

# OIL & ENERGY

OILHEAT • PROPANE • DIESEL FUEL • BIOFUELS

## Beyond Traditional Water Heaters

### *Also Inside:*

Roth's Technical Manager on  
Free Solar Certification

Consumer Energy Alliance President  
Talks 'All-of-the-Above' Policy

Understanding Your Delivery Curve

A Look at Multi-Fuel Systems

Publication of the New England Fuel Institute  
Volume 11/Issue 12



NEW ENGLAND  
FUEL INSTITUTE

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## DOE ASKED TO REVIEW OILHEAT EFFICIENCY TAX CREDIT ELIGIBILITY

Sen. Olympia Snowe, R-ME, has written the Department of Energy (DOE) to ask that the department review the 90 percent AFUE standard that makes oil-fired equipment eligible for up to \$1,500 in home efficiency tax credits under the 2009 federal stimulus bill.

Snowe said that “additional technologies deployed in conjunction with lower AFUE boilers and furnace systems can achieve levels of efficiency that are comparable” to the 90 percent efficiency requirement in order to be eligible for the credit. The credit expires in 2010, but may be extended by Congress in upcoming legislation.

Industry groups have argued that by expanding the tax credit for “comparable” Oilheat systems, it would open the tax credit up to more constituents in Oilheat states, as well as help small businesses and economies and put more qualified service technicians to work in those states. It would also be in line with Congressional efforts to encourage conservation and efficiency, and decrease dependence on foreign oil.

## CITIZENS ENERGY RELEASES DEALER CONTRACTS

Citizens Energy’s Oilheat program has been revealed for the 2009-10 season and they have released their participating dealer contract. The program will begin taking applications on Jan. 12, 2010, and consumers will have until Feb. 26, 2010, to apply, or until funds are exhausted. Participating dealers will have until April 30, 2010, to complete all deliveries (one delivery of up to 100 gallons). See [www.citizensenergy.com](http://www.citizensenergy.com) for more information.

## AMENDED WETLINES BILL APPROVED BY HOUSE COMMITTEE

Because of substantial industry opposition to legislation requiring transport trucks to use wetlines purging equipment, Rep. James Oberstar, D-MN, chairman of the Transportation and Infrastructure Committee, proposed compromise language that was revised and amended during the markup held recently.

Originally Oberstar proposed language that would respond to an industry request to allow the U.S. Department of Transportation (DOT) to have the final say on wetlines regulation through rulemaking. Unfortunately, Oberstar was only giving DOT full jurisdiction over “retrofits” and would force DOT to act within three years or retrofits would be required in 2020. In working with several members of the committee, the industry had asked for a date later than 2020. Ultimately, the retrofit date was moved to 2025; however, the rulemaking provision was not included.

## PGAM MEMBERS VOTE TO MERGE WITH MAINE ENERGY MARKETERS

Members of the Propane Gas Association of Maine (PGAM) recently voted to merge with the Maine Energy Marketers Association (formerly known as MODA) to form a stronger, combined organization to represent both the propane and fuel oil interests in Maine.

Ninety percent of Maine propane marketers also market fuel oil, so this merger will alleviate duplicated efforts, enhance the propane knowledge at the new organization, and make the voice of the industry stronger in Augusta.

## THE DIFF.

Spot Prices (Cents/Gallon) as of November 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>193.30</b>	<b>193.30</b>	<b>194.00</b>

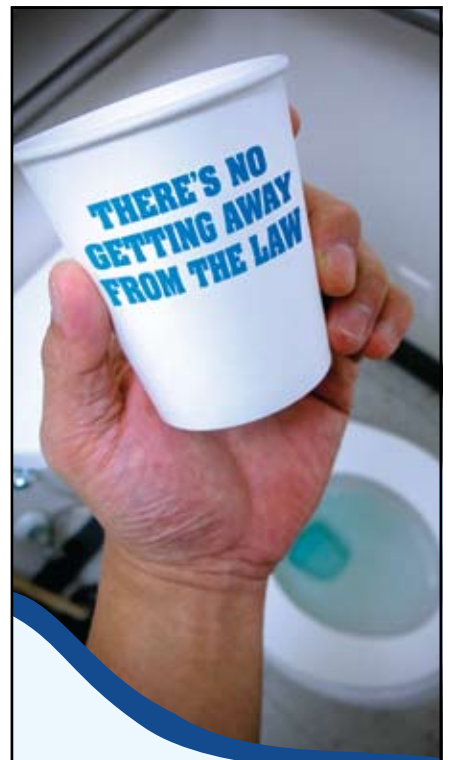
\*Figures taken from Energy Information Administration’s “This Week In Petroleum.”



## THE BAROMETER

Comparing Heating Oil to Other Financial Products

	November 23, 2009	One Year Ago
No. 2 Fuel Oil/New York (cents/gallon)	193.30	176.60
Crude Oil (dollars/barrel)	\$79.39	\$50.77
10-year Treasury Bill	3.40%	3.20%
30-year Mortgage	5.03%	6.05%
Dow Jones Average	10,318.16	7,956



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

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

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

# december



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

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## The Importance of an Employee Handbook ..... 18

With all the liabilities facing home energy retailers today, an employee handbook that outlines company protocols is essential. Law firm Robinson & Cole recently reviewed what steps a business should take to establish a proper handbook.



## Industry Continues to Support Resolution ..... 21

The move toward an ultra-low sulfur diesel (ULSD) and biofuel blend has continued to gain support after the industry's Baltimore summit, as more groups have approved the resolution to mandate such a fuel.



## Beyond Traditional Heating Systems ..... 22

Vincent Marcoux of SBI, a manufacturer of biomass and multi-fuel heating systems, writes about emerging technology in the field and how Europe is leading the way in using such systems.



## Q&A: CEA President David Holt ..... 24

David Holt, president of the Consumer Energy Alliance (CEA), a group of various member groups across the country, talks about the organization's goals for American energy policy and how NEFI members can help.



## Weather Trends: Volatile Winter Could Turn Harsh ..... 32

John Bagioni of Fax-Alert Weather Service reviews his winter forecast from November and still sees potential for numerous outcomes. Bagioni can be reached at johnbag@comcast.net.



## Oil Market Stance: Know Your Delivery Curve ..... 36

Adam Kovacs of Hedge Solutions writes about how understanding your company's unique delivery curve can help maximize profits. Kovacs can be reached at adam@hedgesolutions.com or (800) 709-2949.



## Biz Tip: Driving Toward a Greener Company ..... 39

Jack Lee, president and CEO of 4Refuel Inc, offers tips for fuel delivery companies to make their company greener—while also helping to save money. Lee can be reached at (604) 513-0386 or AsktheExpert@4refuel.com.



## Propane: An Unforgettable Year ..... 40

Joe Rose, the Propane Gas Association of New England president, starts with last season's supply problems and ends with the latest education restrictions as he looks at the major events to impact propane during 2009.



## Biz Tip: The Cost of Idling ..... 43

Betsi Bixby of Meridian Associates reviews how fleets can be expensive to maintain, especially when they're not being used. For more information, see [www.meridianadvantagemember.com](http://www.meridianadvantagemember.com).

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## **Congress Takes Aim at Financial Markets Overhaul**

House Financial Services Committee Chairman Barney Frank, D-MA, is moving to the floor legislation to bring about greater transparency and regulation and reduced financial risk in the \$590 trillion-dollar over-the-counter (OTC) markets, which includes OTC energy swaps and derivatives.

Many experts believe that size and lack of transparency and oversight in the largely unregulated and unmonitored derivatives markets was a major cause of last year's financial collapse. It may have also been a driving factor in the 2007-08 oil bubble, according to the New England Fuel Institute (NEFI).

NEFI and its coalition allies in the commodity markets oversight coalition have been calling for reform of the OTC markets in order to prevent manipulation and excessive speculation, but have reservations about Frank's bill. The final bill cleared by Frank's committee is not as strong as President Barack Obama's proposal. The bill was slightly strengthened by the House Agriculture Committee, and is currently under negotiations with the House leadership, which hopes to bring a final bill to the floor by Christmas.

Lobbying heavily is the financial services industry and large-scale end-users who use insurance, credit, commodities and other derivatives and swaps in order to hedge risk. Wall Street interests fear that Congress will require OTC products to move onto a transparent exchange or clearinghouse, losing a profitable part of their businesses to regulated platforms operated by the Chicago Mercantile Exchange (CME) and others. End-users argue that migrating some swaps vital to risk management onto exchanges could require additional capital costs and other burdens.

NEFI and its coalition allies have argued in support of mandatory exchange trading or, at least, clearing, for OTC trades that are "standardized" (similar or identical to contracts that already exist on regulated platforms). How to address customized swaps used by some energy end-users and distributors for hedging is still a matter being debated in Congress. Both bills would provide certain exemptions for these kinds of trades, but NEFI endorses legislation that provides them without opening any new loopholes for purely financial market players and non-physical traders to exploit.

## **Controversial Health Care Bill's Impact on Small Businesses**

The U.S. House of Representatives passed a 2,000-page health insurance reform bill by the slim margin of 220-215, and the bill now moves on to the U.S. Senate, where supporters will have an even more difficult time negotiating a package that can pass. As this issue went to press, the Senate was able to rally the 60 votes necessary to end a filibuster and proceed to debate on the bill, which they hope to pass by Christmas.

New England Fuel Institute (NEFI) staff is monitoring the progress of the bill through the Senate and has noted several important provisions in the House-passed bill that could impact small businesses. They include:

- The controversial "public option," a government-run health insurance option that would compete with private insurance on a national

"insurance exchange," where individuals not covered by an employer and small businesses can "comparison shop" for health insurance. Small businesses with 25 or fewer employees would get access to the exchange in 2013 and 100 or fewer in 2015.

- Mandates that businesses with a payroll of \$500,000 or more provide insurance or pay a fine of up to 8 percent of payroll. It also defines minimum coverage standards and requires employers to pay 70 percent of premiums, but grandfathers in existing employer-provided coverage.

- For businesses providing insurance that have less than 25 employees, it would offer financial assistance in the form of tax credits.

- Bars or limits insurers from increasing premiums for small businesses based on certain factors, including employee health status or age.

- Allows ex-employees to remain covered under COBRA until the new insurance exchange is created in 2013.

- The bill would be paid for in part by a 5.4 percent tax increase beginning in 2011 on individuals earning \$500,000 or more and couples earning \$1 million or more. This tax increase could extend to some small businesses depending on how they file (including certain proprietors, partnerships and S-Corporations; or about 2 percent of small businesses, according to some studies).

- The bill also prohibits health insurance companies from denying coverage for pre-existing conditions, from terminating coverage for dependents under the age of 27, caps certain deductibles and caps total out-of-pocket expenses at \$5,000 for individuals and \$10,000 for families.

the settlement filed in the United States Court of Appeals for the District of Columbia are very broad and could have a significant impact on heating oil dealers and propane dealers.

Under the settlement, the FMCSA has agreed to conduct a new HOS rulemaking. A proposed rule must be published by July 26, 2010, with a final rule in place no later than July 26, 2011.



The settlement marks the third lawsuit that Public Citizen has won against the FMCSA over the HOS revisions. However, the two previous victories won by Public Citizen forcing the FMCSA to reconsider the HOS rules did not result in any regulatory changes to the HOS. However, those reviews were made during the Bush administration. The Obama administration is more likely to address the changes Public Citizen is seeking.

Moreover, unlike the previous settlements, this latest agreement does not limit the scope of the agency's review to any specific provision in the rule. Instead, the FMCSA has agreed for the first time to reopen and reconsider the entire HOS rule. This means that provisions important to heating oil and propane dealers, including the driver log book exemption that is permitted for transporters who do not operate beyond 100 air miles from their principle place of business, may be subject to change. This log book exemption is vitally important to petroleum marketers because it relieves drivers of the burden from keeping daily log books recording duty status and rest periods.

Public Citizen has not singled out the exemption, but the organization is pushing for more accountability in driver record keeping requirements by seeking a provision requiring electronic on board recorders that

## **DOT Settlement Requires Reopening of Driver Hours of Service Rule**

The Federal Motor Carrier Safety Administration (FMCSA) and a coalition of safe driving organizations led by Public Citizen settled a pending lawsuit recently that challenged federal driver hours of service (HOS) regulations.

The lawsuit challenged revisions in 2003 to the HOS regulations that increased the maximum daily time drivers can spend behind the wheel from 10 to 11 hours and reduced the minimum rest time required before restarting a work week from 50 or more hours to 36 hours. The terms of



would take the place of log books, at least for long haul drivers.

If any HOS changes are made, they will not be finalized for at least a year, according to the New England Fuel Institute (NEFI).

## House Bill Allows Military Personnel to Terminate Contracts

In November, the U.S. House of Representatives passed a bipartisan bill (H.R.3949) by a vote of 382-2 that would allow military service members to terminate certain types of contracts after any date in which the service member receives military orders.



Contracts for cellular service, cable and internet, and other home delivered services including "water, electricity, home heating oil or natural gas" are among those covered. The service member may terminate such contracts once they have received a notice to relocate to another station that does not support the contract or to deploy "in support of a contingency operation" for a period of at least 90 days.

The service member must provide a written notice of termination and a copy of his or her military orders to the service provider by hand delivery, private carrier, fax or postal mail to the address specified by the provider and with a return receipt and sufficient postage. Termination would become effective once the notice is delivered and the provider must return to the service member any advance payments made under the contract.

The service member would be liable for any unpaid services rendered prior to the termination of the contract, and providers would be

prohibited from implementing termination charges or certain reactivation fees. The bill was expected to pass in the Senate.

## President Signs Business Tax Relief Bill

President Barack Obama has signed into law a bill that includes an expansion of the Net Operating Loss (NOL) carry back relief provided for in the 2009 stimulus bill to medium and large companies, and extends it so that 2008 or 2009 can now be used to recoup taxes paid in the prior five years.

The bill also extends unemployment benefits, and extends and expands the federal home buyers tax credits, among other things. For more details or guidance on the tax-related provisions of the legislation, which is now law, the New England Fuel Institute (NEFI) recommends consulting a qualified tax professional.

## EPA Proposes Another SPCC Compliance Extension

The U.S. EPA has proposed another extension of the Spill Prevention, Control and Countermeasure (SPCC) compliance deadline, extending the current Nov. 10, 2010, deadline for at least a year, according to the New England Fuel Institute (NEFI).



That rule also provides an exemption from sized secondary containment requirements for cargo tank trucks containing product that are parked overnight at bulk storage facilities or other parking areas. The exemption allows the use of drip pans and absorbents rather than berms,

drainage equipment and oil water separators installed around parking areas to contain potential spills from parked cargo tank vehicles. The exemption was supported by NEFI and other industry allies and offers a significant cost savings to heating oil marketers that park trucks overnight which contain more than a residue of product.

The parked truck issue came to a head in 2007 when EPA regional enforcement authorities began to fine petroleum marketers for not parking cargo tanks containing product that returned to bulk plants or parking areas at the end of the day within secondary containment areas. This was a new area of enforcement that took the industry by surprise as few had secondary containment structures and equipment around parking areas.

For more information about the ruling, see NEFI regulatory counsel Mark Morgan's column on page 10.

## Senate Approves CFTC Commissioners

The U.S. Senate recently approved Scott O'Malia as a commissioner at the Commodity Futures Trading Commission (CFTC), the federal regulator of commodity trading, and renewed the terms of commissioners Bart Chilton and Jill Sommers.

The CFTC now has all five sitting commissioners for the first time in years, and NEFI hopes this development will help expedite new rules and regulations that will increase transparency and prevent excessive speculation. Reform was broadly endorsed by all three commissioners during the confirmation hearings.

## NEFI Welcomes New Members

New England Fuel Institute welcomes seven new members.

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HeatingOil.com is a news and information Web site for consumers.

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Sid Harvey sells wholesale equipment for refrigeration, air conditioning and heating.

### RETAIL MEMBER: Sun Island Fuel Inc.

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## Legislative & Regulatory Action Center

### NEFI Dues and Action Center Contributions Pay Off With SPCC Rulemaking

Mark S. Morgan, Esq., NEFI Regulatory Counsel

If you ever wonder what your New England Fuel Institute (NEFI) dues or Action Center contributions accomplish, you are in good company. It is only natural for those who invest in NEFI and the Action Center to look for a return on their investment.

NEFI dues and Action Center contributions make it possible for NEFI representatives in Washington, D.C., to work aggressively on regulatory and legislative level issues that directly impact the day-to-day operation of your business.

Just this month, your investment in NEFI and the Action Center has paid off in a new final rulemaking on the Spill Prevention, Control and Countermeasure (SPCC) requirements for parked trucks that will save you thousands of dollars in compliance costs, whether you own a bulk plant or not.

The U.S. EPA finalized an SPCC rulemaking in November that provides significant regulatory relief for heating oil dealers. The rulemaking includes an exemption from SPCC sized secondary containment requirements for cargo tank vehicles containing product that are parked overnight between deliveries. The final rule is effective Jan. 14, 2010. In addition, the final rule states the EPA will soon follow up with another rulemaking to once again extend the current Nov. 10, 2010, SPCC compliance deadline. Expect the extension to be at least eight to 12 months in duration.

The parked truck exemption was proposed by NEFI after EPA regional enforcement authorities began to fine heating oil dealers for not providing sized secondary containment for cargo tank trucks containing more than a residual amount of product that were parked overnight at bulk plants or other parking facilities such as property yards, etc.

The fines were based on an obscure EPA regulatory interpretation that product-filled cargo tanks were no different from above-ground storage tanks when parked overnight and therefore subject to the same secondary containment requirements. It did not matter to EPA whether the trucks were parked at a bulk plant or at a property yard without any stationary storage tanks.

The EPA insisted that product filled cargo tanks must be parked within secondary containment structures capable of containing a catastrophic spill from the single largest compartment of any truck—this is identical to the secondary containment requirement for above-ground tanks.

This interpretation, if maintained, would have forced oil heat dealers to spend thousands of dollars to construct berms, install drainage equipment and oil-water separators around cargo tank parking areas. Not only would sized secondary containment of this kind be cost-prohibitive—\$40,000 or more depending on site characteristics—but could also require additional lot area that many heating oil dealers simply do not have, and perhaps could not acquire.

NEFI sought to neutralize the parked truck interpretation through a proposed SPCC rulemaking. In written comments to the EPA, NEFI proposed to include parked cargo tank vehicles under the same sized secondary containment exemption that already existed for mobile refuelers at airports. NEFI then worked closely with the EPA to ensure that the exemption became a reality.

Under the exemption, parked cargo tank trucks must comply with general

SPCC secondary containment provisions, which require containment of only the most likely spill from a parked cargo tank—in most cases a leaky valve or hose.

All you need to do in order to comply with general secondary containment provisions is to use drip pans and absorbents to contain likely spills at a cost of just a few hundred dollars. Compare this to the many thousands of dollars in compliance costs NEFI members would have been forced to pay to comply with sized secondary containment requirements for parked trucks if the exemption was not in place.

By any measure, the “NEFI secondary containment exemption” is a pretty good return on investment—and this is only one of many legislative and regulatory issues that NEFI is working on for its members. Expect even more returns on your investment from NEFI in both the long- and short-term.

### Washington Tackles Commodities Reform

Jim Collura, NEFI Vice President for Government Affairs

The efforts of NEFI and its allies to pass meaningful commodities trading reform legislation may have received a boost this winter as other Congressional priorities stall. The Congress had hoped to pass into law both sweeping health insurance reform and a national cap-and-trade program to restrict carbon emissions, both of which have hit snags as this article went to press.

Even though Congressional leaders plan on keeping the Senate in session until the week of Christmas, both health care and cap-and-trade are struggling to find a way forward to the 60-votes needed for passage. Both bills would restructure massive sectors of the economy and have an impact on the lives of every American. And after the New Year, many members will be embroiled in the 2010 Congressional mid-term elections and less willing to cast a vote on controversial legislation.

But the political environment has opened the door for another major issue—financial services reform. Members of Congress and regulators have been emboldened by the public's populist anger towards Wall Street for last year's economic collapse and for the risky investment products and trading practices that caused it. And new announcements of massive year-end bonuses and profits during a bad recession could help deliver enough public support to pass a major reform package.

NEFI is of course concerned with measures in the financial reform bills that would strengthen oversight of the commodities trading markets. NEFI and its coalition allies believe that trading of U.S. commodities (including crude oil, heating oil and gasoline) conducted on over-the-counter markets and foreign boards of trade should be conducted on regulated and transparent trading platforms. This is essential in order to protect the integrity of the system, safeguard against fraud and manipulation, and to prevent excessive volatility and speculation.

As this article went to press, both the House and Senate were working on legislation to bring to a floor vote. NEFI and its allies were feverishly meeting with members of Congress and their staff in order to assure that the strongest possible legislation is passed into law, and we need your help. Be prepared to call your members of Congress in support of this effort. A final vote on this legislation is likely later this winter.



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**COMMITMENT COMES WITH NAMES ATTACHED**  
**WE ARE PLEASED TO RECOGNIZE OUR VALUED SUPPORTERS**

**2009 CONTRIBUTORS As of November 23, 2009**

**\$10,000**

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

**\$7,500**

Peterson Oil Service Worcester, MA  
 Total Energy Solutions, LLC Portsmouth, NH  
 Atlas Glen-mor Oil Chelsea, MA

**\$5,000**

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

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

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

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

Noar's Oil Worcester, MA  
 Dupuis Oil Pawtucket, RI  
 Scott Oil Co. Gloucester, MA  
 L. E. Belcher Inc. Springfield, MA  
 Cheshire Oil Co. Keene, NH  
 Fred Fuller Oil Co. Hudson, NH  
 W. H. Riley & Son Inc. North Attleboro, MA  
 Munhall Energy Co. Watertown, MA  
 Energy Kinetics Inc. Lebanon, NJ  
 C. K. Smith Oil Company, Inc. Worcester, MA  
 Coan Inc. Natick, MA  
 Medway Oil Co. Inc. Medway, MA  
 Dominick Fuel Inc. Norwalk, CT  
 Lipton Energy Pittsfield, MA  
 Keyser Energy Rutland, VT  
 Fleming Oil Co. Brattleboro, VT  
 T. H. Malloy & Sons Cumberland, RI  
 Osterman Propane Whitinsville, MA  
 Faulkner Brothers Inc. Somerville, MA

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

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

**\$600 And Up...**

Needham Oil & Air, LLC Needham, MA  
 Stocker Oil Co. Peabody, MA  
 Howell Fuel Inc. Fairfield, CT  
 Atlantic Pratt Oil Co. Inc. Braintree, MA  
 Reliable Oil & Heat Co. Glenbrook, CT  
 Reggie's Oil Co. Inc. Quincy, MA  
 Rowayton Fuel & Oil Co. Inc. Norwalk, CT  
 Stafford Oil Company Inc. Laconia, NH  
 Sunshine Oil Co. Bristol, RI  
 Homestead Fuel Inc. Ellington, CT  
 Landry & Martin Oil Co Inc. Pawtucket, RI  
 Bourne's Inc. Morrisville, VT  
 State Line Oil Co. Granby, CT  
 Imperial Oil Co. South Windsor, CT  
 Robert Greene Inc. Bennington, VT  
 J. J. Sullivan Inc. Guilford, CT  
 Boston Steel & Mfg. Co. Malden, MA  
 Baker-Whitney Oil Co. Acton, MA  
 Whiting Energy Fuels Holyoke, MA  
 Haffner's Service Stations, Inc. Lawrence, MA  
 Huckleberry Heating Oil, LLC Boscawen, NH  
 Jack F. Corse Propane, LLC Cambridge Junction, VT  
 Albert Culver Co. Rockland, MA  
 Murphy Fuel Corp. Waltham, MA  
 Angus Partners Ft. Lauderdale, FL  
 James E. Kimball, Jr. Inc. GT Barrington, MA  
 Town Oil Co. Wethersfield, CT  
 Waldo-Thompson Brothers Inc. Waldo, ME  
 Brow Oil Co. Braintree, MA  
 Blue Cow Software Lynnfield, MA  
 L. F. Powers Co. Inc. Waterbury, CT  
 Mass Energy & Oil Pittsfield, MA  
 Fuel Services Inc. Westfield, MA  
 Perry's Oil Svc. Bradford, VT  
 R F Oil Fuel Oil Lehighton, PA  
 Bigelow Oil Co. Newton Upper Falls, MA  
 Holden Oil Inc. Peabody, MA  
 Brideau Oil Corp. Fitchburg, MA  
 Goodrich Oil Co. Inc. Newport, NH  
 Knight Fuel Co. Hudson, MA  
 Sippin Energy Products Monroe, CT  
 Affordable Oil, LLC Rollinsford, NH  
 PBL S Ent. T/A LS Fuel Libertytown, MD  
 Ives Bros DBA A Plus Oil Willimantic, CT  
 Westmore Fuel Co. Inc. Greenwich, CT  
 Ashley Fuel Inc. Beverly, MA  
 Sochia's Oil & Gas Inc. East Douglas, MA  
 Tasse Fuel Corp. Southbridge, MA  
 Dunn Oil Co. Inc. Maynard, MA  
 J. & S. Oil Co. Inc. Manchester, ME  
 Lees Oil Service Inc. Westport Point, MA  
 Central Mass Oil Rutland, MA  
 Augusta Fuel Co. Augusta, ME  
 John A. Healy & Sons Westford, MA  
 Continental Fuel Co. Inc. Bridgeport, CT  
 Chapman Fuel Inc. Gardiner, ME  
 D. Ferruccio & Son Inc. Hudson, MA  
 Erickson Fuel Co. Inc. Medford, MA  
 McCarthy Heating Oil Svc. Quaker Hill, CT  
 Winthrop Fuel Co Inc Winthrop, ME  
 Pioneer Propane Co. Harrison, AR  
 Rand-Handy Oil Co. Marshfield, MA  
 Gillespie Fuels & Propane Inc. Northfield, VT  
 A. Hohmann & Co., Inc. Dorchester, MA  
 Gottier Fuel Co. Inc. Rockville, CT  
 New England Oil Co. Inc. Greenwich, CT  
 Sherman Oil Co. West Brookfield, MA  
 Federal Heating & Eng. Co. Inc. Winchester, MA  
 Lakeside Oil Co. Inc. Marlboro, MA  
 Swanzey Oil, LLC West Swanzey, NH  
 L. H. Gault & Son Westport, CT  
 JRRBC Inc. Hudson, MA  
 Star Petroleum Co. Inc. Foxboro, MA  
 Petrocom Energy Group, LLC Houston, TX  
 B & B Oil Co. Charlestown, MA  
 Hall Oil Co. South Dennis, MA  
 Interstate Gas & Oil Corp. Sudbury, MA  
 Mello Fuel Inland Oil Terminal Jamaica Plain, MA

**\$600 And Up...**

Guy E. Nido Inc. Wilmington, VT  
 West Oil Co. Inc. North Adams, MA  
 Whitney Brothers Oil Co. Clinton, MA  
 Dutchess Oil & Propane Co. Millerton, NY  
 Henry Oil Co Inc Providence, RI

**\$300 And Up...**

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

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

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

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

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

# What's New In Water Heaters

**WHILE OILHEAT TECHNOLOGY AND FUEL REMAINED RELATIVELY UNCHANGED FOR DECADES,** even through previous recessions and energy crises, the past decade has seen a constant flow of updated technology that has offered even more efficiency and multiple fuel integration.

While fuel oil has seen reductions in sulfur content and increased biofuel components, water heaters have advanced by including computerized controls, improved materials and use of various renewable fuels.

With many households running older systems, these new water heaters give residents a compelling reason to upgrade and provide many features for retailers to market. In addition to providing greater efficiencies to customers, some of the models such as those including solar panels give retailers another market segment to grow if they choose to expand toward becoming whole home energy providers. Some products may even be eligible for state and federal tax incentives on energy efficient heating equipment. The following information about each product was provided by the respective companies.

make: two for the solar collector(s), two for the storage tank's heat exchanger and one for the expansion tank. The solar pumping station includes an integral variable speed solar control pump, isolation ball valves, air elimination, flow meter and safety group.



The unit continually adjusts pump speed to maximize solar collector output, a feature that increases system performance by 20 percent, according to Taco. As an example of its operation, the unit does not pull 80° water from

the collector(s) if the tank's set-point is 120°. If a higher delta T is maintained through the collector, then higher source temperatures are achieved over longer periods of time regardless of weather conditions.

Taco's new solar products work with any solar thermal application, whether drain-back, open loop or closed loop. They offer user-definable output for: heat dump, one or two storage tanks, storage tank supplement or booster pump. Also the all-in-one design means each Taco product is pre-engineered, pre-plumbed, pre-wired and easy to install, according to the company.

For more information on the new Taco solar products, go to [www.taco-hvac.com](http://www.taco-hvac.com) and click on the Products tab.

## BRADFORD WHITE'S 14 NEW SOLAR WATER HEATERS

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

## TACO'S SOLAR LINE

Taco Inc. recently expanded its all-in-one X-Pump Block to include solar thermal applications.



creation source side of the system (solar collector) and the heat sink side (storage tank).

The versatile, bronze cased SXPB can be set up to maintain a setpoint differential between the solar collector and a primary and optional auxiliary storage tank; it can support a booster pump as part of a drainback system,

and features an intelligent heat dump option and freeze protection for open systems.

Its variable speed circulator control package controls the speed of the water flowing through one side of the heat exchanger to satisfy the heat transfer requirements between both sides of the heat exchanger while maintaining proper delta T over an extended period of time. According to Taco, the variable speed control matches the output of the collector so there's no circulator short cycling and performance is increased by 20 percent.

The SXPB can support one or two storage tanks. Energy collected by the solar collector is displayed on the SXPB's large LCD.

The Solar X-Pump Block has only four pipe connections, in order to aid in fast installations even in tight spaces.

Taco has also continued to expand its solar product line with its new pumping station.

Taco's newest solar technology combines all the products needed for a closed-loop water heating system into a single, pre-engineered package. There are just five connections to

Continued on page 14...



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TODAY'S SMART CHOICE FOR  
A WORLD CLASS SUPPLIER

...Continued from page 12

The 14 new water heaters include six EcoStor2 SC double wall, single coil gas backup models, six EcoStor2 SC double wall, single coil TTW gas backup models and two EcoStor2 SC double wall, single-coil Eco-Defender gas backup models.



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

Earlier this year, the company brought to market six EcoStor2 SC double wall, single coil electric backup models. This followed the release of nine new models in 2008 which included six EcoStor SC single-wall, single coil electric backup models and three EcoStor DC dual coil heat exchanger backup models. Bradford White first breached the category in the 1980s with the release of a trio of Solar Saver indirect models, and the company now offers a total of 32 water heaters for use in solar applications.

Bradford White Water Heaters, which is headquartered in Ambler, Pa., is a full-line manufacturer of residential, commercial and industrial products for water heating, space heating, combination heating and storage applications. For more information about the company or its full product line, see [www.bradfordwhite.com](http://www.bradfordwhite.com).

### PENNCO INDIRECT WATER HEATER

Pennco, which is a division of ECR and also sells under the Utica Boilers and Dunkirk names, has released an indirect water heater with capacities from 30 to 110 gallons for domestic hot and cold water needs.

Connection types depend on the model, but series-wide features include:

- Coil connections include dielectric unions for both inlet and outlet;
- 2" foam insulation with a heavy-duty steel jacket;
- Replaceable extra-thick magnesium anode rod;
- Corrosion resistant porcelain-coated enamel smooth coil and interior tank walls.

All models also come standard with Immersion Aquastats, Surface-mounted Thermostat and a Self-cleaning Drain Valve. For more information on the Pennco Indirect Water Heater, go to [www.ecrinternational.com](http://www.ecrinternational.com).

### RHEEM'S SOLAR OPTIONS

Rheem currently offers a passive and active solar water heating system, with an upcoming active solar system also planned for release.

The Solaraide Passive Water Heating System is currently available in a 47 and 80-gallon capacity. The system, with its passive design, requires no pumps or controllers. The Solaraide includes tank, collector(s), installation kit, and heat transfer fluid. It features a closed loop, indirect heat exchange and has OG-300 Certification from the Solar Rating and Certification Corporation (SRCC)

The tank includes a single wall external heat exchanger that completely surrounds the storage tank, which is manufactured from steel, with a vitreous enamel tank lining and Immersion, copper sheath backup element.

The flat plate solar collector is made of black polyester with a powdercoat absorber coating and has 35 multi-flow risers to allow for faster heat transfer, according to the company. It is OG-100 certified by SRCC.

The Solpak Active Solar Water Heating Systems are available in 80- and 119-gallon capacities.

The system is OG-300 certified by SRCC and designed with a closed loop glycol design and a double collector system. The package includes the Solaraide HE tank, collectors, controller, adjustable pump, mixing valve, glycol solution (4 gallons) and a thermal expansion tank (for glycol loop). Rheem also offers an 18 AGW sensor wire and tilt mount kits separately.

The heat exchanger tank features a double wall heat exchanger with a copper tubing wrap-around design, a single element backup heating source and 3/4-inch water and collector loop connections. The solar collectors come in two sizes, 3-feet by 8-feet and 4-feet by 8-feet. They are flat panels with black paint absorber coating and are also OG-100 certified by SRCC.

Rheem is also preparing to release its latest solar systems, the Solar Marathon Active Water Heating System, which will be available in 85- and 105-gallon capacities.

The OG-300 certified system has a similar design to the Solpak. It features a closed loop glycol system and double collectors. The entire system includes a Marathon tank, the collectors, pump controller, mixing valve, glycol solution (3 gallons) and a thermal expansion tank (for glycol loop). The 18 AGW sensor wire and tilt mounting kits are again sold separately.

The tank is made from a polybutene material, with a unique, corrosion-resistant design will never rust, according to the company, and they also said it is lightweight and easy to install.

The pump controller combines a variable speed solar temperature control, collector circulator, storage tank circulator and heat exchanger in a single unit, with a digital display with energy monitoring and flexible, programmable inputs/outputs.

The solar collectors are the same as those that come with the Solpak, with a 3-foot by 8-foot and 4-foot by 8-foot version. They are also flat panels with black paint absorber coating and OG-100 certified by SRCC.

For more information, visit Rheem's Web site at [www.rheem.com](http://www.rheem.com).



## House Approves Measure to Strengthen Small Business Loans

The U.S. House of Representatives overwhelmingly passed a bill to strengthen small business loan programs. The measure reauthorizes the Small Business Administration (SBA) and increases funding available for loans by about \$44 billion.

It expands the maximum amount for individual loans to up to \$3 million for 7(a) loans, however, President Barack Obama had asked for \$5 million.

It also maintains the 90 percent federal guarantee put in place by the 2009 stimulus bill and authorizes \$30 million in operational assistance grants and \$1 billion in loan guarantees for each of fiscal years 2010 and 2011 for Renewable Energy Capital Investment Programs which allows SBICs to invest in small businesses involved in renewable fuel production.



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Roth Industries offers free training for technicians to learn how to use their solar technology and become certified.



how to install the product. Only a certified contractor can install the Roth solar system. We offer certification classes once a month at our Syracuse, N.Y., facility, free of charge. The trainings are also offered at our local wholesale distributors during the year.

**When did Roth begin offering a solar solution? What has the response been like from dealers and residents, and are there any new solar products on the horizon?**

We started our North American solar program in 2007, and the response has been terrific. We are presently looking at marketing a commercial version of our flat panel system.

**What was the research timeline and testing like to bring the system to market? Are solar systems given similar warranties to oil-fired systems?**

Although efforts are being made to streamline the regulatory process, it took an extended period of time to get the collectors approved. The systems we are selling in North America are the same as Roth sells worldwide. All Roth solar products are certified by an independent research laboratory meeting the requirements of the market in question. Our Roth solar system has a 10-year warranty.

**Are there any federal incentives for solar technology that dealers can use to encourage customers to adopt the system?**

There are many incentive programs from the federal, state, and local governments. They vary depending on the market area and include grant programs, low interest loans and aggressive utility based programs.

I recommend going to the Database of State Incentives for Renewable and Efficiencies (DSIRE) at [www.dsireusa.org](http://www.dsireusa.org) to find out what incentives are being offered in the customer's specific area. DSIRE is a comprehensive source of information on state, local, utility and federal incentives that promote renewable energy and energy efficiency.

**The Oilheat industry has made a pledge to move toward an ultra-low sulfur biofuel blend in the near future. Is Roth technology certified to be used with that type of fuel? Is there new technology planned that could further take advantage of it?**

The Roth Double Wall Oil Storage Tanks are capable of storing B100 concentrations, and has been involved in storing biofuel in Europe and North America for many years. The tank will not be affected by low sulfur blends of biofuel. ☒

## Enlightening the Industry *Roth's Technical Manager Offers Solar Insight*

**THE RECENT SUMMIT IN BALTIMORE THAT BROUGHT TOGETHER MANY OILHEAT LEADERS TO** commit to an ultra-low sulfur diesel (ULSD) biofuel blend in the near future also included an important provision to ensure industry technicians are trained in the use of solar thermal technology.

Many equipment manufacturers have been working on integrating solar technology with oil-fired heaters for several years, bolstered by tax incentives and an international desire by many consumers to go green.

Stephen Kelly, the technical manager at Roth Industries, recently spoke with *Oil & Energy* about how Roth first started working with solar and what the advantages are for both dealers and customers. Kelly has been involved with the hydronic heating industry for 25 years and works the sales department at Roth with the technical aspects of the products they bring to market.

**Roth offers a solar water heating unit. Can it be integrated into an already existing Oilheat system or does it need to replace another system?**

Yes, the solar products offered by Roth can be in most cases easily added to the existing oil-heating system, especially if the appliance is a boiler. We can also utilize the existing oil-fired domestic hot water (DHW) system as part of the new solar system.

**In addition to panels, what else is needed to convert a conventional water heater into one integrated with solar?**

Direct incorporation of a conventional water heater into a solar water heating system can be done, but would require a separate heat exchanger. Roth does provide a line of storage tanks that comes with the necessary internal coils to allow for an efficient transfer of energy from the solar panel to the storage tank.

The domestic hot water system could be piped directly from the storage tank coils or the coils connected to your existing DHW tank. Our solar storage tank can be configured with a second internal coil allowing it to be connected to a boiler. The boiler then can supplement the solar tank at night or during the winter when extra energy is required.

**For residents in the Northeast, what kind of efficiency gains are possible by using a system with integrated solar?**

Solar installations from Roth are complete, high-performance systems. Depending on the individual design and location, they are able to supply up to two-thirds of the projected annual median energy requirements needed to provide domestic hot water to a single-family dwelling.

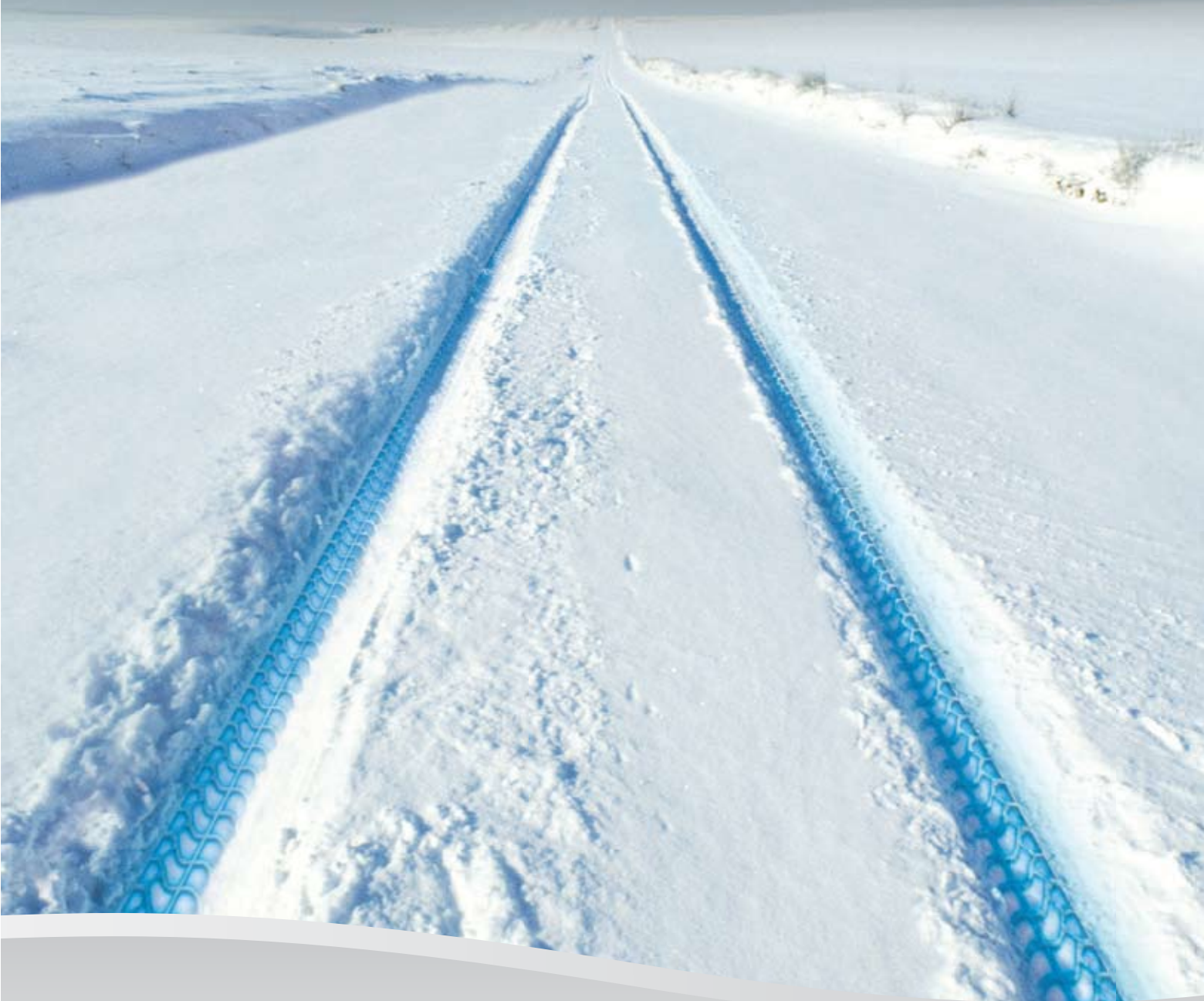
When combined with Roth radiant heating systems, the stored solar yield can make a significant contribution to heating with a minimum carbon impact to our environment.

**Can home heating oil dealers install the solar systems or would they need to contract the work? Where could they learn more about installing and marketing solar water heating systems for customers?**

Most mechanical contractors already possess the skills to install a Roth solar system. If the dealer is uncomfortable with installing roof mounted systems, he can use this as an opportunity to partner with local roofing contractors, opening up a new market for both.

Roth requires that the contractor becomes certified by attending one of our classes on

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## The Importance of an Employee Handbook

### *Reducing Liability Through Proper Policy*

**WITH THE MANY PRESSING NEEDS FACING HOME** energy retailers—most of them small, privately owned businesses—on a daily basis, there are often important practical strategies they do not have the time to implement or adhere to.

According to a presentation at the recent Massachusetts Oilheat Council (MOC) annual meeting, maintaining an up-to-date and thorough employee handbook is not one of those strategies that Oilheat dealers should forget about.

Christopher Foster, Alida Bogran-Acosta and Christopher Feudo of law firm Robinson & Cole offered the seminar and provided a generalized handbook to participants to understand the basics that should be included.

“The main purpose of the handbook is to reduce your liability as an employer,” said Bogran-Acosta.

The handbook also gives employers an opportunity to give an overview of the company’s management philosophy, set clear direction and expectations for workers and ensure that management practices are consistent throughout the company.

All companies are not the same, however, and Acosta noted that if your company has any unionized employees, they may already be covered by a collective bargaining agreement. Guidelines in the handbook must be consistent with the collective bargaining agreement or clarify if provisions are meant to include only non-union workers or vice-versa.

Like all legal documents, another key to the handbook is including the proper disclaimers upfront.

“The purpose is to provide general guidelines,” said Feudo. “Not every situation will be in there, so you need the proper discretion.”

Some of the important disclaimers include declaring that the handbook does not serve as

a contract and that employees are working “at will,” unless otherwise specifically stated or due to other policies or union rules. In addition to prominently displaying these disclaimers at the beginning of the handbook, Feudo recommended including them in other applicable sections and in any acknowledgement forms.

The acknowledgement forms are another crucial part of the process, because they help ensure employees have received the handbook and associated documents. The forms should be separate from the handbook and state that employees have received and reviewed the handbook, acknowledge it is not a contract and that their employment is at will.

Employees should sign the form and not the handbook, Bogran-Acosta said, because it implies they are signing onto the document. Instead, the acknowledgement forms should be placed in each employee’s personnel file.

A major section of the handbook should be a comprehensive method for employees to report harassment or discrimination in the workplace.

“Having a clear, effective policy goes a long way toward a defense,” in case of litigation, according to Feudo.

Components of such a policy include prohibiting harassment and discrimination of all protected classes, providing for alternative reporting to more than one person and ensuring prompt, effective action. Many small businesses must also post related state and federal posters, including the newly required Genetic Information Nondiscrimination Act (GINA) poster.

Some states also require regular distribution of sexual harassment or discrimination policies. Massachusetts, for example, requires annual distribution of the policy, so Feudo recommended including it in the first paycheck

of the year for all employees.

Home energy retailers need to be particularly mindful of including a section that properly labels employees and independent contractors. Improper classification can lead to liability for failure to withhold taxes, failure to provide benefits and potential minimum wage or overtime exposure, among other penalties.

Due to many employees being hired at will, they should be referred to as “regular” and not “permanent,” according to Bogran-Acosta. Workers should also serve an “evaluation” or “introductory” period, not “probationary,” because that can imply their status is permanent after it ends.

With many retailers employing independent contractors to augment their regular staff, companies need to make sure they are properly labeled throughout the handbook. Massachusetts and many other states have very strict definitions for independent contractors and violating any of them, even unintentionally, can make them an employee.

Maintaining a guidebook with clear guidelines, not necessarily step-by-step procedures, also gives companies the ability to deal with unique situations without violating their own rules. Having the right amount of detail can be crucial when outlining discipline and termination policies.

After the handbook has been completed, Robinson & Cole recommends having it reviewed by an employment lawyer adapt it for the individual company and ensure the appropriate phrasing and disclaimers are used.

The representatives from Robinson & Cole stressed that the seminar was only for informational purposes and should not be construed as legal advice. For more information, contact your own legal representation or visit [www.rc.com](http://www.rc.com). ☐

## EPA ESTABLISHES PROGRAM TO REDUCE WOOD-BURNING POLLUTION

As smoke begins wafting from chimneys in cooler parts of the country, homeowners are starting the first fires of the home-heating season. The U.S. Environmental Protection Agency (EPA) wants homeowners to learn before they burn this winter.

Wood smoke is made up of a mixture of gases and fine particle pollution that isn't healthy to breathe indoors or out—especially for children, older adults and those with heart disease, asthma or other lung diseases.



EPA has established the Burn Wise campaign to reduce wood smoke pollution, and encourages businesses to make customers who are burning wood aware of how to make their fire safer. Tips include:

**Burn only dry, seasoned wood.** It's better for the air and your wallet. Look for wood that is darker, has cracks in the end grain, and sounds hollow when hit against another piece of wood. Dry seasoned wood is more efficient at heating your home and can add up to significant savings over the winter. Never burn painted or treated wood or trash.

**Maintain your wood stove or fireplace and have a certified technician inspect it yearly.** A certified technician can clean dangerous soot from your chimney and keep your wood stove or fireplace working properly, which reduces your risk of a home fire.

**Change to an EPA-certified wood stove or fireplace insert.** These models are more efficient than older models, keeping your air cleaner, your home safer and your fuel bill lower, while keeping you warm in the winter. An estimated 12 million Americans heat their homes with wood stoves each winter, and nearly three-quarters of these stoves are not EPA certified. An EPA-certified wood stove can emit nearly 70 percent less smoke than older uncertified models.

More information on Burn Wise can be found at [www.epa.gov/burnwise](http://www.epa.gov/burnwise).

## EIA: OIL AND FUEL PRICES RISING

Current optimism for a continued economic turnaround is driving oil prices higher, despite high inventories, according to the Department of Energy's Energy Information Administration (DOE EIA).

The EIA released its monthly "Short-Term Energy Outlook" on Nov. 10.

Its forecast for the average price of oil during the winter heating season is now \$77 per barrel of oil, up from a \$70 forecast a month ago. Assuming that U.S. and world economic conditions continue to improve, the EIA is forecasting that oil will reach a monthly average of \$81 per barrel by December 2010. The EIA also notes that should the economic recovery stall, oil prices will likely weaken. The report notes that sustained economic growth in China and other Asian countries is already beginning to cause a rebound in world oil consumption.

In general, gasoline and diesel fuel prices follow oil prices, and the current trends are no exception. The EIA expects regular grade gasoline prices to average \$2.66 per gallon in the fourth quarter of 2009, up from the average price of \$2.55 per gallon in September and October. Gasoline is expected to average \$2.81 per gallon in 2010. Meanwhile, diesel fuel averaged \$2.63 per gallon in August and September and is expected to escalate in price, averaging \$2.79 per gallon during the fourth quarter of 2009 and rising to \$2.94 per gallon for 2010.

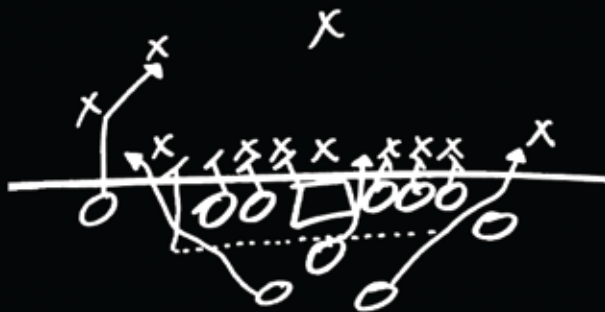
## EX-IM BANK TO BOOST RENEWABLE EXPORTS

The Export-Import Bank of the United States (Ex-Im Bank) recently launched a \$250 million facility to finance exports of renewable energy products, including solar, wind, and geothermal energy technologies. The bank's actions are part of its overall strategy as the first Export Credit Agency to adopt a comprehensive Carbon Policy. The new financing will support U.S. exports of clean energy technologies to will help other nations address climate change concerns.

To further boost renewable energy exports, the Ex-Im Bank will consider the introduction of a full range of incentives and other measures to facilitate the purchase of U.S. renewable energy exports by foreign buyers. The bank will also make more energy efficiency products eligible for its Environmental Exports Program, and it will actively market and promote energy efficiency exports.

At the same time, the bank will encourage export credit agencies, multilateral development banks, and other lending institutions to adopt similar policies to promote clean energy exports.

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**EIA FORECASTS HEATING OIL PRICES UP 4 PERCENT IN 2010**

The new forecast by the federal Energy Information Administration (EIA) predicts that the cost of heating oil in the Northeastern United States will increase 4 percent over last season's average.

EIA predicts average seasonal cost for heating oil customers will average \$1,940 for the 2009 winter season due largely to a rebound in crude oil prices. According to the EIA, residential heating oil prices for October through March are projected to average \$2.80 per gallon, compared with \$2.63 per gallon last winter.



Longer term, EIA is predicting higher energy prices in 2010 based on the assumption of a modest global economic recovery and U.S. economic growth of 1.9 percent. Residential heating oil prices rose during the period ending Nov. 9, 2009. The average residential heating oil price gained 1.1 cents per gallon to reach 274.5 cents per gallon, a decrease of 19.6 cents per gallon from the same time last year. Wholesale heating oil prices decreased 1.5 cents per gallon to reach 206.1 cents per gallon, 3.3 cents per gallon lower than at this time last year.

Natural gas customers in the Northeast should see a 13.5 percent drop in their winter heating bills from \$1,313 in 2008-09 to \$1,135 in 2009-10, EIA predicted. Henry Hub spot price will average \$4.22 per thousand cubic feet (Mcf) for November, which is \$2.60 per Mcf lower than November 2008.

**REPORT: ADDRESSING CLIMATE CHANGE YIELDS 4.5 MILLION CLEAN ENERGY JOBS**

In the process of addressing climate change, the United States could net 4.5 million jobs in renewable energy and energy efficiency fields by 2030, according to a new study.

The report, "Estimating the Jobs Impact of Tackling Climate Change," was prepared for the American Solar Energy Society (ASES) by Management Information Services Inc. The report finds that an estimated 1.2 billion tons of annual carbon emissions could be eliminated by 2030 through renewable energy and energy efficiency alone, if the country

makes a serious commitment to reversing climate change.

According to the report, about 57 percent of the reduction in carbon emissions would be from energy efficiency and 43 percent would be from renewable energy. Professions that would gain the most jobs include farming, construction, professional services, trucking and metal fabrication, with job benefits spread across the entire country. The greatest numbers of renewable energy jobs would be in solar power, biomass power and biofuels.

**DOT ISSUES ANNUAL FIRST RESPONDER GRANTS TO STATES**

The U.S. Department of Transportation's (DOT) Pipeline and Hazardous Material Safety Administration recently announced that it is awarding \$20.9 million to states, territories and Native American tribes to improve the nation's response to transportation incidents involving hazardous materials.

The grants will help train first responders to react to incidents involving hazardous materials and to meet the safety challenges posed by new chemicals and alternative energy products such as ethanol. The grants are funded by fees collected through the annual HAZMAT transportation registration fees paid by petroleum marketers, heating oil dealers and propane dealers.



Since 1993, more than 2.4 million emergency responders and others have received training assistance nationwide using Hazardous Materials Emergency Preparedness (HMEP) grants. Assistance was also given to approximately 1,700 local emergency planning committees each year in preparing and exercising hazardous materials emergency response plans, and in conducting commodity flow studies that identify transportation hazards.

Effective in 2008, transportation legislation more than doubled the funding of the HMEP grants program. All 50 states, one territory, and seven North American tribes received HMEP grant funding this year. For more information and the complete list of states go to: [www.hazmat.dot.gov](http://www.hazmat.dot.gov).

**PMAA HOLDS CONFERENCE, APPROVES NEW OFFICERS**

The Petroleum Marketers Association of America (PMAA) held its annual meeting on Sept. 19 and 20 in conjunction with the National Association of Convenience Stores (NACS) trade show.

The meeting was well attended and began with a joint PMAA-SIGMA-NACS meeting on top motor fuel and convenience store issues and a board briefing on top petroleum and biofuels policy issues.

It also included regional meetings, a heating oil division meeting and task force meetings; including meetings of the PMAA futures market reform and cap-and-trade/climate change task forces. NEFI Vice President for Government Affairs Jim Collura attended the two-day event.

The PMAA Board of Directors also approved the slate of new Executive Committee members and officers for 2010. Gerry Ramm (Inland Oil, Ephrata, Wash.) was elected chairman. Ramm noted that Congress is in the process of enacting multiple bills that will dramatically affect the future of the petroleum industry and independent petroleum marketers.

"PMAA's greatest resource is the political grassroots strength of our member state associations. I plan to give greater focus in 2010 to improving our grassroots communications. We have a strong voice in Congress but I think it can be and must be stronger," he said.

Others newly elected were Vice Chairman Sean Cota, Cota & Cota, Inc; Treasurer Stanley Roberts, Capital Oil Inc.; North Central Region Chairman Robert Buhler, Open Pantry Food Marts of Wisconsin; Northeast Region Chairman Dave Martin, Webber Energy, Southeast Region Chairman Sam Bell, Echols Oil Co.; Western Region Association Executive John Hill, Utah Petroleum Marketers and Retailers Association; and South Central Region Association Executive Chris Newton, Texas Petroleum Marketers and Convenience Store Association.

Ramm's appointments also included: Motor Fuels Division Director Wes Loffin, NE Louisiana Wholesale Oil & Gas; Heating Fuels Director David Foster, Wilcox Fuels; Lubricants Division Director Vern Kelley, Kelley Fuels; Brands Director Benny Hodges, Hodges Oil Company; Small Business Political Action Co-Chairman Sam Bell, Echols Oil Co.; Small Business Political Action Co-Chairman Gary Harris, North Carolina Petroleum & CSA; and Petroleum Marketers Education Foundation (PMEF) Chairman Craig Erkes, Sun Pacific Energy.



meeting, more of the 23 states that contribute to the National Oilheat Research Alliance (NORA) have also showed their support for the resolution since the September summit.

With state associations from Maine through Pennsylvania already in agreement, North Carolina has supported the biofuel and ULSD components of the resolution, while the Mid-Atlantic Petroleum Distributors Association (MAPDA) supports the ULSD provision.

Representatives from Washington and Oregon have also shown support for the resolution, while a dialogue has continued with those from Wisconsin and Ohio, according to Allen. Currently, Indiana, Kentucky, Michigan and South Carolina are the only NORA states that have yet to commit in some way to the plan, but the industry will continue to work with them, according to Allen.

Meanwhile, states can continue to work to enforce or introduce parts of the resolution. There is currently draft legislation in Vermont that calls for an ultra-low sulfur biodiesel standard by July 1, 2011. Maine, Connecticut, New Jersey and Pennsylvania have proposed similar legislation. Massachusetts has a biofuel mandate of at least 2 percent set to begin in July 2010. ☐

## Industry Support Grows for Groundbreaking Resolution

**WHEN MANY NATIONAL, REGIONAL AND LOCAL** home heating oil associations met in September in Baltimore to agree on a wide-ranging and momentous resolution to move the industry toward a more sustainable future, they promised to act quickly to garner more support throughout the business.

So far, they have done just that, with representatives from additional stakeholders pledging support for the summit's proposed resolution.

On Nov. 20, more than 40 members of the New England Fuel Institute (NEFI) Board of Directors and state association representatives gathered in Providence, R.I., where board members unanimously approved the resolution.

The Board of Directors meeting was led by Chairman Chris Keyser of Keyser Energy in Vermont.

"The vote now gives NEFI the ability to formally commit itself and its resources to the broader cause," said Keyser. "The hope is that, in the coming years, we will see the industry continue to move aggressively to a 'cleaner and greener' product for its customers and in support of federal policies aimed at greater environmental and national energy security."

Attendees of the Massachusetts Oilheat Council's (MOC) annual meeting in November also supported the move toward a new fuel mandate.

The resolution calls for the industry to recommend to Congress and appropriate state bodies to mandate the following:

- By July 2010, all heating oil will be mixed with biofuel components that meet the appropriate specifications to ensure that at least 2 percent of the fuel is renewable and that such levels shall increase over time as technical and economic feasibility permit;

- By July 2011, the petroleum base stock we now call heating oil will be transitioned to ultra-low sulfur diesel fuel (ULSD);

- In the interest of lowering the carbon intensity of heating oil applications, training will be provided to heating oil companies on thermal solar applications.

The resolution would provide the industry with a fuel that has lower greenhouse gas emissions, contains more of a renewable element and improves efficiency.

According to Don Allen of E.T. Lawson in Hampton, Va., who moderated the Baltimore

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## Beyond Traditional Heating Systems Multi-Fuel Furnace Could Open New Revenue Streams

By Vincent Marcoux, SBI

**COMBINING CONVENTIONAL OIL-FIRED HEATING** systems with solar thermal technology and biofuels is not the only method that dealers can offer to customers who are looking for alternative ways to heat their homes.

Biomass stoves and heating devices based on efficient combustible and renewable resources have become a bigger part of the heating industry as retailers have looked to diversify their product offerings.

This was a trend that began during the 1970s amidst concerns about oil, causing the creation of the first pellet stoves. Wood pellets, a type of wood fuel generally made from compacted sawdust, are usually produced as a by-product of sawmilling and other wood transformation activities. Heating appliances such as pellet stoves or pellet central heating systems follow the trend as this blossoming market inspires manufacturers to develop new heaters.

**Biomass stoves and heating devices based on efficient combustible and renewable resources have become a bigger part of the heating industry as retailers have looked to diversify their product offerings.**

Wood pellets are readily available and the demand for other various pelletized fuels such as grass, switchgrass, pure bark, wood and hay mix is also growing rapidly. These new fuels, regarded sometimes as low-grade fuels, might be key to eliminate the frustration

created by the shortage of wood pellets and the slow-down of the forest industry.

If pellets are to become a viable fuel source in North America, a dependable supply is fundamental. It would be unacceptable to have your central heating system rendered useless because of lack of pellets.

The use of pellets in North America is at the infant stage compared to where it is in Europe. In Canada, 80 percent of the market is comprised of stoves rather than central heating appliances such as boilers or furnaces.

However, in Europe, it's the exact opposite. The market for pellet boilers overseas is much more robust. They sell thousands of units and these units can rank well against conventional heating appliances in some efficiency ratings. Although the technology is perceived as conventional in Europe, it has been slow to take hold of in this continent.

However, with the volatility in energy prices worldwide, heating oil and propane dealers have been looking for different technology to offer their customers. Furthermore, the current economic crisis has led to federal and local governments creating incentives such as tax credits in order to attract people into buying new eco-friendly central heating appliances that include some pellet furnaces.

Indeed, while the pellet industry is starting to seem profitable, it is not the only argument pushing pelletized fuels forward. Governments are starting to look to pellets as a fuel that is sustainable and some studies have shown it to be "greenhouse gas neutral."

Pellets also come to the rescue to the forest industry, which has been greatly affected by the economic downturn.

One of the typical complaints about using a pellet system is with the delivery and storage of a large amount of fuel throughout the season. In North America, people typically buy their pellets by the bag. In Europe, bulk delivery of pellets to homes and businesses is widespread. The high density of pelletized fuels permits compact storage and rational transport over long distances. Pellets can be conveniently blown from a tanker to a storage bunker or silo on a customer's premises.

Once home delivery of bulk pellets becomes available, many Canadian homeowners will seriously consider pellets for their central heating needs, according to studies. However, until the infrastructure is in place, homeowners will be more likely to have a skid of bagged pellets delivered to their home.

A large number of models of pellet stoves, central heating furnaces and other heating appliances have been developed and marketed over the last 20 years. They are installed and operated similarly to a conventional oil appliance, but they require a bit more maintenance from the homeowner.

Stove Builder International (SBI), based in Quebec City, has been working on a new pellet-fired forced air furnace. Unlike many other pellet furnaces available in the industry, SBI's multi-fuel pellet furnace (called the Caddy Alterna) is the only one of its kind as it can be installed as a pellet-electric combination central heating appliance approved by the U.S. Environmental Protection Agency (EPA). It doesn't matter if you run out of pellets, the optional electric element will ensure the homeowner comfort and peace of mind. ☐

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**initiatives is CEA undertaking to assure a secure energy future?**

A secure, balanced energy future is the single most important factor for the success of American businesses, citizens and the country's economy. CEA is committed to achieving a positive future for America that includes lower cost energy at stable prices and utilizes American resources thoughtfully and reasonably and remains energetic about developing new alternative fuels that keep the environment firmly in mind.

Through our extensive efforts, CEA has developed a solid reputation by contributing to debate on energy-related legislation and working to halt initiatives counter to domestic energy production. We have also formed an offshore energy coalition to address important policy initiatives and to help expand responsible access to oil and gas resources.

In our discussions, we try to educate people about how important energy is to America's future and their daily lives. The growing interest in CEA's mission has led to the creation of CEA regional organizations in more than 13 states.

Our greatest achievement is simply initiating and maintaining a strong dialogue among consumers, industry stakeholders and Washington. Of key importance is increased communication among consumers, policy makers on the federal, state and local level and energy industry groups.

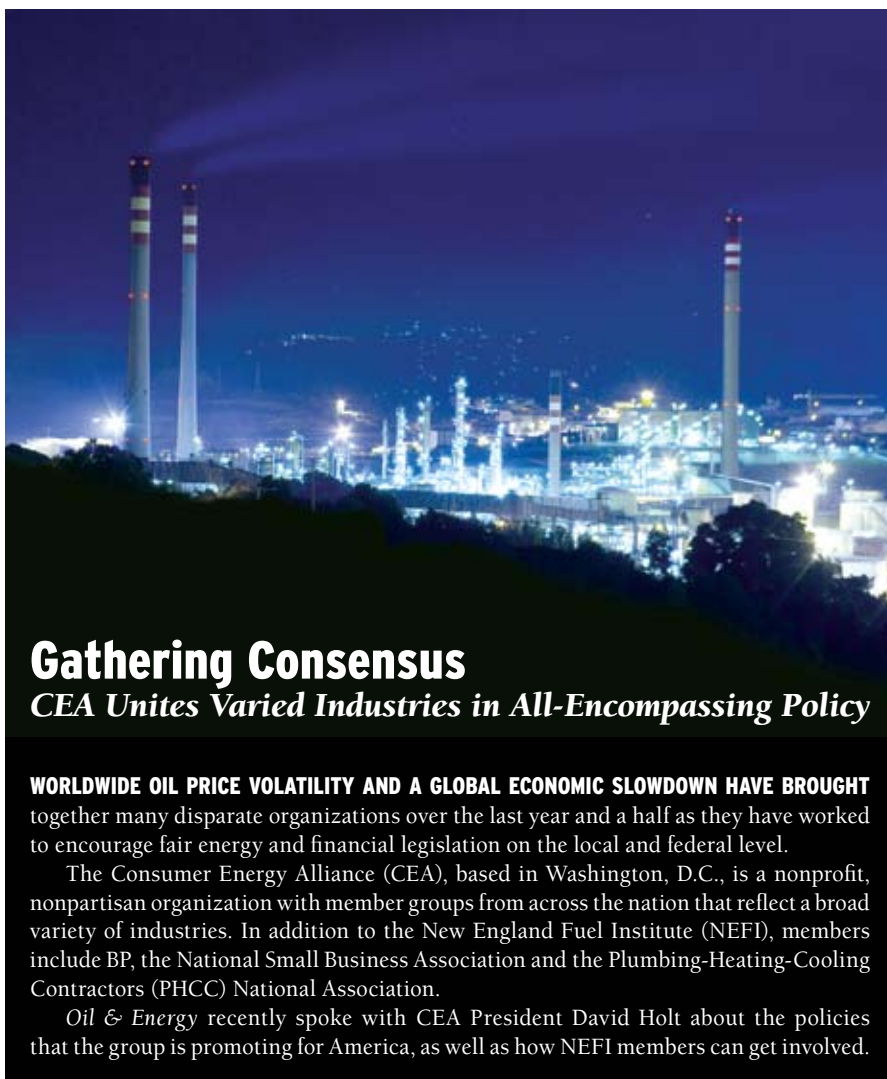
It is essential that everyone is well informed regarding the importance of energy and how it affects their daily lives. We get that message out and start these discussions through numerous new communications campaigns and the development of our affiliates and connections. In short, we show all Americans how interconnected their needs are and how energy forms the basis of collective success.

**Could you describe CEA's position on alternative/renewable sources, such as biofuels and solar energy, as part of our nation's energy portfolio?**

CEA has long advocated that the country needs a balanced national energy policy that provides a comprehensive solution. In short, we need it all—including alternative and renewable sources as well as traditional resources.

CEA supports increased utilization of alternative energy, while simultaneously recognizing the need for more access to off-shore and on-shore energy resources. Another vital part of our mission is to promote enhanced energy efficiency and conservation.

**Continued on page 26...**



## Gathering Consensus

**CEA Unites Varied Industries in All-Encompassing Policy**

**WORLDWIDE OIL PRICE VOLATILITY AND A GLOBAL ECONOMIC SLOWDOWN HAVE BROUGHT** together many disparate organizations over the last year and a half as they have worked to encourage fair energy and financial legislation on the local and federal level.

The Consumer Energy Alliance (CEA), based in Washington, D.C., is a nonprofit, nonpartisan organization with member groups from across the nation that reflect a broad variety of industries. In addition to the New England Fuel Institute (NEFI), members include BP, the National Small Business Association and the Plumbing-Heating-Cooling Contractors (PHCC) National Association.

*Oil & Energy* recently spoke with CEA President David Holt about the policies that the group is promoting for America, as well as how NEFI members can get involved.

### **Can you briefly describe CEA's mission?**

At CEA, our goal is empowering America. We strive to expand the dialogue between the energy and consuming sectors to improve overall understanding of energy security and the thoughtful development and utilization of energy resources to help create balanced energy policy and maintain stable energy prices for consumers.

CEA is a nonprofit, nonpartisan organization that seeks to help improve consumer understanding of our nation's energy security, including the need to reduce reliance on imported energy, maintain reasonable energy prices for consumers, properly balance our energy needs with environmental and conservation goals and continue efforts to diversify our energy resources.

Our goals are to motivate and provide a voice for consumers interested in vital public issues, such as responsible access to available natural resources; power generation; impact of energy prices on business, agriculture and consumers; development of a robust, domestic renewable energy industry; and utilization of new technologies that allow for higher levels of energy efficiency and conservation.

### **What types of organizations make up its membership?**

CEA affiliate members range from consumers, businesses, agriculture, industry and end-users to energy providers and suppliers. With more than 120 affiliate members, CEA represents millions of American consumers, all of whom recognize the importance of securing America's energy future through development of domestic resources including traditional sources, such as oil and gas, and alternative sources, such as wind, solar, nuclear and biofuels.

CEA is committed to working together with our affiliates to provide consumers with sound, unbiased information on U.S. and global energy issues. Energy affects all of our affiliates in different ways from the cost of fuel to accessibility, but the common denominator is the great concern and care that our affiliates place on energy issues. We all agree that secure and stable access to energy will play a vital role in the future success of the United States, its people and its economy.

**Regarding the need for increased domestic production and supply, what efforts and**

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...Continued from page 24

In order to achieve these initiatives, CEA recognizes the need for both near-term and long-term public policy solutions. Despite progress to diversify our energy sources and improve energy efficiency, larger strides are needed to be made to cost effectively meet future demand. However, such solutions will not make a meaningful impact on meeting our growing energy demand for many years to come.



**CEA has long advocated that the country needs a balanced national energy policy that provides a comprehensive solution. In short, we need it all—including alternative and renewable sources as well as traditional resources.**

— CEA President David Holt

For now, the energy industry must continue efforts to seek alternative energy sources and encourage energy conservation, while available supplies of oil and gas are sought and better utilized. We must develop American energy resources in order to improve American energy security and maintain steady prices for consumers.

**NEFI has long argued that conservation and efficiency are essential to sound environmental policy and the economic future of our nation. What is CEA's position?**

We completely agree that conservation and efficiency are the cornerstones of sound environmental policy and are vital to ensuring a stable and successful economic future for the United States.

At CEA, part of our mission is to raise public awareness of our environment, understand and prioritize its needs, and find new ways in which we all can do more to thoughtfully protect it while also ensuring sustained economic growth, job creation and enhanced business opportunities. Over the past four decades, consumers and producers of energy in America have made great strides in ensuring cleaner air, safer water and smaller footprints.

In meeting the huge energy challenges we face today, we need to be mindful of these achievements and strive for more creative approaches to clean energy production and consumption. To CEA, the environment and the economy are not mutually exclusive. We feel, however, that too much of the

public debate on energy policy ignores its important contributions to our nation's economic progress.

In an effort to promote sound environmental policy and achieve CEA's mission, we hold an annual Energy Day in May, which is dedicated to educating policy-makers, the public, and the press about the need for a robust, balanced energy policy that creates jobs, revitalizes the economy and improves both our nation's energy security and environmental landscape. Each year, we host a great line-up of lawmakers and experts. We welcome and encourage all to attend and participate in this important event.

**How does the group feel about efforts by the federal government and Congress, as well as regional and state regulators, to limit carbon content of fuel and carbon emissions?**

The Low-Carbon Fuel Standard (LCFS) is being sold to the American public as a way to blend transportation fuels with low-carbon alternatives so that tailpipe CO<sub>2</sub> emissions can be reduced. But the fact is that affordable and reliable lower-carbon fuel options are not yet available.

As a result, an LCFS simply will increase the cost of diesel fuel and gasoline and will place certain domestic supplies of transportation fuels off limits. Increasing the cost of transportation fuel and U.S. dependence upon foreign sources of petroleum is simply unsound energy policy.

While foreign oil producers from some of the least-stable regions of the world may benefit under an LCFS, American consumers would be stuck paying higher prices at the pump. Because of our concern about federal and regional LCFS proposals, CEA launched a national campaign to help educate consumers and policy makers about the dangers behind this ill-conceived approach to restricting our fuel choices. CEA has run television ads in four states and placed op-eds in dozens of papers throughout the rest of the nation.

We will continue these efforts to thwart the LCFS proposals for the foreseeable future. We also look forward to working closely with NEFI and its members on this important issue.

To learn more about the economic and strategic risks associated with an LCFS, visit [www.secureourfuels.org](http://www.secureourfuels.org), a national campaign of CEA.

**NEFI members are very concerned about price volatility and uncertainty, especially its effect on the consumer's perception of heating fuels. What is CEA doing, if anything, to address this?**

Rising energy prices and the pain felt at the pump and the thermostat are subjects in which consumers across America are becoming well versed. It is virtually impossible to avoid the topic. Price volatility in the heating oil market is no exception.

Is there a way to achieve a fair solution that will improve prices and our daily lives?

We think so. CEA works everyday with groups like NEFI to improve understanding of energy markets, regulatory hurdles and the lack of a robust, balanced energy policy in this country. We believe that a greater energy-educated consuming public will help spur state and federal governments to take meaningful steps to better the energy situation in this country by lowering costs and improving markets. CEA's goal is to improve consumer understanding of our nation's energy security and to emphasize the need for diversification of our energy resources.

**NEFI recently joined CEA. How can NEFI members get involved in these efforts?**

We invite all NEFI members to become active participants in CEA. Visit CEA's comprehensive consumer energy website, [www.consumerenergyalliance.org](http://www.consumerenergyalliance.org), which highlights the latest energy issues and our Calls to Action, which are campaigns that allow individuals to directly affect American energy policy and development. Or, let NEFI know that you want to receive our information, and we will sign you up. Or contact me directly at [dholt@consumerenergyalliance.org](mailto:dholt@consumerenergyalliance.org).

Be sure to sign up to receive our monthly CEA Newsletter, which informs consumers about reducing energy costs, provides helpful energy efficiency tips everyone can follow, and discusses ways to improve near-term and long-term American energy policy.

In addition, we invite you to join us at CEA energy events, such as our annual Energy Day, which brings together consumers, end-users, businesses and energy providers with elected officials to discuss and shape U.S. energy policy.

Consumer Energy Alliance is here to help consumers, business owners and other stakeholders understand and get involved in energy issues that affect them, the American economy and the future success of the country.

The choices that individual Americans make have an impact. CEA is here to provide the resources and information needed to make informed decisions about energy use and conservation and to furnish the knowledge to help Americans make a difference. CEA wants every voice to be heard in the debate to help guarantee a safe and sound energy future for all of us. ☐

## 'Oil Heat Cares' Fundraiser Brings Home the Green

**THE NATIONAL ASSOCIATION OF OIL HEATING SERVICE MANAGERS** (NAOHSM) sponsored a "Green Theme" fundraiser in late September in Lancaster County, Pa., a green countryside setting chosen specifically for what the group called a "special Oil Heat Cares benefit."

Oil Heat Cares is a not-for-profit foundation (501C-3) whose purpose is to assist needy persons and organizations with the replacement of their heating appliances. The event included a tour of the Manheim Township High School in Lancaster County, the first school in the country to install a geothermal heating and cooling system.

The Southeast and Central Pennsylvania chapters of NAOHSM, along with other guests, toured this landmark educational facility and enjoyed a presentation by Jeff Harris, the school's engineer, and Tom Koch, the plant manager.

When the school underwent a recent renovation, the engineers implemented many of the most "green" technologies available today, including solar, radiant heat and special suspended film insulated glass windows that qualified the facility for a LEED (Leadership in Energy and Environmental Design) Silver designation. An electric kiosk was also installed to allow users an opportunity to monitor energy performance.

After the school tour, the NAOHSM group visited the "Overlook Barn," a recently renovated 18th century barn and restaurant. Three

outdoor trailers on the property represented three regular Care to Ride sponsors: Peerless highlighted their Pinnacle Boiler; Energy Kinetics featured their "Smart Solar" hot water system; Crown Boilers displayed their Energy Star-rated products.

Inside the barn, Honeywell showcased some of their latest control technologies and Burnham Boilers presented their latest energy efficient boiler technologies.

After a buffet dinner sponsored by local oil dealers B.G. Mellinger, Worley & Obetz and Schwanger Brothers, Dan Holohan conducted one of his popular seminars: "Heating Around the World."

Visit [www.oilheatcares.com](http://www.oilheatcares.com) to learn more about Oil Heat Cares and the next "Care to Ride" Fundraising Event, Monday, May 24, 2010, in Providence, R.I.

That event will take place alongside NAOHSM's 57th Annual Convention and Trade Show, which will run May 23 to 26. The theme for the 2010 show will be "Spotlight on Service," according to NAOHSM Executive Director Judy Garber.

There will be many education opportunities planned about existing products and services as well as emerging technologies, with a focus on ensuring ongoing education within the industry.

For more information about the convention in 2010 or the Oil Heat Cares program, contact Garber at [jgarber@naohsm.org](mailto:jgarber@naohsm.org), (888) 552-0900 or visit [www.naohsm.org](http://www.naohsm.org).



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**Please contact:**

Donna Carcerano, Benefits Administrator  
 New England Fuel Institute  
 PO Box 9137, Watertown, MA 02471-9137  
 (617) 923-5020 direct line  
[donna@nefi.com](mailto:donna@nefi.com)



## Vermont

### CLEANUP FUND BALANCE DWINDLES

The Vermont Petroleum Cleanup Fund (PCF) Advisory Committee recently authorized a transfer of \$150,000 from the motor fuels account to the heating fuel account. The heating fuel account balance has dwindled to just \$2,686.

This is a matter of tremendous concern, according to the Vermont Fuel Dealers Association (VFDA). The PCF pays for heating oil spills, tank removals and repairs that keep Oilheat customers from paying for costly cleanups and higher insurance premiums.

Even if the legislature had not “borrowed” \$2.8 million from the PCF last year to pay for a “sales tax holiday,” the fund would still be in trouble. The tax on heating oil brings in about \$750,000, however, nearly \$1.5 million is spent every year cleaning up approximately 100 aboveground and 100 underground heating oil sites.

The fund also helps pay for tank replacement for low-income Vermont residents. The PCF Advisory Committee has asked the legislature to increase the fee on heating oil from a half cent to 1 cent in order to address these concerns.



Transfers from the motor fuel account cannot continue. The motor fuels side of the ledger is required by the federal government to retain a minimum balance of \$1 million. It is now down to \$2 million.

While the PCF Advisory Committee would like some of the more than \$9 million raided from the fund by the legislature returned, it is unlikely to happen due to state budget constraints. The matter will be addressed by lawmakers in January.

## New Hampshire

### FUEL BILL VETO UPHELD

Legislation in New Hampshire that would have shortened the time fuel dealers have to offer pre-buy contracts is now officially dead.

Gov. John Lynch vetoed the bill last spring after questioning whether the shorter window would affect dealers' ability to get the best

price. Recently, the state legislature decided not to try and override the veto.

## Pennsylvania

### GOVERNOR ANNOUNCES LIHEAP CHANGES

Gov. Ed Rendell recently announced that the cash assistance portion of the Low Income Heating Assistance Program (LIHEAP) would begin Nov. 2. In a major departure from preceding years, the crisis program will commence Jan. 4, 2010.



Although this is an improvement from the Department of Public Welfare's original 2009-10 State Plan, which would have had the program start Dec. 1, there are still a number of details of the program yet to be released, as of press time. One complicating factor has been uncertainty regarding the level of funding from the federal government for this winter. Fortunately, a vote on the federal budget resulted in a higher allocation for LIHEAP than was originally forecast.

Also, the U.S. Department of Health and Human Services released LIHEAP funds to the states. Pennsylvania received 75 percent of its appropriation for the year, which amounts to over \$211 million.

The Pennsylvania Petroleum Marketers and Convenience Store Association (PPMCSA) is continuing to press for further details, as well as raising concerns about the alterations made to the oil discount program, which was expanded to four more pilot counties this year.

## Connecticut

### INDUSTRY VOLUNTEERS AID TO CUSTOMER

Automatic TLC, a division of HOP Energy, recently received a no-heat call from an 80-year old customer in Newington named Patricia Mowell. The service call that followed discovered that the heating system could not be repaired, but needed to be replaced.

Mowell is caring for two grandchildren, one of whom is being deployed to Iraq within the month and she could not afford a new heating system. Automatic TLC's equipment specialist Hank Mailhot and service manager Reggie Dubie contacted several equipment suppliers—Ark Rebuilding, F.W. Webb,

Vaughn and Boyertown Furnace Company—and succeeded in getting the needed equipment donated.

Dubie held a meeting with the install crew at TLC and told them the customer's situation. The company's installers agreed to give up their Saturday to install her heating equipment voluntarily.

When Mailhot called her to give her the news she was just getting home from church and told him she was praying for how she was going to be able to get the heating system replaced.

## New Jersey

### FMA QUESTIONS STATE ON UST FUND

Earlier this month, the Fuel Merchants Association (FMA) of New Jersey sent a letter to New Jersey State Treasurer David Rousseau questioning the balance of money currently available in the state's UST Fund.

“FMA had learned that \$10 million was diverted from the UST Fund to the Invest NJ Program which is a program initiated by Governor Corzine to incentivize the hiring of new employees through a \$3,000 grant to employers,” FMA Executive Vice President Eric DeGesero said. “While this is a very worthwhile objective and a commitment on the part of the governor to create jobs, FMA questions the legality of the transfer of dedicated CBT funds. We sent the letter to Treasurer Rousseau seeking an explanation.”

Copies of the letter were sent to all members of the legislature and the governor's office.



“For nearly 20 years, FMA has worked on a bipartisan basis with elected leaders in the state to provide funding for UST remediation and upgrades. In 1996, FMA was a primary supporter and tireless advocate for a successful public question which constitutionally dedicated proceeds from the receipts of the Corporation Business Tax (CBT) to numerous environmental projects, including UST remediation and replacement,” DeGesero said.

“After the federal deadline and state deadlines for regulated USTs passed, FMA worked with the state legislature to create

a program that assisted homeowners in replacing USTs before they needed to be remediated. In 2006, Governor Corzine signed this landmark legislation and just this recently expanded its application," DeGesero added.

Subsequent to the letter being sent to the State Treasurer, FMA learned that accumulated interest in the amount of \$10 million from the UST Fund and an additional \$12 million from the Hazardous Discharge Site Remediation Fund has been redirected to the Invest NJ program. "FMA has sent a second letter to Treasurer Rousseau seeking clarification of whether the interest derived from constitutionally dedicated funds is or is not constitutionally dedicated and therefore whether it can be redirected," DeGesero said. "FMA has received numerous inquiries from legislators regarding the redirection of funds and will keep members apprised of this issue."

**Massachusetts  
MOC SUBMITS PROPOSAL FOR  
OILHEAT SYSTEMS UPGRADES**

The Massachusetts Oilheat Council (MOC) recently submitted a comprehensive proposal to state energy officials to secure \$5 million in American Recovery and Reinvestment Act funds for a statewide program to replace aging and inefficient heating oil systems with new oil-fired equipment.

The proposal, the Oilheat Efficiency Program: Improving Oil Heating Efficiency for Massachusetts Working Families, is a partnership with Conservation Services Group (CSG), the largest residential efficiency implementation contractor in the state. CSG has received national recognition for helping to deliver extensive efficiency services throughout Massachusetts, including thousands of audits and weatherization projects every year.

"The key focus of this proposal is to serve moderate income working families who have old and very inefficient heating systems, and who have historically been underserved by the existing efficiency programs," said MOC President Michael Ferrante. "The proposal represents the first of its kind in the country and it seeks to help transform the heating oil industry into a sustainable energy service sector through collaboration with CSG and its established partners. This could be a truly historic effort that would garner significant energy, environmental, and economic benefits for the Commonwealth; provide new revenue streams for oil heat retailers and equipment manufactures; and create new training opportunities for industry personnel."

MOC is hopeful the state will act on this proposal before year-end.

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## NBB BACKS BIODIESEL TAX EXTENSION, HOUSE VERSION INTRODUCED

Members of the National Biodiesel Board (NBB) recently called on lawmakers to extend and reform the biodiesel tax incentive, according to *Biodiesel Magazine*.

“The biodiesel tax incentive is working. Since its enactment in 2004, U.S. biodiesel production has reached commercial scale, and the nation has realized the job creation, environmental and energy security benefits that come with the expanded production and use of biodiesel,” said Manning Feraci, NBB’s vice president of federal affairs. “These benefits will simply be lost if the credit lapses.”

The \$1 per gallon biodiesel tax incentive encourages the use of biodiesel by making the fuel price competitive with petroleum diesel fuel in the marketplace. The incentive is currently set to expire on Dec. 31, 2009. Absent the biodiesel tax incentive, the use of biodiesel in the marketplace will be cost prohibitive, and the domestic production and use of biodiesel will cease, according to the NBB.



During visits with lawmakers, biodiesel industry leaders expressed strong support for S. 1589, the Biodiesel Tax Incentive Reform and Extension of Act, introduced by Sens. Maria Cantwell, D-WA, and Charles Grassley, R-IA, and H.R. 4070, companion legislation introduced yesterday by Reps. Earl Pomeroy, D-ND, and John Shimkus, R-IL.

This legislation would reform the biodiesel tax incentive by changing the current blenders excise tax credit to a production excise tax credit. This will improve administration of the incentive, eliminate potential abuses and improve tax compliance. The proposals would also extend the biodiesel tax incentive for five years, providing the certainty entrepreneurs need to create jobs and expand the use of biodiesel.

## DOE RELEASES NEW VERSIONS OF ENERGYPLUS AND OPENSTUDIO

The U.S. Department of Energy (DOE) has released updated versions of its popular EnergyPlus simulation software for

modeling heating, cooling, lighting, ventilating and other building energy flows, as well as its OpenStudio plug-in for Google’s SketchUp program.



Available for Windows, Linux, and Macintosh operating systems, EnergyPlus 4.0 also includes two new application guides: “Energy Management System Application Guide” and “Using EnergyPlus for Compliance.”

Version 4.0 has many new features as well as updated and extended capabilities throughout the existing building envelope, day-lighting, and equipment and systems portions of the program.

Key new features include:

- Energy management system;
- Large horizontal openings added to Natural Ventilation;
- Walk-in refrigeration and refrigeration secondary loop;
- Evaporative fluid cooler.

There is no charge to install and use EnergyPlus. The next version is scheduled for release in April 2010.

Key new features in OpenStudio include updates for EnergyPlus 4.0, improved parsing and caching of input and output files, support for HVAC templates, and SQLite output option. As with EnergyPlus, there is no charge to install and use this plug-in.

EnergyPlus is a resource of the U.S. Department of Energy’s Building Technologies Program. This stand-alone simulation software is just a part of DOE’s mission to help our nation reach its energy efficiency and renewable energy goals.

## BIODIESEL’S ENERGY RATIO IMPROVING

Biodiesel is better than ever at harnessing the power of the sun and turning it into fuel. In fact, a study shows the fuel is returning more than four times the energy that it takes to make biodiesel.

Newly published research from the University of Idaho and U.S. Department of Agriculture shows that for every one unit of fossil energy needed to produce biodiesel, the return is 4.56 units. This energy-in, energy-out ratio is its “energy balance.”

“Our research shows continued progress in the renewability of biodiesel production,” said University of Idaho Department of Biological and Agricultural Engineering assistant professor Dev Shrestha. “Farmers, soybean processors and biodiesel producers are getting even better at using non-fossil resources and adopting other efficiencies that are leading to greater energy returns.”

The latest report from the University of Idaho shows energy used to produce biodiesel from soy (including cultivating, harvesting, transporting, crushing, processing, and fuel transport) compared to the final energy gained from the renewable fuel is constantly moving toward greater energy efficiency.

In 1998 the energy balance was 3.2:1. Improvements in energy balance result from farming techniques that require less fuel and other inputs, more efficient soybean crushing, and more efficient conversion to biodiesel. By 2015, the balance is projected to reach 5.44:1.

Petroleum diesel has a negative energy balance and yields only 0.83 units of usable energy per unit of fossil energy consumed.

## BIODIESEL AWARENESS TRIPLES

Five years ago barely a fourth of people had heard of biodiesel. Today, a wide majority are at least familiar with the renewable fuel. The National Biodiesel Board (NBB) has worked to raise awareness and build confidence in biodiesel, and those efforts are paying off.



According to a survey conducted by Moore Information in August, 86 percent of people have heard of biodiesel. That compares to just 27 percent in June 2004. The Internet-based survey sampled a representative group of registered voters.

That’s not all the numbers show. People are also becoming more familiar with biodiesel. In 2004, 8 percent of people were familiar with biodiesel, today it’s 48 percent.

The survey also demonstrated that people’s view of biodiesel is widely positive. Also, 80 percent of consumers said they would use the fuel, which is more than ever before.

**BLACKMER EXPANDS BV2 BYPASS VALVES TO INCLUDE HIGH-GRADE FKM O-RINGS**

Blackmer has announced that its BV2 Bypass Valves are now available with high-grade FKM O-rings. O-rings made of FKM (vinylidene fluoride) are preferable in some applications because they provide additional heat and chemical resistance.



The presence of FKM O-rings allows the BV2 valves to be used in a wider range of truck and process applications, including use with biofuels and many process applications that may not have been compatible with Buna O-rings.

One thing to note should you choose to use FKM O-rings: they are not UL-listed and cannot be used in applications that require UL-listed equipment, such as in LPG or anhydrous ammonia applications.

Earlier this year, Blackmer upgraded its BV2 Bypass Valve line so that it is now available with optional flange sizes and styles. In addition to the traditional 2-inch NPT and 2-inch Weld flanges, the BV2 is available with optional 1.25-inch NPT or Weld, 1.5-inch NPT or Weld and 2-inch Weld Elbow bolt-on flanges. The option of using these flanges increases the versatility and ease of installation of the BV2 Bypass Valve line.

Blackmer bypass valves have been specifically designed to provide an external bypass control to protect pumps and system components from excessive pressure damage.

For information on Blackmer's line of Bypass Valves, contact Tom Stone at stone@blackmer.com or (616) 248-9252, or visit [www.blackmer.com](http://www.blackmer.com).

**TACO VARIABLE SPEED DELTA T CIRCULATORS**

Variable Speed Delta-T circulators by Taco combine a microprocessor-based variable speed differential controller with the reliability and convenience of Taco's 00 cartridge circulators. Simply dial in the design delta-T of the system or zone (from 5 - 50°F). The circulator automatically adjusts its performance to match the system's ideal BTU/hr output, while reducing fuel consumption 4 to 5 percent and eliminating velocity noise.

The all-in-one Taco 00 Delta-T Circulator (00-VDT) includes a snap-in PC board, LED status panel, plug-in low voltage wiring terminal for the two strap-on temperature sensors and an optional integral flow check. The 00-VDT is wired-in just like any other pump.

Unlike a differential pressure pump that's always on, always drawing power, a Taco Delta-T circulator shuts off when there is no call for heat. The 00-VDT is fuse-protected, UL approved and made in the USA.



When it comes to comfort, it's all about supplying the right amount of BTUs to the right rooms at the right time. With a Taco 00-VDT circulator, the specific amount of heat delivered to the structure is optimized to match a building's heating load regardless of how many zones are calling for heat, or as outdoor temperatures change.

There's no risk of over-sizing a 00-VDT circulator, even if actual installation varies from the original design. By maintaining a constant Delta-T, the 00-VDT circulator automatically varies the flow as needed to ensure optimal performance and heat transfer. The 00-VDT comes standard in 008, 0012 and 0013 cast iron and stainless steel versions.

**ROTH RECEIVES CERTIFICATION FOR SOLAR COLLECTOR**

Roth has received the OG-100 certification by the Solar Rating Certification Corporation (SRCC) for the flat collector Heliostar 252. The SRCC number is 2008003A.



The Roth collector is one of the lightest in the market, and has a polycarbonate, blow molded, seamless case which won't be affected by the weather or the environment, according to the company. The Roth Solar System also has a unique mounting system.

**OEM ANNOUNCES LPG SENSOR FOR REMOTE MONITORING**

Oil Equipment Manufacturing has expanded its VisiTank product line to add

a sensor for liquid propane gas (LPG) tanks. The rugged sensor easily mounts on any R3D remote ready tank, and transmits wirelessly to a standard VisiTank modem. Other inputs to the same modem can be oil tank level, burner lockout and temperature.

For more information visit [www.visitank.com](http://www.visitank.com) or call OEM at (800) 556-3417.



**ENERGY KINETICS ANNOUNCES SMART SOLAR**

Energy Kinetics' Smart Solar hot water systems have been designed to be easy to install and look like superior quality rooftop skylights, according to the company.

Smart Solar comes with advanced features including a unique wireless energy savings display, and built-in over-temperature protection, so there is no dump zone required. Plus, Smart Solar connects with simple 3/8-inch linesets and push fittings so no soldering is needed. The Smart Solar unit also qualifies for federal tax credits.



Call (800) 323-2066 today for information or to inquire about Energy Kinetics' comprehensive one-day training seminars.

Energy Kinetics was founded in 1979 and has grown to become a leading manufacturer of innovative, high-efficiency heating and hot water systems. The company's core philosophy of practical application of energy efficiency has resulted in technology capable of reducing energy consumption up to 40 percent, with further gains from integration with solar and other renewable energy sources. The company's flagship product, System 2000, is manufactured in the United States and is sold direct to professional heating installation contractors.



## Volatile Winter Could Turn Harsh

By John Bagioni, Fax-Alert Weather Service

### I WILL STRUCTURE THIS MONTH'S DISCUSSION

around a review and reassessment of the summary points of my winter outlook posted in the November Weather Trends article. The dark headlines represent summary points I listed in my November discussion. The information that follows each summary point is my updated thoughts about the original idea.

- **Weak El Nino likely to be in play this winter**

Well it now likely that we will actually be in a full, moderate El Nino no later than early December. This fact alone means some adjustment to the national winter forecast is in order. The included image will show the sea-surface temperature anomaly pattern across the equatorial Pacific, as of Nov. 12.

**Any further increase in the strength of the El Nino could prove disastrous to a cold eastern winter. Most agree that the science of El Nino and/or La Nina intensity forecasting is far from accurate. This El Nino was not expected to go beyond weak status and has quickly ramped up to moderate.**

Note the expansive area of positive sea-surface temperatures from the west coast of

South America westward across the central Pacific. The strength of the positive anomalies, along with other indices, point toward a moderate classification of this El Nino. Moving from what was expected to be a weak event into a full-blown moderate event forces some adjustments to the winter forecast, mainly across the western and central U.S.

Assuming this moderate event is the real deal and it will not rapidly collapse back to weak status, I now favor a warmer to much warmer-than-normal pattern, on average, from the West Coast states, including the Pacific Northwest, on eastward into the Central and Northern Plains. In fact, moderate El Nino events often do produce very impressive warm anomalies across the Northern Plains during the heart of the winter season.

Elsewhere, I would not make major changes passed solely on the increase in the strength of the El Nino. Moderate El Nino events can still force a fairly widespread cold anomaly across the Deep South, Southeast, Middle Atlantic and much of the New York/New England region.

It must be stated, though, that any further increase in the strength of the El Nino could prove disastrous to a cold eastern winter. Most agree that the science of El Nino and/or

La Nina intensity forecasting is far from accurate. This El Nino was not expected to go beyond weak status and has quickly ramped up to moderate.

If it were to not level off soon, winter forecasts calling for a cold eastern U.S. would be destroyed. In fact, I now think the moderate status may start chipping away at the potential for the core of the cold to sit across the Midwest, as warm air occasionally floods the western and central portions of the country.

- **North Pacific pattern, while still in flux, is trending more favorable for cold eastern U.S.**

In some recent winters, we have seen a North Pacific sea-surface temperature anomaly and surface/upper air pressure pattern that was not at all favorable for extended cold across the Northeast U.S.

This year, we have seen some hints that the North Pacific pattern, during the heart of the winter season, will shift into a more favorable one for the delivery of sustained cold into parts of the eastern U.S. This was not the case during mid-November. During mid-November, a deep upper-level vortex sat over the Gulf of Alaska. This is a known warm weather signal for the U.S., especially if

there is no offsetting block across the North Atlantic. As we saw in November, warm weather can dominate the U.S. weather regime if the pattern across the North Pacific allows a powerful east to west flow into western Canada, which effectively shuts down the pipeline of cold air into the U.S.

Right now we are seeing some hints that the coldest North Pacific sea-surface temps are shifting southward out of the Gulf of Alaska with a small area of warming showing up close to the southern coast of Alaska (once again check out the sea-surface temperature anomaly map). This could lead to an upper air/surface pressure pattern more favorable to the build up of cold air across western and central Canada and thus a pattern with more potential to deliver cold air southward into the U.S.

- **North Atlantic and Arctic pattern trends favor strong cold air mass formation and intrusions during the heart of the winter season.**

Much like the North Pacific, the North Atlantic and Arctic pressure patterns can and often do play very significant roles in the actual weather regimes that develop during the winter season.

It has been quite difficult over the past few years to get long-running favorable North Atlantic and Arctic patterns for the delivery of cold air into the eastern U.S. There have been some periods that were briefly favorable (-NAO and -AO), but by and large the +NAO / +AO periods, which are not as favorable for eastern cold, have lasted much longer than the former configurations.

This year there are significant signals that we will see at least one decent -NAO/-AO period during early December and possibly a very long running one during the January/February timeframe. If this comes to fruition, eastern cold would be enhanced, especially during the mid- and late-winter periods.

If the current cold sea-surface anomaly sitting off the Northeast coast can shift eastward into the central Atlantic while warmer than normal waters exist just south of Greenland, a -NAO would be easier to sustain.

- **Widespread -1.5 to -3.0 anomalies expected across much of the eastern U.S.**

I have no major changes to my general anomaly forecast for the three-month winter period. There are quite a few forecasts out there going quite a bit colder than I am willing to call for right now. But I will continue to be quite conservative, mainly due to the uncertainty of the eventual peak strength of the El Nino. While my three-month winter temperature forecast anomaly is calling for a modest negative reading, it is in no way calling for an extremely cold winter at this time.

- **Cold anomaly will now be expanded further west into Texas and southward into Florida.**

The increasing strength of the El Nino may force my colder-than-normal area across the eastern U.S. to be chopped back on its western flank. With this in mind, I am not as bullish on a cold Southern Plains (Texas) winter as I was earlier, but still like the call for the Deep South and Southeast cold zone to extend 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.**

During solid moderate El Nino events you often see a warm stream across the far northern tier of the U.S., from the Pacific Northwest across the Northern Plains and eastward. Whether or not it can extend eastward on across northern New York and northern Vermont/New Hampshire and much of central and northern Maine is very much dependent upon the state of the North Atlantic. It is possible this El Nino could force a zone of warmer-than-normal winter temperatures from the Northern Plains across the northern Great Lakes, on into far northern New England. But if the North Atlantic gets blocky, especially during January and February, the expected eastern cold anomaly area could easily overwhelm all of New England.

- **Signal may be developing for a significant cold period from late November well into December.**

Some adjustment needed to this idea, but no total abandonment for the first pulse of true winter cold to enter the country during this period. The first thing to note is the arrival of truly bitter cold air now centered across portions of Asia. The depth and intensity of the Asia cold is quite remarkable, and I think it is foretelling the eventual development of an extended period of bitter cold air across parts of the U.S. during the heart of the winter season.

As I was writing this article on Nov. 12, there were no signs of an immediate end to the relatively mild temperatures that had been dominating the first half of November. But there were at least modest signals that an attempt at a pattern change would arrive during the closing days of November and carry over into early December.

I do not think any change to cold during early December will be the real deal, signaling the start of a long-running cold pattern for the eastern U.S. Most of the analogs still in play favor a volatile December that may well try to average a bit above normal after

a period of early December cold! Right now my call would be for a period of cold during the first 10 days of December that tries to moderate to above-normal levels by Dec. 20 before the cold analogs move to the forefront during January.

- **Some support still exists for an even colder winter than currently portrayed based on the 1976-77 analog, while the extreme warmth of the 1951-52 analog seems less likely, although some other forecasters are trending that way.**

This still seems to be an appropriate statement. While December more than likely will not be a harsh winter month, there is the threat of one strong, cold period early. The odds may be slightly in favor of it running milder-than-normal, especially from mid-month on into the holiday period. Given the look of the very cold pattern now ongoing across parts of Asia, the likelihood of a hemispheric reversal, which flips the coldest global pattern in North America during the climatologically coldest time of the year, January, is gaining support, in my opinion.

This means the chance of an exceptionally cold winter occurring during parts of the January/February period is still on the table, even though I am staying more conservative.

Lastly, if the El Nino were to move into the strong category, the ghost of the warm/non-winter of 1951-52 could reappear! Never say never in weather—especially since we already have a stronger El Nino than most thought possible! Current El Nino trends indicate we might be nearing a peak, which would allow the 1951-52 analog to be put to bed.

- **Very active storm season expected this winter with the October and November storm signal paving the way for widespread disruptive winter storms this year.**

As I was writing this discussion, a powerful nor'easter was pounding the Middle Atlantic coast for the second straight day. This storm produced 48 to 60 hours of almost continuous tropical storm strength conditions from the outer banks of North Carolina on into Delmarva region. This, combined with two or three other major East Coast storms during the October period, likely means a very active winter storm season is a good bet for the eastern U.S. and the I-95 East Coast corridor.

Several items may combine this year to produce a couple of true blockbuster storms that may be talked about for years. In my opinion, the potential for one or more highly disruptive winter events is greater than normal this winter. ☺

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**C. COWLES CO. ACQUIRES CARLIN COMBUSTION TECHNOLOGY**

C. Cowles & Co. of New Haven, Conn., has acquired substantially all of the assets of Carlin Combustion Technology Inc. of East Longmeadow, Mass.

Carlin is a manufacturer of burners and controls for the heating industry. Cowles' Hydrolevel Division is in the same industry and is a manufacturer of low water cut offs, acquistats and flow switch controls.

By combining technologies with Carlin, Cowles be able to offer more comprehensive burners and controls that will provide significant increases in performance, efficiency and fuel conservation for homes and the HVAC industry, according to the company.

Carlin's recent announcement of their EZ-H2L two-stage modulating burner has set the stage for more efficient burner technology, the company said. Hydrolevel, on the other hand, has provided controls for the boiler industry with their most recent product introduction, the Hydrostat. Cowles said this boiler control has gained wide industry acceptance and is viewed as a forerunner of new energy efficient multipurpose boiler controls.

For now, both Carlin and Hydrolevel will operate with their existing management and remain in their present facilities.

**TOWNSEND OIL AND PROPANE INTRODUCES NEXT GENERATION OF BIOPURE**

Townsend Oil & Propane Inc., a leading fuel and energy services company in the greater Boston area for more than 75 years, recently introduced BioPure+, the next generation of the company's clean-burning fuel solution made from domestic, renewable sources of energy.

With the addition of this latest clean energy technology, BioPure+ improves the fuel economy of heating systems by 3 to 4 percent, while producing noticeably less smoke and soot, according to the company. Other performance benefits include more efficient combustion, cleaner filters and nozzles, corrosion protection and added fuel lubricity.

BioPure+ is a blend of traditional home heating oil and between 2 to 5 percent of biofuel made from a variety of agricultural and vegetable feed stocks including soybeans. Since BioPure+ is produced from renewable resources, it reduces dependence on foreign oil, enhances energy security in the United States, contributes to the domestic economy and improves the environment.

In its first year alone, the use of Townsend's BioPure+ clean-burning fuel solution saved

the nation the equivalent of 200,000 to 300,000 gallons of fuel oil. BioPure+ delivers increased energy efficiency, reduced emissions, cleaner fuel systems and lower maintenance calls while enhancing fuel storage stability, according to the company.

Townsend's BioPure+ is BQ-9000 certified, which meets ASTM D6751 quality and audit standards for companies engaged in producing, distributing and marketing blended biofuels. In addition to BioPure+ Townsend provides propane delivery and heating and cooling services, as well as diesel and gasoline.

**TES ANNOUNCES NEW SALES MANAGER**

Total Energy Solutions (TES) recently announced that Jeffrey A. Murdy has joined the TES team as distillate territory sales manager, covering Maine and New Hampshire.

Murdy has held various positions in the energy industry including, First Officer in the Merchant Marine, Port Captain, Marine Terminal Manager and most recently, general manager of wholesale/marketing at Webber Energy Fuels.

Murdy holds a bachelor of science degree in nautical science from Maine Maritime Academy and a master's in business science from Husson College.

**INTELLIDYNE AGREEMENT WITH MAKSIMUM PROVIDES ENTRY TO TURKISH MARKETPLACE**

Intellidyne has entered into an agreement with Maksimum Enerji as the exclusive distributor of Intellidyne microprocessor-based economizers for residential and commercial heating, air conditioning and refrigeration systems in Turkey and Cyprus.

An international company headquartered in Istanbul, Turkey, Maksimum Enerji was chosen for its strategic geographic location, as Istanbul is the commerce gateway for the eastern Mediterranean.

Mike Ruff, chief operating officer of Intellidyne, said, "Turkey, with its very high energy costs, is an excellent and growing market with significant potential for Intellidyne controls. They have a heightened interest in reducing energy consumption and the associated pollution."

With a climate similar to the Mid-Atlantic region of the United States, Istanbul and western Turkey have HVAC systems similar to those in the United States. Most of these HVAC systems will see improved energy efficiency from the addition of Intellidyne economizers, the company said.

Founded in 1996, Intellidyne is privately held and located in Plainview, N.Y. For more information, see [www.intellidyneinc.com](http://www.intellidyneinc.com).



## Know Your Delivery Curve

### Maximizing Margins While Minimizing Costs

By Adam Kovacs, Hedge Solutions

**WHEN A RETAIL ENERGY DEALER CALLS HIS** trader to initiate a hedge for program sales, the typical order will go something like this: “I need a quote for at-the-money calls from October through April on the heat curve.”

Have you ever heard the trader reply, “Your curve or ours?” Sometimes, in our office, clients become puzzled and ask, “What do you mean, my curve or your curve? It’s all the same thing!”

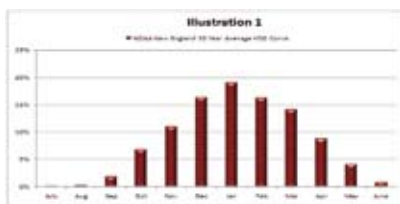
Au contraire, mon frère—it is not so. You see, depending on your location, your delivery curve may be measurably different than your neighbor’s and, also, from the curve used by your risk manager or trader. This can greatly impact how much you will spend on implementing your program’s hedging strategy. It is imperative for a retail energy dealer to know the difference and why it is so important—because it will impact your bottom line.

**Knowing your own delivery curve also gives you a potential edge over your competition. If the competition is not using their own delivery curve, but a default regional heating degree-day curve, they could be allocating too many gallons in the back months.**

In this article, we will examine the positives and negatives of using a National Oceanic Atmospheric Association (NOAA) heating degree day curve versus your own sales-based delivery curve, and show you why it would be more beneficial and to your advantage to use your own. Also, we will discuss how to calculate your delivery curve.

On average, over the last 30 years, the

New England heating degree day curve for the months of July to June (known as a “full-year” heating season) had the following heating degree days (HDDs) per month, respectively: 8, 19, 126, 443, 711, 1059, 1232, 1055, 918, 568, 269, and 54. Illustration 1 shows a 12-month distribution of HDDs using the 30-year weighted-average for New England.



As we know, the majority of our heating degree days are centered on the winter months and, when graphed, they resemble the shape of a normal bell curve tapering on each end with thin outlier probability tails. Even though the standard HDD curve appears to have a pyramid-like symmetry, it doesn’t necessarily mirror a retailer’s true delivery experience. It’s a good start in the right direction and may give you a rough estimate of how your forward sales are going to be spread out in a given season.

However, with a little personalized refinement you can add value to your bottom line by reducing variation in your hedging costs while improving accuracy and hedging effectiveness.

The assumptions implied in the standard heating degree-day curve may be adding hidden costs to your hedging program. For example, the calculations assume that on any given day when the mean temperature for

a location is below the baseline temperature (65 degrees), the consumer will be prompted to raise his thermostat to the baseline, or higher, depending on personal comfort needs.

What it cannot and does not account for is that come March or April, the consumer may decide to turn the heat down and throw on a warmer sweater. Additionally, the heating degree-day curve does not account for the hot water gallons you are delivering during non-peak months.

When you are employing your risk management strategy and hedging gallons, odds are you are being priced on a regional heating degree-day curve. Unless you specify your own delivery curve, customized to your monthly gallons, the trader executing your hedge reverts to the regional NOAA Heating Degree Day curve. The question obviously then becomes how should you calculate your own delivery curve?

To calculate your sales-based curve, take your residential No. 2 gallons sold (program and non-program) on a per-month basis going back as many years as possible. Total these gallons each month and for each year. Now, using your total gallons sold over the last seven years for the month of January, divide them by your total gallons sold over that entire seven-year span. Repeat this process for each month of the year. Add the resulting percentages together and you should have a total of 100 percent.

Voila, you have your delivery curve. Do you think the last three years’ average sales are more indicative than the last seven years as a delivery curve? Average the sales per month and year just for those three years.

However, be forewarned that the less data points you use, the more susceptible you will be to variation moving forward.

Knowing your own delivery curve also gives you a potential edge over your competition. If the competition is not using their own delivery curve, but a default regional heating degree-day curve, they could be allocating too many gallons in the back months. This begs the question why a dealer in New York would hedge using a New England heat curve when they could use their own tailor-made delivery curve?

Misallocating not only gallons, but also your hedging strategies in the form of calls, puts, wet barrels and swaps or futures can result in higher costs that can undermine your margin and competitive advantage. Now, let's take a look at a specific example in Illustration 2 and see how a sales-based delivery curve differs from a heating degree-day curve.

As you can see the nine-year average distribution is more spread out and the peak of this distribution is not as high. Also, the months on each end actually represent sales volume that's absent in the NOAA curve. This can impact your hedging costs whether employing options or futures (particularly

within your program months) by placing more of your residential No. 2 program's in the front months, and less in your back months. Keep in mind, the back months tend to be more expensive not only in outright futures price, but in option premiums as well.



For example, if that residential heating oil dealer were to buy at the money calls from November to March (December to April NYMEX) they would save close to a full cent in premium. Do the math with your gallons and you will save yourself quite a bit of money.

Need advice or help calculating your delivery curve to optimize your hedging budget and programs? Give us a call at Hedge Solutions and we'll show you the tools we've been using and improving since 1993. ☒

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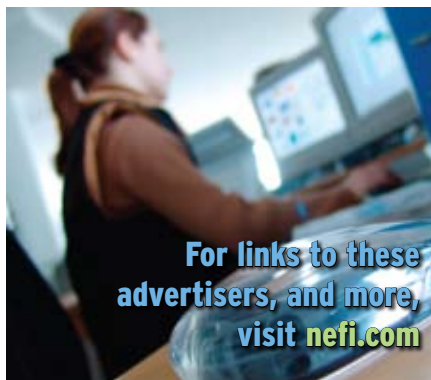
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## Driving Toward a Greener Company

By Jack Lee, 4Refuel Inc.

**TIMES ARE TOUGH AND MONEY IS TIGHT, WHICH** makes it difficult for many companies to figure out how to invest the time and money necessary to make their operations greener while their company is struggling.

It's no secret that many "green" initiatives require massive capital expenditures and changes in policies by government, but is there a green solution that actually saves you money.

The environment has become the number two issue behind getting the economy back on track. 4Refuel Fuel analyst Bob van der Valk believes fossil fuels will continue to be the number one fuel despite President Barack Obama's plan to develop new sources of power, including flex-fuel powered vehicles.

**Another solution is considering the use of biodiesel as part of your fuel mix. Biodiesel is a mix of traditional diesel fuel with renewable vegetable oils and rendered fats. If you start by using a B20 blend (20 percent biodiesel) you can expect approximately a 15 percent reduction in greenhouse gas emissions.**

He reports, "In January 2009, the Senate Finance Committee approved \$31 billion in tax credits and financial incentives to boost alternative energy supplies and promote conservation. The movement has started but there are huge obstacles to overcome. President Obama, with Congressional

approval, will have to increase taxes on gasoline and diesel fuel in order to create the necessary cash to pay for all the projects he is proposing in order to become energy independent."

Van der Valk points out, "One of the ways to raise financing will be to increase the present Federal Road Excise Tax on gasoline and diesel. The National Surface Transportation Infrastructure Financing Commission has already recommended an increase of 10 cents per gallon on gasoline and 14 cents per gallon on diesel, as well as indexing the federal excise tax to inflation. During their meeting on Feb. 26, 2009, the panel also backed the adoption of a controversial system to begin charging motorists based on how many miles they drive by the year 2020. However, this plan may not be seen through to fruition because President Obama has already stated his opposition."

Seems complicated doesn't it? And with all this stuff hitting the fan in a bad economy, you get the feeling our environment will get pushed to the back burner. However, while governments figure out what the new policies will be and knowing that it will take years, possibly a decade, before we see results, you can make a difference today.

Energy providers depend on not only customer fuel use, but using it for deliveries. In fact it is the number one cost for most companies behind labor. You can't do without it, but you can cut the amount of fuel you

consume and when you do you will eliminate hundreds of thousands of kilograms of toxic air pollutants.

A new "Clean Air Strategy" starts with assessing your needs. Are you travelling to and from card-locks or a central refuelling station? The extra mileage wastes fuel and causes unnecessary emissions.

Wheel-to-wheel refuelling will cut both. When tanker trucks refuel your equipment while idle it improves your productivity too, eliminating on average 20 minutes per fill.

Are you managing your fleet effectively? Until you know exactly where each drop of fuel is going you can't make any changes to cut consumption.

Telematics and data capture technology is available to measure the key operating information. When you know how much fuel each piece of equipment consumes you have real data you can use to make decisions and changes in your day-to-day operations. Things like time spent idling are important to monitor because they cause pollution and waste fuel.

Another solution is considering the use of biodiesel as part of your fuel mix. Biodiesel is a mix of traditional diesel fuel with renewable vegetable oils and rendered fats. If you start by using a B20 blend (20 percent biodiesel) you can expect approximately a 15 percent reduction in greenhouse gas emissions. And biodiesel does not require any expensive engine conversion either.

One more point. You can eliminate wasted fuel and pollutants quickly and without any cost by simply educating your drivers and equipment operators. Once they know the effect they are having on the environment changes can be made.

You can also start a "Green Reward" program for the best operator each month. It builds morale, keeps everyone on track and it is free to do.

And did I say your new Clean Air Strategy pays you cash back, too? Every time you cut wasted fuel, it saves you money. If you do some simple math you can calculate how much you will save.

You can easily enjoy a 10 percent reduction in fuel consumption and emissions. Look at your fuel bill for the month. Could you use that 10 percent for other projects, or would you just use it to cut your bottom line operating expenses?

Now, get back to work. There is a new economy emerging and we will all be a part of it. And while governments and politicians wrestle with environmental issues, we can move forward building our businesses, saving money and helping improve the air we breathe. ☐



## An Unforgettable Year for the Propane Industry

By Joe Rose, Propane Gas Association of New England

**AT THE BEGINNING OF 2009, PROPANE MARKETERS** were deep into the most serious disruption of supply in memory.

The included picture is a little fuzzy, which mirrors the minds and resolve of the industry in early February. On this day, nearly 80 rigs were in line to load at the Selkirk, N.Y., terminal while everyone waited for their “ship to come in,” which in this case was no idiom. The backup happened after abundant supply arrived at both New England import propane terminals—which were essentially out of propane for some time—with retailers putting customers on tight allocations. The stars aligned and following Presidents Day, the ships arrived, the weather moderated slightly and, miraculously, the winter supply nightmare was over.

It seemed like time for some sleep, but not so fast! In Maine, the industry engaged the Public Utilities Commission (PUC) in what could have been a lengthy legal process, but the skill and reason of the parties on both sides crafted a solution by late spring that the industry and PUC were both happy with.

The legislatures in Connecticut, Massachusetts and Rhode Island introduced onerous legislation that the industry spent hundreds of hours and precious resources negotiating to livable situations before all ultimately failed.

The summer season that followed involved regulatory challenges in nearly every New England state. Thankfully, Suburban Propane and Amerigas came to the rescue by providing resources and the muscle of the largest companies in our industry to the challenges and virtually rewrote proposed regulations in both Connecticut and Vermont. We offered to adopt their corporate counsel, who spent the summer in New England!

While these negotiations are ongoing as this is written, the credibility and relationships that have been developed as the result of

all the hard work by our industry with these regulators will serve us well for years to come.

In April, the Propane Gas Association of New England (PGANE) hosted a summit for state energy offices throughout the seven-state region. The stakeholders from the producers, shippers, suppliers, marketers and states met to craft ideas for a long-term solution to the winter’s supply woes. Some projects



**The backup happened after abundant supply arrived at both New England import propane terminals—which were essentially out of propane for some time—with retailers putting customers on tight allocations. The stars aligned and following Presidents Day, the ships arrived, the weather moderated slightly and, miraculously, the winter supply nightmare was over.**

included education of marketers about summer fills, supply contracting and maximizing winter allocation. There was also discussion of drafting a Jones Act waiver, so that an exemption could be requested if another crisis arose, allowing propane to be moved to the Northeast from the Gulf Coast by ship, and the addition of secondary storage at marketer locations.

I am pleased to tell you that great progress has been made on every one of these items and we face this season in the best shape we have seen in many years. The diligence of every stakeholder group has really helped in confidently entering another year in good shape.

Over the late spring and early summer, members of the propane industry gathered to discuss the economy, our efforts to educate consumers and grow our industry and to reenergize ourselves after the long winter. These meetings, outings and shows were much-needed networking opportunities as we prepared for the next season.

Then the United States Department of Commerce restricted the use of Propane Education and Research Council (PERC) funds to safety, training, and research and development. There went our consumer education, our alliance with the Pickens Plan, our great appliance rebate programs and our Energy Guys marketing material!

It was another kick in the pants for 2009, and years to come, as these great programs were not only a source of pride and identity, but were helping to build our market share in the down economy. This restriction caused the industry to gather and reshape our plans to move forward in new ways.

There were many other notable events, but after all, this is a column, not a novel. As this is written in November, it is time for Thanksgiving and anticipation of the upcoming New Year. Always an optimist, I know one thing for sure; 2010 will bring many new challenges and opportunities for the propane industry. I am thankful for all of you, your spirit, your efforts and your involvement. Have a wonderful holiday season and together we will face what lies ahead in 2010. ☺

**PERC RESTRICTIONS IMPACT MARKETING MATERIALS**

As a result of the recent restriction of the activities of the Propane Education and Research Council (PERC), the council is removing all Energy Guys materials and any other products designed to promote the general benefits of propane to consumer audiences from the Propane Marketing and Resource Catalog ([www.propanemarc.com](http://www.propanemarc.com); registration required).



In addition, the propane industry will no longer retain the rights to use images of the Energy Guys for any purpose after Dec. 31, 2009. No industry members, including state propane associations and individual marketers, can use any ads or other items depicting the Energy Guys after that date.

State propane associations and propane marketers are responsible for notifying their media partners that the use of any materials depicting either or both of the Energy Guys after Dec. 31, 2009, is strictly prohibited. PERC will not be liable for any penalties or usage charges demanded of any state association or propane retailer who uses the materials after that time and in violation of the current contract.

The restriction of PERC activities was triggered by the August 2009 publication of the Commerce Department's finding that changes in propane prices relative to other energy sources had exceeded a threshold established in the Propane Education and Research Act of 1996.

**PGANE ON THE MOVE**

The Propane Gas Association of New England (PGANE) recently decided to relocate their offices to Epsom, N.H. The physical address is 1024 Suncook Valley Highway (Route 28), Unit C-5, Epsom, N.H. This location was chosen because of its convenience for all members; the office is equidistant from Hartford, Augusta, Providence and Montpelier.

Along with this move will be the change to have employees as the staff of the organization. Previously all staff were independent contractors.

All of these changes are expected to be completed by Jan. 1, 2010. One additional clerical person will be hired so that the phones will be answered during business hours of 9 a.m. to 5 p.m., Monday through Friday.

PGANE members can expect more information on the move with their 2010 dues notice, expected to arrive in mid-December. An open house will be announced so that members can visit the new office and meet new staff.

**STANDING PILOT LIGHT CHALLENGED**

A code change proposal has been filed with the International Code Council (ICC) to modify the International Residential Code (IRC) and the new International Energy Conservation Code (IECC) to ban the use of continuous pilot lights in any gas hearth product that uses a building permit after Jan. 1, 2012.

The proposal was filed by a coalition of groups, including the Energy Efficient Codes Coalition and the Alliance to Save Energy, and would, if accepted, be in the 2012 version of the IRC. New versions of the IRC are automatically adopted by most states in the U.S. The Hearth, Patio and Barbecue Association (HPBA) strongly opposes these changes.

**SPRING MEETING DATE CHANGED**

The PGANE Spring Meeting will take place in Providence, R.I., at the Renaissance Hotel on April 21 and 22, rather than the following week as originally announced. This change was made to accommodate some scheduling conflicts.

**PARACO CONTINUES PARTICIPATION IN 'FUEL FOR HOPE' CAMPAIGN**

The American Breast Cancer Foundation (ABCF), a national nonprofit committed to providing direct financial assistance to uninsured and underinsured individuals for diagnostic tests to aid in the early detection and survival of breast cancer, announced recently that Paraco Gas will continue to support the nationwide "Fuel for Hope" campaign throughout counties in New York and Connecticut.

Since 2006, Paraco Gas has placed five pink trucks on the road and donated more than \$50,000 to "Fuel for Hope," a campaign that heightens awareness of the need for early detection of breast cancer through a network of propane companies across the country that customize a pink truck for deliveries within local communities.



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**December 2009**

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

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

**9 IOMANE New Hampshire Marketers' Meeting,** Bianco Associates Office, Concord, N.H. • [www.iomane.com](http://www.iomane.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)

**January 2010**

S	M	T	W	T	F	S
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3	4	5	6	7	8	9
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17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**10 National Fuel Funds Network' LIHEAP Action Day,** Washington, D.C. [www.nationalfuel Funds.org](http://www.nationalfuel Funds.org)

**19-20 Petroleum & Convenience-Store Exposition of Mid-America (PACE),** Branson Convention Center, Branson, Mo. [www.pmaa.org](http://www.pmaa.org)

**25-27 Air-Conditioning, Heating, Refrigerating (AHR) Expo,** Orlando, Fla. [www.ahrexpo.com](http://www.ahrexpo.com)

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**EERE FUNDING UP 3 PERCENT TO \$2.24 BILLION FOR FISCAL YEAR 2010**

President Barack Obama approved the fiscal year 2010 appropriations for the Department of Energy (DOE) in October, including \$2.24 billion for the DOE Office of Energy Efficiency and Renewable Energy (EERE).

The funds represent a modest 3 percent increase in funding for EERE, which received \$2.18 billion in annual appropriations in FY 2009 (not counting special one-time appropriations under the American Recovery and Reinvestment Act). The funding is about 3 percent lower than the amount requested by DOE in its annual budget request, and Congress earmarked more than \$292 million in EERE funds for congressionally directed projects, effectively lowering the EERE budget to \$1.95 billion.

Among the big winners under the new appropriations act is EERE's Building Technologies Program, which garnered \$200 million in FY 2010 funding, a 43 percent increase above the \$140 million from FY 2009. The Federal Energy Management Program, a much smaller program aimed at energy use at federal facilities, is receiving \$32 million in funding, a 45 percent gain over FY 2009.

And among renewable energy technologies, wind energy is funded at \$80 million for FY 2010, another 45 percent gain. The Solar Energy Technologies Program also fared well, with a 29 percent increase in funding to \$225 million for FY 2010. Most other programs received more modest increases in funding.

**MASSACHUSETTS AND CONNECTICUT RATE HIGHLY FOR ENERGY EFFICIENCY POLICIES**

California topped the 2009 State Energy Efficiency Scorecard, recently released by American Council for an Energy-Efficient Economy (ACEEE). The third annual edition of the report from the nonprofit ranks states in six energy efficiency categories: utility-sector and public benefits programs and policies; transportation policies; building energy codes; combined heat and power; state government initiatives; and appliance efficiency standards.

In the new scorecard, Massachusetts and Connecticut land in second and third place, respectively, while the states at the bottom of the list include Mississippi, North Dakota and Wyoming.

The report lauds the states of Colorado, Delaware, Maine, South Dakota and Tennessee for greatly improving their ranking in 2009. According to the ACEEE, a variety of efforts boosted the rankings of those states, including the adoption of new building energy codes and the setting of new energy savings targets.

For instance, Maine moved up nine spots to number 10 through the increased efforts of

Efficiency Maine (the agency that delivers the state's energy efficiency programs), the adoption of building energy codes, land-use planning management, and other activities. The report also notes a growing trend toward Energy Efficiency Resource Standards (EERS), which set binding energy savings goals for utilities. In late 2008 and in the first half of 2009, Delaware, Michigan, Ohio and Pennsylvania passed laws establishing EERS targets.

**EPA: 1 MILLION ENERGY STAR HOMES BUILT IN THE UNITED STATES**

The U.S. Environmental Protection Agency announced a milestone for the Energy Star program by passing the 1 millionth Energy Star qualified home mark.

With more than 15,000 partners in sectors all across the economy, Energy Star has been enormously successful at saving consumers money by reducing the energy usage of products used in the home and office.

Since the program began labeling new homes in 1995, Americans have saved \$1.2 billion on their energy bills, and reduced greenhouse gas emissions by 22 billion pounds. This year alone, families living in Energy Star qualified homes will save more than \$270 million on their utility bills, while avoiding greenhouse gas emissions equivalent to those from about 370,000 vehicles.

To earn the Energy Star label, a home must meet strict energy efficiency guidelines set by EPA. Those guidelines can be met through established, reliable building techniques available to most middle-class American homeowners.

Those include effective insulation systems, high-performance windows, tight construction and ducts, efficient heating and cooling equipment, and high-efficiency lighting and appliances. In addition, an independent home energy rater conducts onsite testing and inspections to verify that the home's performance meets Energy Star requirements.

There are more than 6,500 builders across the nation building homes that earn the Energy Star label and qualified new homes can be found in every state in the country.

The top 20 markets for Energy Star qualified homes built to date include: Houston, Texas; Dallas, Texas; Las Vegas, Nev.; Phoenix, Ariz.; Greater Los Angeles, Calif.; New York, N.Y.; Tucson, Ariz.; San Antonio, Texas; Sacramento, Calif.; San Diego, Calif.; Columbus, Ohio; Des Moines, Iowa; Indianapolis, Ind.; Austin, Texas; Philadelphia, Pa.; San Francisco, Calif.; Boston, Mass.; Denver, Colo.; Orlando, Fla.; and Oklahoma City, Okla.

More information about the features and benefits of Energy Star qualified homes and participating builder can be found at [www.energy star.gov/onemillionhomes](http://www.energy star.gov/onemillionhomes).



## The Cost of Idling

### Increasing Fleet Efficiency and Profitability

By Betsi Bixby, Meridian Associates Inc.

**SOME EVENING WHEN YOU'RE WORKING LATE,** look out into your yard. If you see trucks sitting there, parked for the evening, those idle trucks are costing you money.

I'll explore truck costs from three angles—idle truck costs, delivery costs and profitability. Idle truck costs are vital to know since you incur these costs whether or not you ever deliver!

#### IDLE TRUCK COSTS PER HOUR

There are three basic idle truck costs:

- The cost of the truck itself;
- Taxes and licenses;
- Insurance.

Let's start with the cost of the truck itself. Normally, you either purchase or lease your trucks. If you purchase, compute the purchase price of the truck plus any loan interest expense.

For instance, you buy a new oil truck at a cost of \$145,000. You make a down payment of 25 percent of the cost, or \$36,250. You finance the balance, \$108,750, over five years at 6 percent for 60 payments of \$2,102.44. Your total cash out of pocket, therefore, is  $[(\$2,102.44 \times 60) + \$36,250]$  or \$162,396.40 including interest.

For leased vehicles, your truck cost would be the total sum of the lease payments.

Next, add in the other fixed costs of keeping this truck. Typically, that means registration fees (including any taxes) and insurance.

Let's assume that you purchase this truck and it will last you 10 years. At the end of 10 years, you will sell it for \$45,000. Your net truck cost for seven years, therefore, is \$117,396.40.

To the \$117,396.40 let's add \$4,000 per year in total insurance, taxes and license

registration fees. This brings our total cost of owning the truck over the seven-year period to \$157,396.40.

Now we calculate that there are 87,600 hours in a seven-year period (24 hours per day multiplied by 365 days multiplied by 10 years). By dividing the total cost of the truck by the hours, we find that the hourly cost of that truck is \$1.80 per hour, whether we ever use the truck to deliver or not.

Next, check your truck usage. If you only use a truck 50 hours per week, this means it's not being used 118 hours. These 118 hours translate to a cost of over \$212.40 per week, or \$11,044.80 per year! That's just for one truck!

What if you have five units in your fleet? Those five units have an idle cost of \$55,224 per year, and when we look at the 10-year lifetime, that's a whopping half-million dollars that could have gone in your bank account or even toward your retirement.

#### DELIVERY COST

Every fleet manager should know the operating cost of each individual vehicle in his fleet. For each truck, consider the following:

- Driver wages and benefits;
- Fuel costs;
- All normal routine maintenance;
- Typical repairs (based on historical repair data).

These costs are what we call variable costs. The more product you deliver, the higher the dollar cost. Because these costs are volume driven, they are typically computed per gallon.

#### PROFITABILITY

The final step when analyzing trucks is the profit component. Each truck, in addition

to typical cost-per-gallon, has a typical profit-per-gallon. The profit-per-gallon can vary greatly from vehicle to vehicle depending upon route structure and truck configuration.

By knowing a truck's typical profit and typical variable costs-per-gallon, along with its fixed costs, we can calculate a breakeven point for the amount of gallons the vehicle needs to deliver to be cost-effective. The formula is: "Total \$ Fixed Truck Costs" divided by "Variable Profit-Per-Gallon."

For instance, if we use the same example of a truck with total costs of \$157,396.40, and this truck generates 8 cents per gallon in profit based upon its typical gross profit and variable expenses, the truck would need to deliver 1,967,045 gallons just to pay for itself. This translates to 196,705 gallons per year based upon the 10 years we intend to run the truck.

If we perform this calculation for each vehicle in our fleet, and compare the actual delivery gallons to the breakeven, we will know if each and every vehicle in the fleet is profitable. For any unprofitable vehicles, we will know the exact number of additional gallons needed to meet our costs.

You may also want to examine your truck costs and compare other measures of truck efficiencies. Compare the vehicles in your fleet based upon:

- Average time spent delivering at customer site per truck per gallon;
- Average time spent at terminal or bulk plant loading rack per truck per gallon;
- Average miles traveled per truck;
- Average gallons delivered per mile traveled.

What these statistics will begin to do for you is to give you some efficiency measures that allow you to objectively measure your trucks and drivers. If some vehicles/drivers are clearly more efficient or more inefficient than average, you can take appropriate measures, including alternate dispatching methods, keep-full routes, etc. And of course, aim for 24-hour profit generation for all your vehicles. Idle trucks do cost money!

One of the biggest hurdles to truck efficiency and driving down costs is employee resistance with that dreaded phrase of "but, we've always done it that way." The best way to cut through that objection and resistance, the pain and fear of change, is for those critical members to hear from others in similar job positions with similar circumstances how they survived and actually benefited from change!

To learn more about increasing truck efficiency, see [www.askmeridian.com](http://www.askmeridian.com).

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  - 1995 Mack-Co-MR690-P Maxitorque Trans; 33,000 miles; 3,200 gal. al. 1-C Boston; Dual reels; Excellent cond.; \$49,000
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Interested parties are urged to contact  
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or (617) 923-5011, with proposals  
or questions.



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Send resume and letter of interest to Bob Messia, Principal Instructor, [bob@nefi.com](mailto:bob@nefi.com), or mail to: Bob Messia, Principal Instructor  
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## MASS. OPENS UP REGARDING BIOFUEL MANDATE

After a spell of relative silence surrounding the state's biofuel mandate, slated to begin in July 2010, several important e-mails from top state officials have recently been circulated regarding the regulatory writing process and the state's intentions moving forward.

Following an e-mail sent by MOC President Michael Ferrante on Sept. 30 inquiring as to the status of the regulations, the Director of Renewable and Alternative Energy Development in the State's Department of Energy Resources Dwayne Bregger responded stating, "Do know that we are moving forward with the Early Action Year beginning July 2010. We anticipate the EPA RFS-2 Protocol for greenhouse gas reductions to be available by the end of this year and that we will find it acceptable for adoption for MA program. At that time, DOER will be able to qualify all biofuels (regardless of feedstock) that can demonstrate the 50% GHG reduction."

Bregger continued on to say, "Tracking the biofuels (and differentiating 'advanced/qualified biofuels from others) into MA and then through the MA market is an area that we are much engaged in now. We will need to complete those procedures and then move into draft regulations."

On the heels of that exchange ran another communication from Phil Giudice, the commissioner of the Department of Energy. In a letter to all Massachusetts Biofuels Stakeholders, Giudice wrote, "DOER has committed to initiating the mandate in July 2010 as an Early Action Year. However, to the extent that the successful implementation of the federal RFS-2 program, the promulgation of DOER regulations and demonstrated industry readiness make possible, DOER will move to begin mandatory compliance prior to July 2011."

It remains unclear at this time as to what percentage level mandatory compliance, whether it begins in 2011 or earlier, will start, though it will be either 2 or 3 percent.

## Degree Day Reporting Form

REPORTING DATE: 10-31-2009

Station	Total Actual Accumulation To Date	Normal Accumulation To Date	Actual Accumulation To This Date 1-Yr. Ago	Normal Next 30-Day Period
Caribou, ME	1256	1196	1036	1039
Portland, ME	808	778	680	790
Concord, NH	892	826	742	835
Burlington, VT	800	796	742	834
Albany, NY	685	688	624	772
Worcester, MA	745	665	580	764
Boston, MA	503	440	434	604
Hartford/Springfield	576	548	513	697
Providence, RI	496	490	465	637
Chatham, MA	524	476	479	601
Bridgeport, CT	420	394	399	591

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).

**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	11/13/09	11/06/09	Year Ago	District	11/13/09	11/06/09	Year Ago
East Coast (PADD I)	23.4	23.7	14.1	East Coast (PADD I)	7.9	8.0	5.8
NEW ENGLAND	2.8	2.6	1.9	NEW ENGLAND	0.2	0.2	0.4
MID-ATLANTIC	11.9	11.8	6.9	MID-ATLANTIC	4.1	4.3	2.7
SOUTH TO FLA.	8.7	9.4	5.3	SOUTH TO FLA.	3.5	3.5	2.8
Midwest (PADD II)	25.1	25.2	20.1	Midwest (PADD II)	2.7	2.9	4.3
Gulf Coast (PADD III)	33.3	33.1	19.8	Gulf Coast (PADD III)	9.1	9.2	6.9
Rocky Mtn. (PADD IV)	2.7	2.7	2.4	Rocky Mtn. (PADD IV)	0.2	0.3	0.4
West Coast (PADD V)	10.0	10.0	10.1	West Coast (PADD V)	1.3	1.3	1.5
<b>U.S. Total</b>	<b>94.6</b>	<b>94.7</b>	<b>66.5</b>	<b>U.S. Total</b>	<b>21.2</b>	<b>21.6</b>	<b>18.2</b>
Greater than 500 ppm (0.05%) Sulfur				TOTAL DISTILLATE STOCKS			
	Week Ending				Week Ending		
District	11/13/09	11/06/09	Year Ago	District	11/13/09	11/06/09	Year Ago
East Coast (PADD I)	43.4	43.0	30.9	East Coast (PADD I)	74.7	74.8	51.2
NEW ENGLAND	11.8	11.8	5.9	NEW ENGLAND	14.8	14.6	8.1
MID-ATLANTIC	29.9	28.9	21.0	MID-ATLANTIC	45.8	44.9	31.2
SOUTH TO FLA.	1.8	2.4	4.0	SOUTH TO FLA.	14.1	15.3	11.9
Midwest (PADD II)	1.5	1.6	2.3	Midwest (PADD II)	29.3	29.6	25.9
Gulf Coast (PADD III)	5.4	5.6	7.3	Gulf Coast (PADD III)	47.8	47.8	33.9
Rocky Mtn. (PADD IV)	0.1	0.1	0.1	Rocky Mtn. (PADD IV)	3.0	3.1	2.9
West Coast (PADD V)	1.2	1.2	1.5	West Coast (PADD V)	12.6	12.5	13.1
<b>U.S. Total</b>	<b>51.7</b>	<b>51.4</b>	<b>42.1</b>	<b>U.S. Total</b>	<b>167.4</b>	<b>167.7</b>	<b>126.9</b>

**Weather Summary**

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

The weather for the nation, as measured by population-weighted heating degree-days from July 1, 2009, through Nov. 21, 2009, has been 2 percent warmer than last year and 3 percent cooler than normal.

Location	Current	Normal	% Change
	7/1/09 thru 11/23/09	7/1/09 thru 11/23/09	Current vs. Normal
Boston	830	832	0%
Chicago	935	1,020	-8%
Hartford	960	1,002	-4%
New York	532	627	-15%
Philadelphia	567	661	-14%
Pittsburgh	858	964	-11%
Portland	1,261	1,298	-3%
Providence	822	905	-9%
Raleigh	398	486	-18%
Richmond	430	554	-21%
Washington	451	534	-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.

**Oil & Energy Securities Recap**

Company	Symbol	11/23/09	10/23/09	Change
<b>Ashland Inc.</b>	ASH	37.05	41.03	-3.98
<b>BP-Amoco</b>	BP	58.94	55.40	+3.54
<b>ChevronTexaco</b>	CVX	79.13	76.52	+2.61
<b>Conoco Philips</b>	COP	53.13	51.06	+2.07
<b>ExxonMobil</b>	XOM	75.88	73.55	+2.33
<b>Global Partners</b>	GLP	24.10	26.20	-2.10
<b>Hess Corp.</b>	HES	59.91	59.22	+0.69
<b>LUKOIL</b>	LUKOY	61.40	65.25	-3.85
<b>Marathon Oil</b>	MRO	33.59	34.05	-.45
<b>National Grid Plc</b>	NGG	54.79	48.22	+6.57
<b>Occidental</b>	OXY	82.43	82.29	+0.14
<b>Royal Dutch Shell Plc</b>	RDSA	62.22	62.21	+0.01
<b>Star Gas</b>	SGU	3.85	3.80	+0.05
<b>Sun</b>	SUN	25.97	33.26	-7.29
<b>Tesoro Petroleum</b>	TSO	13.28	16.23	-2.95
<b>Total</b>	TOT	63.83	63.48	+0.35
<b>Valero Energy</b>	VLO	16.41	20.90	+4.49

**THE IMPORTANCE OF  
EXTENDING NORA**

**HOME ENERGY MARKETERS FROM ACROSS** the nation have been inundated recently with requests to contact their government representatives in order to help influence a varied slate of legislation.

While state governments have dealt with biofuel and ultra-low sulfur diesel (ULSD) mandates, among other issues, the federal government has slowly been working on massive energy and financial system oversight bills.

However, the industry will need another surge of grassroots support in order to ensure the National Oilheat Research Alliance (NORA) is extended through February 2011 and, hopefully, beyond.

Currently, NORA is set to expire in February 2010, but a bill has been introduced in both the U.S. Senate and House of Representatives that would extend the program for one year, giving the Oilheat industry time to present a comprehensive plan on why NORA should become a permanent organization.

In addition to offering technical certification, NORA is essential to the industry for several other reasons. NORA money is used by state and regional associations for educating consumers about the reliability and comfort provided by Oilheat. This campaign is essential to providing the public with a positive view of the industry.

NORA also funds research that helps the entire industry from equipment manufacturers to residential customers. Research grants provide manufacturers the incentive to look into new and emerging technologies and supplement their development. These grants have led to equipment that has been able to guarantee higher efficiencies and also uses using greener and cleaner fuels.

There has been bipartisan and nationwide support for the extension, with at least 10 senators and more than a 12 representatives cosponsoring the bill as of press time.

However, with so many legislative priorities facing the federal government, the Oilheat industry must continue to contact lawmakers and express support for NORA's extension through February 2011 and a subsequent permanent authorization.

Anyone whose business profits from the Oilheat industry should take the time to contact their Congressional representatives, even if they have already cosponsored the bill, and tell them how NORA's existence helps their company. To find your representative and for more information, go to [www.nefactioncenter.com](http://www.nefactioncenter.com) and click on the "Legislative Action Center" tab. ☐

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