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Dealers Seek Energy Price Relief, Speculation Control
Facing Rampant Volatility in Energy Markets, Home Heating Oil Dealers Ask Feds to Extend Relief Beyond Wall Street to Main Street

March 21, 2008 (Boston, MA) – Home heating oil dealers are planning to appeal to federal policymakers to enact a five-point program of relief aimed at helping consumers cope with historically high energy prices by increasing supply and reining in profiteering in markets overrun by speculators.

“The futures market is broken and needs to be fixed,” Shane Sweet, the Chief Executive Officer and the Executive Vice President of the New England Fuel Institute, said. “It was originally created as a tool for the oil industry so that the market could set the price of energy commodities. Unfortunately, it has become extraordinarily dysfunctional because market fundamentals like supply and demand are no longer connected to the price points. Instead, speculators are driving prices, and American families and businesses are paying the cost.”

Specifically, Sweet called on federal officials to do five things:

1. Release nearly 2 million barrels of oil from the Northeast Home Heating Oil Reserve immediately.
2. Halt shipments of crude oil to the National Strategic Petroleum Reserve immediately.
3. Fully fund the Low-Income Home Energy Assistance Program (LIHEAP) to the amount of \$5.1 billion for FY 2009.
4. Close loopholes in current law in that allow certain types of energy trading exchanges to go unregulated and unmonitored, including the “Enron Loophole” and the “Foreign Markets Loophole.” (Visit www.closetheonronloophole.com for more information.)
5. Direct the Small Business Administration to work with the banking industry to increase the credit ceilings for home heating oil dealers whose ability to use credit to manage cash flow has been crippled by rising prices.

Releasing oil from the Northeast reserve, stopping shipments to the National Strategic Reserve and fully funding the LIHEAP program would work to increase supply in the market, Sweet said, theoretically helping to push prices down.

“In addition,” Sweet said, “removing the federal strategic reserve, which is at 95 percent capacity already, from the market would increase available supply at a tremendous saving for American taxpayers.”

As a key step in closing the “Enron Loophole,” heating oil dealers are calling on Congress to approve Senate-passed futures market legislation included in that chamber’s version of HR 2419, the Farm Bill. The Farm Bill is currently in Conference Committee, and members of Congress are expected to draft a final version when they return to Washington on March 31st.

Raising SBA loan limits would help home heating oil dealers who have to balance their ability to purchase product with their customers’ ability to pay in a timely fashion, Sweet said. Most dealers have to pay the fuel wholesaler within five days of receipt; customers often take as long as 30 days or more to pay for delivered fuel.

“These are five things that the federal government can do right now to help consumers and small businesses deal with the mess that the energy markets have become,” Sweet said. “There’s a lot more that needs to be done, but these five action items collectively represent a good first step.”

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