



December 2, 2014

The Honorable Richard E. Neal  
U.S. House of Representatives  
2208 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Neal:

On behalf of the New England Fuel Institute and the more than 1,800 home heating oil providers in the region, I would like to congratulate you on your reelection to the U.S. House of Representatives. As the 113<sup>th</sup> Congress comes to a close we offer our continued support and assistance as you pursue likeminded environmental, energy and economic policy goals now and in the future.

We understand that Congress is nearing a deal to retroactively extend recently expired business and individual tax provisions, known as "tax extenders." In light of this we would like to bring your attention to several tax incentives of particular interest to our member and their consumers. These include the biodiesel blenders' tax credit, the homeowners' tax credit for the installation of energy efficient appliances (the Section 25C tax credit), and Section 179 expensing and bonus depreciation rules.

The biodiesel credit continues to be vital to the region's nascent biofuels industry. Heating oil blended with biodiesel produces Bioheat® fuel, a next-generation renewable heating fuel that is now in widespread use throughout the home heating market in New England and beyond. Bioheat can be used safely in new and existing oil-fired boilers and furnaces with no modifications or adjustments. Moreover, with states in the region now requiring the use of lower sulfur fuel, the product once known as "heating oil" is now cleaner, more efficient and competitive on an environmental basis. In fact, recent studies suggest that as little as a five percent (B5) blend may have a greenhouse gas footprint equal to or less than that of natural gas.

We believe nearly all of the fuel sold in New England to be at least a two percent (B2) Bioheat blend and many wholesalers and retailers are selling B5 and higher blends. Much of the biodiesel used in Bioheat blends is sourced from sustainable, locally produced feedstocks including used, recycled or waste vegetable and cooking oils. Other feedstocks including agricultural and forestry waste and algae will enhance regional supplies of biodiesel and bolster the sale and use of Bioheat.

Growth of the Bioheat market means greater energy and environmental security for New England and the nation as a whole. An industry-wide B20 blend is within-reach and will eliminate 1.3 billion gallons of conventional petroleum fuel and 9.26 million metric tons of carbon dioxide (CO<sub>2</sub>) emissions nationwide each year. That is nearly 400 million gallons of conventional petroleum and 2.6 million metric tons of CO<sub>2</sub> emissions per year in New England alone.

Given the growth of Bioheat in our region and the importance of biodiesel to our members and consumers, we urge support for policies that will encourage biodiesel production and supply New England. This starts with at least a two-year retroactive renewal of the \$1 per gallon biodiesel blenders' tax credit during the "lame duck" session, and extends to the forthcoming debate over the biodiesel tax credit and other policies including the Renewable Fuels Standard (RFS) expected in the 114<sup>th</sup> Congress.

***New England Office***

303 Wyman Street, Suite 210, Waltham, MA 02451  
Tel: (617) 924-1000 • Fax: (617) 924-1022

***Washington, DC Office***

1001 19th Street North, Suite 1200, Arlington, VA 22209  
Tel: (703) 945-1067 • Fax: (571) 384-7659

We also request support for a technical correction that would allow homeowners in Massachusetts that use heating oil or Bioheat fuel to receive the Section 25C tax credit for upgrading to a more efficient boiler or furnace. The tax credit was designed to provide an incentive to users of a particular heating fuel to upgrade to the most efficient systems available for that fuel type. The recently expired Section 25C credit required an oil-fired furnace or boiler to meet an AFUE rating of 95 or greater in order to be eligible for the credit. Unfortunately under this language there were few if any furnaces and no - that's zero - boilers that qualified.

Existing methods of testing the efficiency of oil-fired systems may be inadequate. The National Oilheat Research Alliance (NORA) and researchers at Brookhaven National Laboratory are working with the U.S. Department of Energy to correct these inadequacies and come up with alternative methods. In the meantime, we are seeking a change that would allow widely available and highly efficient furnaces and boilers to be eligible for the credit as long as they are subject to a conditional installation that has been shown by NORA and Brookhaven to achieve a 90 AFUE or greater efficiency equivalence.

The "Powering American Jobs Act" introduced by Congressmen Ron Kind of Wisconsin and Mike Kelly of Pennsylvania would retroactively renew the Section 25C credit and expand it to include homeowners that use oilheat or Bioheat and wish to upgrade their existing systems. This would allow many of your constituents that would not otherwise be eligible for this tax credit the same benefit afforded those that heat with gas or electricity. We hope you will work to ensure the final "tax extenders" deal contains this important correction if the Section 25C tax credit is renewed.

The heating season has begun yet some heating oil and Bioheat companies are hesitant to invest in their business until there is greater certainty in the tax code. This includes the purchase of new trucks and other equipment necessary to expand and diversify their businesses and serve more customers. Therefore, in addition to the extension of the biodiesel tax credit and changes to Section 25C mentioned above, we also urge the permanent renewal of both Section 179 expensing limits and bonus depreciation at the 2013 levels.

Again, we stand ready to work with you on the above issues and other priorities of mutual interest for the remainder of the "lame duck" session and in the 114<sup>th</sup> Congress. If you require any additional information please contact Jim Collura of my staff at [jim.collura@nefi.com](mailto:jim.collura@nefi.com) or (617) 923-5023.

Thank you in advance for your consideration.

Sincerely,



Michael C. Trunzo,  
President & CEO

CC: Michael Ferrante, Massachusetts Energy Marketers Association (MEMA)  
Howard Peterson, NEFI Past Chairman of the Board (Peterson Oil Service, Worcester, MA)  
Ted Noonan, MEMA Chairman of the Board (Noonan Energy, Springfield, MA)  
Sandra Farrell, NEFI Government Affairs Committee Member (Northboro Oil, Northboro, MA)