing as a result. Is your company ready for the heating season?

If you are a sports fan, as I am, you see the off-season as an important time for your team. You wonder what key moves need to be made and how your team can be more competitive and hopefully enjoy a championship season. If you are a fan of the Oilheat industry, the off-season was very good.

**Opportunities are becoming available now for the fuel oil marketer to recreate the business model and expand into new products and technologies. Defense may win championships in sports, but it is a lot more fun to be on the offense in business.**

As many of you know, on Aug. 28, in Waltham, Mass., seven women and five men participated in a focus group sponsored by the National Biodiesel Board (NBB). The participants were homeowners older than 25 who used Oilheat to heat their home and at the same time are the ones solely responsible for paying their home heating oil bill.

When asked about using Oilheat as opposed to natural gas, the response was unanimous in their choice and use of Oilheat. The reasons that were cited were safety, efficiency, reliability and personal service.

Oilheat consumers have choices when it comes to pricing plans; there is competition in the market place. The service technician was viewed as an energy adviser and a consultant in any home renovation and home building project. The participants liked and trusted their heating oil company and in some cases know the owners personally.

Biodiesel and Bioheat® discussions made up the balance of the focus group's time. A majority of the participants were not familiar with biodiesel or Bioheat, so a tutorial on the biodiesel industry was presented.

Reducing our dependence on foreign oil was a major hit with the group, as was utilizing a domestically produced renewable energy that could be used in their current heating system with no equipment modifications. A couple of people had concerns on indirect land use. The positive 4.5 to 1 times energy balance of biodiesel compared to other fuels was another significant positive aspect.

An interesting discussion about Bioheat pricing took place and it was found that most participants would pay 4 to 6 cents a gallon extra for Bioheat, yet a few felt that the federal government should subsidize biodiesel to make it less expensive to the consumer. The last and most important element of

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inspected, and any incidents of corrosion noted. Close attention should be paid to valves in particular. Have they been exercised semiannually? Can they be operated? When operated, do they re-seat properly and fully? Have hydrostatic relief valves been replaced at a frequency recommended by the manufacturer?

For waterbath vaporizers, does documentation exist to confirm that the proper level of corrosion inhibitors have been maintained in the glycol waterbath solution to protect against interior corrosion?

Also, the age of some of the equipment at propane plants is so advanced that spare parts are no longer available. In some cases, this makes it necessary for facilities to operate machine shops to fabricate the specialized parts required for repairs. A thorough plant integrity study of a propane plant should include an evaluation of this element and the potential risk associated with not having spare parts available.

#### SAFE OPERATIONS

The U.S. propane industry has a proud safety record, with emphasis on up-to-date employee training. The institutional knowledge and expertise associated with propane is dwindling as the most experienced professionals retire and aren't replaced.

Having properly trained personnel on staff is vital—an aspect that should be addressed by any safety audit. Also, technical professionals are urged to examine a propane plant's records to evaluate factors such as its last audit date and past incidents, if any, as well as review past maintenance work. Even past “small-ticket” problems are important to catalog when determining a plant's optimal usage.

There's also a benefit to having a plant's operations assessed. For example, the technical professionals can look at the plant's air compressors, which are used to produce the air that is mixed with propane. What drives the compressors: electricity or natural gas? What makes more sense from an economic perspective? Is the facility using more compressors than necessary? Is this facility optimizing the amount of compressed air being produced for maximum value? Evaluating the operational side of the plant will help guarantee its longevity and operability.

And finally, a comprehensive plant integrity study should include an assessment of the land around the propane plant. Any encroachment issues should be considered, as well as the possibility of acquiring buffer land. Obviously, the company's goal is to preserve its investment and maintain customer service, but it is equally important to protect the public. ☐

## Assessing Propane Facilities in the 21st Century

By Michael A. Nicoloro, P.E., and Joan M. Fontaine, P.E.

**ACCORDING TO THE U.S. DEPARTMENT OF** Energy's Residential Energy Consumption survey, roughly 5 million homes across America rely on propane for their primary heating fuel. And there are indications the popularity of propane is growing.

For example, a study conducted by the National Association of Home Builders found that roughly 65 percent of homes built since 2008 feature propane or natural gas connections.

The reasons for this increase in popularity are varied. For starters, propane can be stored either above or below ground. Propane heating equipment is designed to operate efficiently, with some equipment being as high as 96 percent efficient.

Propane is also useful in augmenting heating supplies during peak periods when pipelines supplies are unable to meet consumer demands. Propane-air peak-shaving facilities provide utilities the capacity to give superior and uninterrupted gas supply to the communities they service during period of high-gas demand.

Increased popularity and usage is certainly positive news for the propane industry. But now for the potentially troubling: Aging infrastructure is a rising concern for the propane industry. Many of our country's propane plants are close to 50 years old and like other elements of this nation's infrastructure (i.e., roads and bridges), are in need of essential upgrades. Much like heating oil companies updating their plants to comply with the latest Spill Prevention, Control and Countermeasure (SPCC) regulations, the propane industry must continue to

address the infrastructure of their plants. With that in mind, businesses would greatly benefit from conducting an integrity study of their propane plants.

Here is a breakdown of what a comprehensive plant integrity study should entail.

#### ESSENTIAL QUESTIONS

There are many questions that arise when addressing a propane plant's aging infrastructure issues. What is the extended life of the plant? What will the economic investment of upgrading be? In order to properly answer these questions, a thorough plant integrity study is necessary.

Start with the plant's storage tanks. In the case of above-ground tanks, if liquid propane is not being circulated, the contents will stratify. If the shipments of propane contained any water, the water will find its way to the bottom of the tank and this will lead to corrosion that can result in the loss of tank wall thickness.

At the same time, the plant integrity study should also include a thorough external investigation of the tank. Is the metal deteriorating? Is the paint flaking or are there visible signs of pitting? And remember, a storage tank may look acceptable on the outside, but the opposite may hold true internally.

For mounded and underground tanks, it is important to assess whether the cathodic protection system has been properly maintained and has been active throughout the life of the tank. This system is the tank's defense against corrosion.

Vaporizers, valves, compressors and electrical switchgears should be thoroughly

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*Michael A. Nicoloro, P.E., is a registered professional civil engineer (Massachusetts and New Hampshire) and is currently director of energy services for S E A Consultants Inc., which is headquartered in Cambridge, Mass. Joan Fontaine, P.E., is a registered professional chemical engineer and is a principal process engineer working in S E A's Energy Services Group. For more information, contact S E A at (617) 497-7800.*

**Oil Demand from Developed Countries Has Peaked**

Oil demand in developed countries—currently 54 percent of all oil demand—likely reached its all-time peak in 2005, according to a new research report by IHS Cambridge Energy Research Associates.

While world oil demand is now set to grow as the world economy moves from recession to recovery, the demand lost in 30 developed countries that make up the Organization for Economic Cooperation and Development (OECD) is not likely to ever be regained, the report finds.

The key factor making it unlikely for OECD demand to ever return to its 2005 peak is that petroleum demand in the transportation sector—which accounts for 60 percent of OECD petroleum demand—is likely to flatten out after years of steady growth. Oil demand outside the transportation sector has already been relatively flat since 1980.

Future world oil demand growth will be driven almost exclusively by emerging markets. The latest IHS CERA World Oil Watch expects oil demand to increase from 83.8 mbd in 2009 to 89.1 mbd in 2014. 83 percent (4.4 mbd) will come from non-OECD countries. China alone is expected to account for 1.6 mbd of cumulative growth. Just 900,000 bpd of growth is expected to come from OECD countries, just a fraction of the 3.7 million bpd of demand lost over the course of 2005 to 2009.

But the peak of OECD oil demand does not mean that the end of the oil age in these developed economies is imminent, the report finds. The size of the decline in oil demand from the peak year of 2005 to 2030 is expected to be fairly modest, says Brady, assuming that some demand rebounds over the next few years.

Regardless if the decline is modest, the peak of OECD demand will have major implications, the report finds. Peak demand will dampen the rate of increase in dependency on oil imports. It likewise could also help make economic growth in those countries less susceptible to oil price shocks. Finally, peak OECD demand could counteract the expected rapid demand growth in the developing world.

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## PERC Faces Restrictions on Education

*Local, Regional Organizations Plan to Spread National Message*

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

### A PROVISION OF THE PROPANE EDUCATION

Research Act of 1996 called for the U.S. Department of Commerce to perform a price calculation of residential propane prices against a basket of other energy prices annually.

There has been much discussion about this flawed formula since the Propane Education and Research Council's (PERC) inception to no avail. On Aug. 4, 2009, the Department of Commerce ordered PERC to restrict the use of funds to research, training and safety and to cease and desist all education activities.

**At its recent annual meeting, PGANE members discussed ways marketers could continue to get the message out to key stakeholders in a very cost-effective manner. The proven method of building market share has been by establishing personal relationships with builders, potential homebuyers and consumers looking for a green alternative to heating their homes and hot water.**

Following 10 years of success building awareness of consumers to the benefits of propane and education in the use of the clean, affordable, safe, reliable, domestic fuel that has resulted in some significant growth, especially in New England, the plug has been pulled on that activity.

To say the industry is scrambling to determine how these changes impact

state associations, and individual propane marketers, would be an understatement. PERC represented the first time in the nearly 100 years of propane's existence that the industry had funding to get the word out.

The PERC Council met in early October to plan its next steps. The staff is rewriting a 2010 budget that complies with the restriction and this should be available for public comment as you read this article. You can get the budget at [www.propanecouncil.org](http://www.propanecouncil.org) and submit comments that you have prior to the December Council meeting, where a 2010 budget will be approved.

As PERC President Roy Willis said, "We have some projects on the shelf that are ready to go that have not made the cut due to budget restrictions in the past that we may be able to now fund and implement. The key is that the industry's money must continue to be spent wisely for the long-term benefit of the propane industry."

The reality is that individual companies and associations such as the Propane Gas Association of New England (PGANE) will need to bridge the void left by the elimination of the national messages.

At its recent annual meeting, PGANE members discussed ways marketers could continue to get the message out to key stakeholders in a very cost-effective manner. The proven method of building market share has been by establishing personal relationships with builders, potential

homebuyers and consumers looking for a green alternative to heating their homes and hot water.

The Internet will be key as most consumers are using it to research purchases in detail. In addition, marketers are encouraged to become more active in local builder associations and plumbing, heating and cooling contractor organizations to continue the work of building those relationships.

PERC will continue to offer world-class training programs and continue the research and development of increased uses of propane for motor fuel, lawn mowers and higher efficiency appliances for the home. New safety materials designed to help industry consumers and workers stay safe are also in development. There will also be a continued effort to offer the Certified Employee Training for industry workers in an online format to supplement classroom training.

Change is not easy for most of us, but often provides opportunities unforeseen in the early stages of the change period. PERC 2.0—as this new era is being dubbed—will evolve with quality programs that benefit the propane industry in ways unimaginable to most industry members today.

Solid leadership on the PERC Council, and a superb staff, will continue the process to foster the mission of developing new, safe ways for consumers to benefit by using clean, domestic propane. ☐

**TAURUS SYSTEMS RELEASES PCI-COMPLIANCE SOFTWARE**

Taurus Systems recently announced the release of a fuel management software solution developed to assist dealers achieve PCI compliance.

“Our dealers came to us with a concern about storing credit card numbers on their computers,” said Bob Bertulli, owner of Taurus Systems. “It is a fact of life that almost all fuel marketers must accept credit cards in today’s world. Our goal is to offer them the most secure way to process those payments.”

The team at Taurus Systems worked with Tracy Richmond of AVATAS Payment Solutions (formerly known as COCARD) to develop a solution for their mutual clients.

The Taurus/AVATAS solution allows the dealer to completely remove the credit card numbers from their internal systems, yet still gives them the ability to charge a credit card as needed over the customer lifecycle.

“With our solution, the dealer is never storing a credit card number,” Bertulli said. “Since the number one source of credit card data breaches is software, we wanted to offer the dealers a streamlined payment method that helped them reduce the risk of processing credit cards.”

It is tightly integrated with the system and it is very easy to do a single or batch of charges, according to Richmond.

For information, contact Bertulli with Taurus Systems at [rbertulli@taurus-systems.com](mailto:rbertulli@taurus-systems.com) or Richmond of AVATAS Payment Solutions at [tracy@avataspayments.com](mailto:tracy@avataspayments.com).

**KEVIN BERNIER NAMED SIMPSON DURA-VENT NORTHEASTERN SALES MANAGER**

Simpson Dura-Vent recently announced the appointment of Kevin Bernier as the regional sales manager for the new Northeastern Region. Bernier’s region includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut.



Bernier has 22 years experience in OEM, distributor and dealer sales. Bernier can be contacted at [kbernier@duravent.com](mailto:kbernier@duravent.com) or

(603) 533-9370.

Simpson Dura-Vent is a wholly owned subsidiary of Simpson Manufacturing Co. Inc. of Pleasanton, Calif.

For more information concerning Simpson Dura-Vent, contact John Davis at [jdavis@duravent.com](mailto:jdavis@duravent.com).

**DEVANEY EDUCATES AT ON-SITE ‘UNIVERSITY’**

James Devaney Fuel Co., a home heating oil dealer in the Boston area, now has its own “Devaney University,” as a sign of its

commitment to employee development and training.

This training facility, located within the company’s Newton, Mass., headquarters, is a 100-plus seat classroom complete with all



the modern technical amenities. At Devaney University, the company has formal training in place to keep up with the constantly changing and growing heating oil industry.

In addition to increasing employee motivation, the company believes that ongoing training increases the productivity, skill and performance of its entire staff. In the last six months, Devaney University hosted many training classes, including technical classes on System 2000 Boilers, Reset Controls and Power Venters. Last spring, the company completed many Occupational Safety and Health Administration (OSHA) regulation training sessions for staff members.

Devaney also has recurring company-wide training on CPR/defibrillator usage as well as sexual harassment prevention training, 401K, long-term disability and health insurance update meetings for all employees that are conducted at Devaney University.

**SIMPLY GREEN SET TO EXPAND**

Simply Green Biofuels of Portsmouth, N.H., will expand into Northern New Hampshire by opening a distribution center adjacent to the Clean Power Development LLC facility to be built in Berlin.

Clean Power Development LLC will assist Simply Green to co-locate and will run many aspects of its plant operation on Simply Green’s biofuel products. Start-up burners within the facility, on-site equipment and back-up building heat are all applications for Simply Green’s Bioheat® and biodiesel.

Simply Green Biofuels was founded in November 2006 with the intention of offering green alternatives to home heating, diesel and marine fuel throughout the Seacoast. Biofuel blends are available from 5 to 100 percent pure biofuel. Learn more by visiting [www.seacoastbiofuels.com](http://www.seacoastbiofuels.com).

Clean Power Development LLC is a New Hampshire company that focuses on the development of renewable and sustainable wood-fueled biomass-energy facilities. Learn more by visiting [www.cleanpowerdevelopment.us](http://www.cleanpowerdevelopment.us).



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



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#### **BIODIESEL AMONG MOST EFFICIENT LIQUID FUELS**

Technology improvements constantly improve the balance of energy in to energy out. According to Biodiesel Magazine, the National Biodiesel Board (NBB) recently wrapped up the most comprehensive survey ever done of the actual energy used by commercial biodiesel production plants.

The survey showed that energy used in biodiesel production has decreased by 30 percent compared to previous industry estimates. Most biodiesel producers use a combination of electricity and natural gas. Some small producers use only electricity, and several producers reported using alternative sources of energy such as used motor oil or biodiesel.

Based on survey results the average energy used to produce a gallon of biodiesel from virgin vegetable oils is 3,184 BTUs. For comparison, biodiesel produces about 118,000 BTUs.

These numbers are for the total energy used at biodiesel production plants, without a reduction for co-product generation. Energy used in biodiesel production is far less than that used in a petroleum refinery.

Even when including all the lifecycle energy to produce and transport vegetable oil, biodiesel's energy balance is 4.5:1 and improving. Petroleum's energy balance is 0.83 to one and growing worse due to crude oil becoming harder to get and harder to refine.

#### **STUDY SHOWS SULFUR REDUCTIONS WITH SOYBEAN BLEND**

According to a news release from Purdue University, a blend of degummed soybean oil and No. 2 fuel oil can be used as an alternative heating fuel and can reduce sulfur emissions.

Klein Ileleji, an assistant professor of agricultural and biological engineering, tested blends of 20 percent, 50 percent and 100 percent degummed soybean oil, an unrefined and cheaper product to produce than soy methyl esters, commonly known as biodiesel, and found that the 20 percent blend didn't degrade a home furnace's parts or heat output.

The only issue found with the 20 percent blend was a slight early degradation of the furnace's seals and gaskets, which manufacturers could fix by switching to a higher-quality product, the release said. Ileleji's findings were reported in the recent online version of the journal Fuel.

"You are going to reduce the sulfur emissions with degummed soybean oil. The things you should be worried about with a biofuel, such as the pour point temperature and heating ability, were not affected," Ileleji said. "You want to keep the properties of your

No. 2 fuel oil, and at 20 percent degummed soybean oil, you would minimally affect those properties."

Removing gumming agents from soybean oil eliminates its harmful effects on fuel injection nozzles, gaskets and other parts, and creates a combustible biofuel, according to the news release.

Like some other biofuels, its properties can be less desirable than traditional fuels. Ileleji's study showed that 100 percent degummed soybean oil and a 50 percent blend had reduced flashpoints, making them more difficult to ignite; reducing heat content; creating higher temperatures associated with cold filter plugging points; and leading to early degradation of seals and gaskets.

"Overall, using 20 percent degummed soybean oil, you can get by using existing furnace designs," Ileleji said. "You can use a 20 percent blend without changing your combustion system, and you will not be changing its performance. What you will be getting is the benefit of lower sulfur emissions, which is good for the environment."

The Indiana Soybean Alliance and the Indiana United Soybean Board funded the research.

Ileleji said he is testing the degummed soybean blends with farm grain dryers to see if the biofuel could be used efficiently with those devices' burners, the news release said.

#### **DOE EXPANDS, SIMPLIFIES LOAN GUARANTEES FOR RENEWABLE ENERGY PROJECTS**

The Department of Energy (DOE) announced in October that it will provide guarantees for up to \$8 billion in loans for conventional renewable energy generation projects such as wind, solar, biomass, and geothermal power, as well as hydropower. DOE will draw on up to \$750 million in American Recovery and Reinvestment Act funds to support the new loan guarantees. Past offers of loan guarantees for renewable energy generation projects have focused new or innovative technologies not in general use in the marketplace, but the new solicitation is geared toward more conventional renewable energy projects.

To speed up financing for these projects, DOE will allow proposed borrowers and project sponsors to work directly with eligible lenders to gain financing. The lenders will then apply to DOE for partial, risk-sharing loan guarantees of no more than 80 percent of the maximum aggregate principal and interest during a loan term.

The new approach is one aspect of DOE's new Financial Institution Partnership Program, which establishes a streamlined set of standards designed to expedite DOE's underwriting process for loan guarantees.



### UNATTRACTIVE INTEREST RATES

When interest rates are low, it does not attract investment into the U.S. dollar. Instead, the opposite holds true. When the Fed lowers interest rates, investors might drop the dollar in the short term because there is not enough profit in it.

As you can see from the chart, the value of the U.S. dollar versus the Euro is represented by the green line, while crude oil is represented by the blue line. The two have clearly been in the opposite direction. Sometimes you will get a disconnect between the value of the dollar and crude, but recently the correlation between the value of the dollar and crude has been strong.

In other words, when the U.S. dollar vs. other currencies, in this example the Euro, goes up in value, it puts pressure on crude because crude is predominately priced in U.S. dollars throughout the world.

Recently, though, there has been more talk about not pricing crude in U.S. dollars and switching to another standard. In a very interesting article by Robert Fisk that can be found at [www.independent.co.uk](http://www.independent.co.uk), the author writes about a concerted effort around the world to stop using the U.S. currency for oil trading.

Although there are many other factors that influence the value of the U.S. dollar, I wanted to cover five basic factors to give you an idea of what to look for when making purchasing decisions. Fundamental analysis serves a purpose, but you need to be cognizant of outside influences—sometimes called externals—when trying to understand why oil is being priced at a certain level by the global marketplace.

Hopefully by understanding these five factors that influence the U.S. dollar negatively you will be in a better position to make an informed purchasing decision. ☐

## What Causes the Dollar to Weaken?

By Mark Skaparas, Hedge Solutions

### TIME AND TIME AGAIN PEOPLE FIND THEMSELVES

asking the question “Why are commodity prices going up when supply is plentiful?”

One factor that has been discussed quite frequently is the value of the U.S. dollar. It seems that whenever the dollar goes down, energy prices go up. Understanding the relationship between the value of the dollar and crude prices can help energy marketers make more informed purchasing decisions.

So what contributes to the value of the U.S. dollar? Let's take a look at five factors that influence the dollar negatively.

### LOOSE MONETARY POLICY

Also called easy monetary policy, this method is what the Federal Reserve is currently implementing in order to try and stimulate economic growth. They are doing this by lowering short-term interest rates, which makes money less expensive to borrow.

Fundamental analysis serves a purpose, but you need to be cognizant of outside influences—sometimes called externals—when trying to understand why oil is being priced at a certain level by the global marketplace.

### LACK OF CONFIDENCE IN THE GOVERNMENT

If investors are not optimistic of the U.S. government's economic policies then this will reduce their willingness to invest in the U.S. dollar. Any significant government expense—e.g., government expansion, “Cash for Clunkers,” Social Security, Medicare/Medicaid—influences the way investors view the value of the dollar.

### LARGE TRADE DEFICIT

The balance of trade is the difference between what the U.S. exports and imports in terms of goods and services. Currently the U.S. trade deficit is more than \$2 billion per day. As the trade deficit increases day by day, foreign investors become increasingly nervous and this can affect the dollar dramatically.

### BUDGET DEFICIT

Simply put, this is the process of spending more money than you have. Unfortunately, the federal government does not have a good record when it comes to balancing budgets. According to the U.S. National Debt Clock Web site at [www.usdebtclock.org](http://www.usdebtclock.org), our country's debt is currently above \$11,930,858,000,000. That's more than \$11 trillion dollars.



**EIA FORECASTS LOWER HEATING BILLS THIS WINTER**

The average U.S. household will spend \$960 for space heating during this winter's heating season, marking an 8 percent decrease from last year, according to the Department of Energy's Energy Information Administration (DOE EIA).

The EIA's "Short-Term Energy Outlook," released in October, attributes most of the savings to lower fuel prices, particularly for natural gas, which is experiencing a slump in prices due to a growing supply that currently exceeds the demand.



The EIA expects natural gas inventories to reach a record high of more than 3.8 trillion cubic feet by the end of October. Propane is produced during natural gas processing, so propane inventories are also higher than normal. As a result, households heated with these fuels will achieve the greatest savings this winter, with natural gas users seeing a 12 percent decline in winter heating bills and propane users seeing a 14 percent decline. Those using heating oil or electricity are projected to experience more modest declines of about 2 percent from last year. The EIA defines the winter heating season as running from Oct. 1 to March 31 of the following year.

The EIA has also increased its projected drop in energy-related carbon dioxide emissions for 2009. Back in August, when the EIA started projecting annual energy-related carbon dioxide emissions, it forecast a 5 percent drop in 2009, while the current "Short-Term Energy Outlook" forecasts a 5.9 percent drop for the year.

A number of factors contributed to the projected decline, including an increased use of renewable energy, the substitution of natural gas for coal in electric power plants, a decrease in industrial demand for coal, less natural gas use in industry and buildings, and a drop in demand for jet fuel, diesel fuel and heating oil.

Coal experienced the biggest drop in demand, at 10.1 percent, accounting for 63 percent of the drop in energy-related carbon dioxide emissions. U.S. greenhouse gas emissions are dominated by energy-related

carbon dioxide emissions, so the decline in the latter would generally suggest an overall lowering of U.S. greenhouse gas emissions.

**HEDGING AND MARGIN PROTECTION SEMINAR OFFERED**

New England Fuel Institute (NEFI) associate member Hedge Solutions will be offering their exclusive Hedging College on Nov. 17 and 18 from 9 a.m. to 4 p.m. in Manchester, N.H.

Taylor Hudson will be the instructor and will incorporate information on program implementation and monitoring for the current heating season. As a fuel distributor or anyone supporting an energy dealer, this course can help employees learn the tools to preserve margins, regardless of the ups and downs of the market.

The per student fee is \$849 for Hedge Solutions clients and \$999 for non-clients, with \$100 off for each additional student from the same company. To obtain a course outline, register for the course and receive travel and accommodation information, contact kris@hedgesolutions.com or call (800) 709-2949. Participation is limited to the first 15 registrants.

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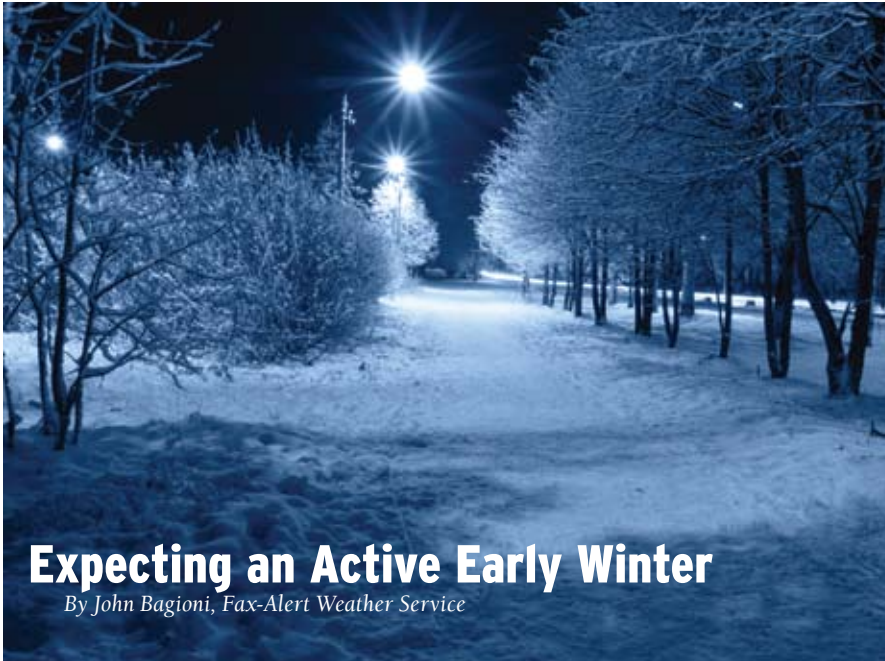


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## Expecting an Active Early Winter

By John Bagioni, Fax-Alert Weather Service

some data that is now a bit more supportive of December trending cold, which means I should not take a cold December completely off the table. In fact, I am close to calling for a cold to very cold period to develop during late November and carry through mid-December.

At the same time, I do like some of the 1976-77 winter analog features, which means I will need to introduce some extended periods of very powerful cold intrusions into the eastern U.S. once into the heart of the winter, as well as not waiting as long as the 1963-64 or 2006-07 winters to get the colder-than-normal trend underway. The extra winter analogs, 1968-69 and 1977-78, also lend support for using the basic footprint of 1963-64 and 2006-07, but bringing in the real cold earlier than either of those winters.

I am going to be more bullish on the Eastern cold anomaly building westward into Texas, as well as southward across much of the Deep South into Florida. I will also call for an enhanced cold anomaly zone across the Deep South due to above-normal cloud cover and rainfall.

I do have a concern that if the strongest cold intrusion axis sets up across the Midwest southward into the Deep South, we could find the eastern edge of the cold anomaly zone pulled westward out of parts of Northern New England, in particular Maine. This would be particularly true early in the winter season. This is not a certainty, but if the winter trends very cold early it would more than likely focus the strongest cold intrusions on into the central U.S. before allowing the axis of cold intrusions to shift eastward toward the Northeast/New England region during the second half of the winter. Again, not a certainty in any way, but there is some analog support for this type of a pattern trend.

Here are my summary points:

- North Pacific pattern, while still in flux, is trending more favorable for cold eastern U.S.;
- North Atlantic and Arctic pattern trends favor strong cold air mass formation and intrusions during the heart of the winter season;
- Cold anomaly will now be expanded further west into Texas and southward into Florida;
- Some potential for parts of Northern New England, especially Maine, to stay near the edge of the cold anomaly, especially early in the winter;
- Signal may be developing for a significant cold period from late November well into December;
- Very active storm season expected this winter with the October and November storm signal paving the way for widespread disruptive winters storms this year. ☞

**I AM NOT MAKING ANY MAJOR CHANGES IN MY** first winter outlook call issued earlier in my October article. We are at the time of the year that a slew of winter forecasts have been released, and as one might expect they vary wildly.

While there are forecasts out there that are in alignment with my colder-than-normal East, milder-than-normal Pacific Northwest, there are a handful of mild to very mild, warm forecasts also in play. That should not surprise anyone since there is always a wide range of analog years to assess and rank, as well as a variety of other factors to look at and build into a forecast.

**If an extreme winter were to evolve, I would favor it being on the cold side, not the warm side. I find myself continuing to look a bit more toward the middle of the analog stream, which means tossing out the extremes.**

Different forecasters look at different forecast keys and never put the same amount of weight on other atmospheric factors that might impact the winter season. Small differences in what individual forecasters think the Pacific equatorial pattern will look like; how the North Pacific jet stream regime sets up; and how the Arctic and North Atlantic pressure patterns will evolve can all lead to vastly different, if not opposite, winter outlooks.

Some forecasters think the El Nino will combine with a less-than-favorable North Pacific flow pattern and provide an overpowering warming effect on the country, and thus favor a very mild winter across the entire northern U.S. with a cool southern U.S. due to above-normal cloud cover and

rainfall. Other forecasters are favoring an over-powering cold regime across the central and eastern U.S. due to favorable North Atlantic and Arctic upper air patterns. This would favor less snow than normal across the northern tier of the U.S., but increased snowfalls across the southern states.

I continue to favor the use of a combination of the following winter analogs: 1951-52, 1957-58, 1963-64, 1976-78 and 2006-07. I have recently been looking at 1968-69 and 1977-78 as additional analogs to study. An extreme winter, be it warm or cold, cannot be ruled out! The winter of 1951-52 was essentially a non-winter, while 1976-77 was a brutally cold winter. If an extreme winter were to evolve, I would favor it being on the cold side, not the warm side. I find myself continuing to look a bit more toward the middle of the analog stream, which means tossing out the extremes.

Since there are two extreme winters in the analog mix (1951-52 and 1976-77) I will not dismiss the potential to see an unusually cold or warm winter, but do not think at this time that is the most likely outcome.

I have been shying away from calling for the winter to be front-loaded, but may need to rethink that due to the highly amplified October pattern that showed an ability to draw very chilly air masses southward into the eastern U.S.

I had thought the threat of a very cold first month of winter (December) seemed unlikely with a colder second half than first half. The two analog winters of 1963-64 and 2006-07 are being given some extra weight, and they were winters that started fairly mild before becoming very cold. That being said, just prior to finishing this discussion I viewed

**NY ASSOCIATION JOINS COMMUNICATIONS COUNCIL**

The Empire State Petroleum Association (ESPA) is the latest heating oil industry group to join the Energy Communications Council (ECC), an initiative aimed at educating the media and consumers about the comfort, reliability, cleanliness, efficiency, safety and convenience of Oilheat. ESPA, founded in 1941, brings significant value to the ECC because the association represents 300 petroleum marketers throughout New York state. ESPA's members employ 32,000 people and handle the storage and distribution of gasoline, diesel, aviation, heating and industrial fuels, generating more than \$4.5 billion annually.

**RGGI STATES INITIATE BIDDING PROCESS FOR DECEMBER AUCTION**

The states participating in the Regional Greenhouse Gas Initiative (RGGI) have released the auction notice for their sixth regional carbon dioxide (CO2) allowance auction, scheduled for Dec. 2.

The participating states will offer for sale 28,591,698 allowances for the 2009 vintage and 2,172,540 allowances for the 2012 vintage. States will continue to use a reserve price of \$1.86 for all allowances in Auction 6.

The auction will be the sixth held since the debut of the RGGI auctions on Sept. 25, 2008, and the fourth since compliance obligations under each participating state's CO2 Budget Trading Program took effect on Jan. 1, 2009. To date, the participating states have auctioned more than 140 million allowances.

The 10 Northeast and Mid-Atlantic states participating in RGGI (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island and Vermont) have designed and implemented the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. Power sector CO2 emissions are capped at 188 million short tons per year through 2014. The cap will then be reduced by 2.5 percent in each of the four years 2015 through 2018, for a total reduction of 10 percent.

A CO2 allowance represents a limited authorization to emit one ton of CO2, as issued by a respective participating state. A regulated power plant must hold CO2 allowances equal to its emissions to demonstrate compliance at the end of each three-year control period. The first control period for fossil fuel-fired electric generators under each state's CO2 Budget Trading Program took effect on Jan. 1, 2009, and extends through Dec. 31, 2011.

**November 2009**

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**December 2009**

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**3 How to Effectively Combat the Gas Utilities Seminar**, 9 a.m. to 3:30 p.m., Watertown, Mass. [www.nefi.com/training](http://www.nefi.com/training)

**4 Massachusetts Oilheat Council Annual Membership Meeting**, 10 a.m. to noon, Waltham, Mass. (781) 237-0730

**10-11 Propane Operator Qualification Refresher Course**, Brentwood, N.H. [www.pgane.org](http://www.pgane.org)

**12-13 Fifth Conference on Green Energy**, Hynes Convention Center, Boston, Mass. [www.greenovationconference.com](http://www.greenovationconference.com)

**13-15 SIGMA Annual Meeting**, The Fairmont Chicago, Chicago, Illinois. (703) 709-7000 • [www.sigma.org](http://www.sigma.org)

**16-18 National Biodiesel Board Meeting**, Washington, D.C. (800) 841-5849 • [www.biodiesel.org](http://www.biodiesel.org)

**16-17 Hedge Solutions Hedging College**, 9 a.m. to 4 p.m., Manchester, N.H. (800) 709-2949

**16-19 Fourth Annual Cellulosic Biofuels Summit 2009**, Washington D.C. (818) 888-4444 • [www.infocastinc.com](http://www.infocastinc.com)

**19 NEFI Executive Committee Meeting and NEFI Board of Directors Meeting**, Providence Biltmore Hotel, Providence, R.I. (401) 421-0700

**19 Propane Gas Association of New England's Massachusetts Legislative Committee meeting**, Worcester, Mass. [www.pgane.org](http://www.pgane.org)

**1 Winning Strategies for Everyday Tragedies Seminar**, 9:30 a.m. to 3:30 p.m., Watertown, Mass. [www.nefi.com/training](http://www.nefi.com/training)

**7-10 Ecobuild America Conference**, Washington, D.C. [www.aecocobuild.com](http://www.aecocobuild.com)

**11 National Oilheat Research Alliance Executive Committee Meeting**, Pennsylvania, (703) 340-1660 • [www.nora-oilheat.org](http://www.nora-oilheat.org)

**17 Oil Heat Council of New Hampshire Membership Meeting**, Red Blazer Restaurant, Concord, N.H. (603) 895-3808 • [www.nhoilheat.com](http://www.nhoilheat.com)

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## Degree Day Reporting Form

REPORTING DATE: 9-30-2009

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	461	505	374	691
Portland, ME	251	255	185	523
Concord, NH	295	278	186	548
Burlington, VT	218	258	180	538
Albany, NY	165	204	107	484
Worcester, MA	225	187	112	478
Boston, MA	105	96	78	344
Hartford/Springfield	135	135	89	413
Providence, RI	100	113	74	377
Chatham, MA	125	117	75	359
Bridgeport, CT	60	74	43	320

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](mailto:johnbag@comcast.net).

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

Ultra-Low Sulfur / 15 ppm and under				Low Sulfur / 15 ppm+ to 500 ppm			
	Week Ending				Week Ending		
District	10/16/09	10/09/09	Year Ago	District	10/16/09	10/09/09	Year Ago
East Coast (PADD I)	22.8	23.8	13.8	East Coast (PADD I)	8.0	8.4	5.8
NEW ENGLAND	2.7	2.8	2.0	NEW ENGLAND	0.2	0.2	0.4
MID-ATLANTIC	10.6	11.2	6.3	MID-ATLANTIC	4.5	4.5	2.7
SOUTH TO FLA.	9.5	9.7	5.5	SOUTH TO FLA.	3.3	3.7	2.8
Midwest (PADD II)	28.1	28.3	21.3	Midwest (PADD II)	3.0	3.0	4.3
Gulf Coast (PADD III)	34.4	34.6	20.7	Gulf Coast (PADD III)	7.8	7.1	6.9
Rocky Mtn. (PADD IV)	3.1	3.0	2.4	Rocky Mtn. (PADD IV)	0.2	0.2	0.4
West Coast (PADD V)	9.6	9.9	8.9	West Coast (PADD V)	1.1	1.0	1.5
<b>U.S. Total</b>	<b>98.1</b>	<b>99.5</b>	<b>67.1</b>	<b>U.S. Total</b>	<b>20.2</b>	<b>19.7</b>	<b>18.9</b>
Greater than 500 ppm (0.05%) Sulfur				TOTAL DISTILLATE STOCKS			
	Week Ending				Week Ending		
District	10/16/09	10/09/09	Year Ago	District	10/16/09	10/09/09	Year Ago
East Coast (PADD I)	43.3	43.5	28.4	East Coast (PADD I)	74.1	75.7	48.5
NEW ENGLAND	11.9	12.4	5.9	NEW ENGLAND	14.8	15.4	8.3
MID-ATLANTIC	29.4	29.4	20.2	MID-ATLANTIC	44.5	45.1	28.8
SOUTH TO FLA.	2.0	1.8	2.4	SOUTH TO FLA.	14.8	15.2	11.4
Midwest (PADD II)	1.7	1.7	2.2	Midwest (PADD II)	32.8	33.0	27.1
Gulf Coast (PADD III)	5.4	5.0	5.9	Gulf Coast (PADD III)	47.6	46.6	33.9
Rocky Mtn. (PADD IV)	0.1	0.1	0.1	Rocky Mtn. (PADD IV)	3.4	3.3	2.9
West Coast (PADD V)	1.2	1.2	1.6	West Coast (PADD V)	11.9	12.1	11.9
<b>U.S. Total</b>	<b>51.7</b>	<b>51.4</b>	<b>38.3</b>	<b>U.S. Total</b>	<b>169.9</b>	<b>170.7</b>	<b>124.3</b>

**GRASSROOTS EFFORT NEEDED FOR FAIR ENERGY BILL**

**EVEN THOUGH PRESIDENT BARACK OBAMA'S** major energy, finance and health care bills have fallen behind his aggressive schedule for completion, recent progress suggests it will not be long before measures that will have a major impact on the home energy industry will become law.

The climate change bill, awaiting markup by several Senate committees as of press time, is at a critical juncture, as various interest groups vie for valuable "offsets" that are a part of the proposed carbon dioxide cap-and-trade plan.

According to a recent ClimateWire report, natural gas companies have ramped up their lobbying efforts after they felt the House bill ignored their industry. America's Natural Gas Alliance (ANGA), a trade association representing companies behind about 40 percent of the nation's supply, spent \$600,000 on lobbyists from July to September, doubling their expenses from the previous quarter. They have also ramped up their public advertising campaign considerably.

With the ANGA efforts just a small part of the natural gas industry's full-court press, as other major companies lobby independently, the Oilheat industry cannot hope to compete on equal financial ground. Instead, the industry will have to wage a strong grassroots campaign to representatives and senators outlining how unfair the proposed bill would be. In an industry of so many small businesses across the Northeast and Mid-Atlantic, the cumulative effort could have a huge effect.

The natural gas industry is looking for more carbon allowances, even though it is currently set to receive more than Oilheat will receive. Utilities are also expected to be given allowances directly and trusted to pass the savings to customers. Meanwhile, states are slated to receive the Oilheat share, with customers expected to apply for rebates on their home heating bills.

The New England Fuel Institute (NEFI) and its allies are not asking for major concessions from the government in its climate bill. Instead, the industry can cite a continued progression of cleaner and greener fuel components and more efficient equipment. In order to convince the government to bring a fair energy policy into law, NEFI is asking its members to contact their local senators and representatives and tell them about the reasons to treat Oilheat as an important part of the country's energy future. For the latest information on the bill, see [www.nefactioncenter.com](http://www.nefactioncenter.com). ☒

**Weather Summary**

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

The weather for the nation, as measured by population-weighted cooling degree-days from July 1, 2009, through Oct. 17, 2009, has been 5 percent warmer than last year and 29 percent warmer than normal.

Location	Current	Normal	% Change
	7/1/09 thru 10/17/09	7/1/09 thru 10/17/09	Current vs. Normal
Boston	324	249	+30%
Chicago	381	303	+26%
Hartford	380	328	+18%
New York	164	144	+14%
Philadelphia	175	154	+14%
Pittsburgh	342	302	+13%
Portland	546	503	+9%
Providence	321	283	+13%
Raleigh	86	99	-8%
Richmond	113	120	-6%
Washington	123	106	+16%

**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](mailto:dhouse@eia.doe.gov).

**Oil & Energy Securities Recap**

Company	Symbol	10/23/09	9/25/09	Change
<b>Ashland Inc.</b>	ASH	41.03	42.37	-1.34
<b>BP-Amoco</b>	BP	55.40	53.28	+2.12
<b>ChevronTexaco</b>	CVX	76.52	70.71	+5.81
<b>Conoco Philips</b>	COP	51.90	45.06	+6.84
<b>ExxonMobil</b>	XOM	73.55	69.00	+4.55
<b>Global Partners</b>	GLP	26.20	24.38	+1.82
<b>Hess Corp.</b>	HES	59.22	53.46	+5.76
<b>LUKOIL</b>	LUKOY	65.25	52.39	+12.86
<b>Marathon Oil</b>	MRO	34.05	32.03	+2.02
<b>National Grid Plc</b>	NGG	48.22	48.55	-.33
<b>Occidental</b>	OXY	82.29	74.49	+7.80
<b>Royal Dutch Shell Plc</b>	RDSA	62.21	57.79	+4.42
<b>Star Gas</b>	SGU	3.80	3.65	+.15
<b>Sun</b>	SUN	33.26	26.69	+6.57
<b>Tesoro Petroleum</b>	TSO	16.23	14.55	+1.68
<b>Total</b>	TOT	63.48	59.05	+4.43
<b>Valero Energy</b>	VLO	20.90	19.10	+1.80

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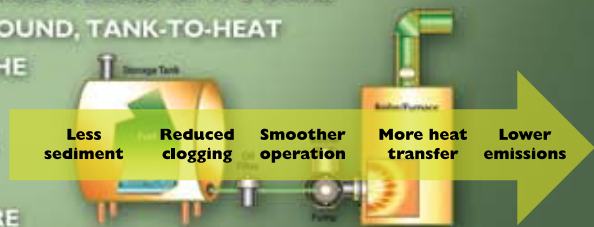
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