



October 26, 2009

The Honorable John F. Kerry
United States Senate
218 Russell Senate Office Building
Washington, DC 20510-2102

Dear Senator Kerry:

We would like to take this opportunity to commend you for your commitment to addressing global climate change and domestic energy security, specifically the introduction of the *Clean Energy Jobs and American Power Act*. While this legislation is still in the draft stages, we would ask that you consider the role being played by the Oilheat industry – especially in your home state of Massachusetts – as you advance this bill through the legislative process. We believe this is an opportunity to synchronize the Oilheat industry's efforts with the goals of this legislation to help bring about a cleaner, greener and more secure energy future.

Oilheat Industry Overview

The Oilheat industry is a vital component in the overall U.S. energy profile and it provides warmth, comfort and security to more than 7 million customers in more than two dozen states. In Massachusetts, the third largest state in terms of heating oil volume, over 900,000 households use Oilheat or Bioheat® for space heating and hot water. There are about 750 mostly small business, family-owned and operated retailers across the Commonwealth who employ over 7,000 highly skilled workers, including certified home energy specialists.

The Massachusetts Oilheat Council (MOC), which has represented the Oilheat industry in the state since 1955, is affiliated with the New England Fuel Institute (NEFI), a regional and national partner in advocating on behalf of the Oilheat industry. In addition to its public policy efforts, NEFI operates a business and technical education center that provides a variety of training courses that deploy classroom and hands-on teaching environments including Oilheat, Bioheat® and gas heat installation and service; air conditioning, refrigeration, educational programs certified by the National Oilheat Research Alliance (NORA), and hazardous materials education and certification programs.

The Oilheat Industry is Transforming to Address Climate Change

Both MOC and NEFI are proud of the voluntary steps our membership and industry has taken to reduce petroleum use, improve fuel and equipment, and make Oilheated-homes and businesses more energy efficient:

1. Most recently our industry held a national summit in Baltimore where consensus was reached on one of, if not *the* most important industry developments since the move from coal to a distillate fuel. Industry leaders from around the country **overwhelmingly approved a statement encouraging Congress and appropriate state bodies to help the industry move towards a greener product through adoption of an ultra-low sulfur heating oil standard, expanded use of biofuel blends and the use of solar technology**, placing the entire industry in line with the Massachusetts *Clean Energy Biofuels Act* mandate requirements and ahead of similar initiatives previously proposed at the state and regional levels.

Our industry is confident that we can bring sustainable bio-blended fuel to the market, blending as high as 20 percent by 2020 and 80 percent or higher by 2050. Blending at such levels will dramatically cut the greenhouse gas footprint of our product along the benchmarks outlined in your legislation.

2. **Over the past two decades, the heating oil industry has made laudable advances with fuel quality and improving the efficiency of heating equipment.** These efficiency advancements along with conservation measures encouraged by the industry have helped cut the average household consumption of heating oil by nearly 34 percent since 1978, from about 1300 gallons a year to a current rate of only 860 gallons annually. This significant reduction in petroleum use has helped consumers save money and become more energy efficient, and has helped the industry reduce its Greenhouse gas emissions profile.
3. **The Oilheat industry has a trained workforce of tens of thousands of highly skilled, licensed professionals to deliver home energy efficiency services.** Retaining these professionals, the majority of who work for full-service heating oil companies, enables us to further the goals of reducing the nation's carbon footprint. The industry's workforce is now being retrained in many states to broaden their focus beyond just the heating, ventilation and air conditioning (HVAC) system's efficiencies, *to services that address the entire home*. In fact, MOC is currently working with low-income advocates within the state on a proposal that would utilize federal stimulus money to not only encourage consumer fuel use efficiency, but also get technicians certified as home energy auditors and weatherization contractors.

We Stand Ready to Work With You

The Oilheat industry is an important part of the nation's diversified and domestic energy portfolio, which means not putting our country into over-reliance on any single energy source or on our foreign adversaries for imports. Maintaining diversity in supply and not choosing home energy "winners and losers" is critical as we continue to work to develop a fuel that demonstrates a significant decrease in its carbon footprint. Further, home energy consumers deserve diversity in their choice in home heating fuels and the option of a full-service, home-delivered product based on personal preference, needs, family budget and safety considerations.

While we are supportive of the overall objectives of the *Clean Energy Jobs and American Power Act*, we take exception to the built-in measures that would benefit utility consumers over Oilheat and Bioheat® consumers and put our mostly small business dealers at a competitive disadvantage to big business gas and electric utilities. Specifically, we wish to discuss further the following areas of concern:

Preservation of Our County's Small Business Community

The industry believes that legislation should support, not undermine, the cleaner and greener transformation of the Oilheat industry. Additionally, we seek your support to enable us to provide ever increasing efficiency and environmentally-conscious home heating services to our customers. As cited, our industry is a network of mostly small, community-oriented businesses that are all part of the foundation of a new generation of complete home energy service companies. **We believe that Oilheat and Bioheat® dealers should be exempt from cap-and-trade measures. These restrictions belong further up-stream in the distribution chain, farther from the consumer.**

Also, we are opposed to legislation that is biased towards one home energy source provider at the expense of others just as we are opposed to any legislation that affords benefits to multi-state, multi-national utilities to the detriment of thousands of independent small businesses. As currently drafted, the *Clean Energy Jobs and American Power Act* exempts gas utilities from carbon caps until 2016 (Section 722). They would also receive grants for low carbon technologies in residential and commercial applications (Sections 181-182), as well as offsets and other incentives to prevent methane leaks. **We want you to know that we are very interested in discussing ways in which S.1733 could similarly benefit Oilheat and Bioheat® consumers and small businesses.**

Consumer Protections

The Oilheat industry, on behalf of our more than 7 million customers, is concerned about the potential effects of climate change legislation on the cost of our product and the ability of homeowners and small businesses to affordably heat their homes and buildings. S.1733 would allocate "free allowances" to affected industries and consumers in order to provide "relief" from energy price increases. However, there is a disparity between programs for utility and non-utility consumers. As written, utilities would receive allowances directly for efficiency programs and ratepayer subsidies. This differs dramatically from the heating oil and propane provision, which would allocate allowances to state governments for use in existing state or non-governmental efficiency, weatherization and energy assistance programs. It does not involve our industry at all in determining the best way to get this relief directly to the consumer. **While ratepayers would see direct relief on their utility bills, non-utility consumers would have to apply for rebates on their home heating bills.**

Green Jobs

Your legislation emphasizes the importance of technical education to create the "green jobs" of the future that will help create a more sustainable and domestic energy future for our country. Our industry, thanks to your support for the National Oilheat Research Alliance (or NORA), has a nationwide technical training standard that is aggressively advancing more sustainable and efficient training programs for today's home energy professionals. **We believe your legislation should embrace technical and vocational training programs for these professionals.**

Potential for Carbon Market Speculation

NEFI and MOC have been vocal advocates for greater transparency and increased oversight within the commodity futures markets. Along with dozens of organizations from the energy, agriculture, public power sectors and consumer advocacy groups, we have for years called on Congress to address the "dark market" commodities trading and excessive speculation that has seriously and adversely impacted our economy and energy consumers. With carbon trading markets expected to exceed \$2 trillion in five years, we feel it is extremely important that protections be placed both within this particular legislation and within the wider commodities markets to avoid the same type of radical instability and speculation-driven price run-ups we've seen in recent years. **Consumers must be protected from excessive speculation in energy and carbon markets and related swaps, derivatives and other complex investment instruments.**

Moving Forward

We are eager to see legislation advance that reflects the interests of small business home heating fuel dealers and their consumers, especially those in Massachusetts, and we kindly ask you to consider us a readily available resource and ally moving forward. We sincerely look forward to working with you and your staff in pursuing a cleaner, greener and more secure energy future. Thank you in advance for your consideration.

Respectfully Yours,



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cc: The Hon. Paul G. Kirk, Jr., Senator from Massachusetts and co-sponsor, S.1733
The Hon. Barbara Boxer, Chair, Senate Committee on Environment & Public Works and co-sponsor, S. 1733
Ian Bowles, Secretary, MA Executive Office of Energy & Environmental Affairs
Philip Giudice, Commissioner, MA Department of Energy Resources