



"Front-burner Issues"

As of October 21, 2013

Legislative Issues

Contact: Jim Collura (jim.collura@nefi.com)

National Oilheat Research Alliance (NORA) – The federal law authorizing the National Oilheat Research Alliance (NORA) expired on Feb. 6, 2010. Renewal or “reauthorization” of NORA would be a major victory for oilheat consumer education, energy efficiency and technical training. NORA legislation was introduced this spring and has gathered significant bipartisan support. The House bill (H.R.1985) enjoys 27 Republican cosponsors and four Democrats, while the Senate bill (S.913) has nine Democrats, two Republicans and one Independent. NEFI is actively recruiting additional cosponsors and participates in regular industry conference calls to coordinate strategy. We believe that an opportunity to reauthorize NORA will present itself in the coming months.

Expansion of Natural Gas in the Northeast - Utility lobbyists have stepped-up efforts in the region and in Washington to pass new legislation designed to expand access to natural gas. As proposals have surfaced at the state level, NEFI has worked closely with state and local associations to fight back. Proposals are now surfacing in our nation’s capital as well. A bill (H.R.1900) is moving swiftly through the House of Representatives that would force approval of natural gas pipelines with little regard for the environment or on small home heating companies and their employees in the Northeast. Similar legislation is expected in the Senate. NEFI is working to educate members of Congress and their staff on the downside to a shift in dependence to natural gas and the impact it could have on the regional economy, small businesses, hardworking Americans and consumer choice.

Federal Home Efficiency Tax Credits – The Section 25C tax credit for home efficiency upgrades will expire on Dec. 31st and Congress will soon debate its renewal. It offers up to \$500 for certain home efficiency improvements with a \$150 cap on heating system upgrades. In order for oil-fired furnaces and boilers to be eligible, they must meet at least a 90 AFUE rating. This summer NEFI rallied oilheat associations from around the country behind a letter to Congress urging that highly efficient and market-ready oil-fired appliances of at least 86 AFUE be made eligible for the credit. The letter also urged elimination of the \$150 cap in order to allow qualifying heating system upgrades to be eligible for the full \$500 credit. NEFI continues to press this issue with key members of Congress.

Limits on Oil Speculation– NEFI secured a measure in the 2010 Wall Street Reform law requiring the Commodity Futures Trading Commission (CFTC) to reestablish limits on speculation in the energy futures and swaps markets. The CFTC finalized a rule in October of 2011. However, the rule was successfully challenged in the U.S. District Court by Wall Street groups and was vacated on Sept. 28, 2012 - just two weeks before it was to take effect. The CFTC has appealed the decision and in April NEFI rallied over 40 coalition allies behind an amicus brief in support of the rule. The Appeals Court will hear oral arguments on Nov. 25th. Also of note, the CFTC is allegedly drafting a revised rule to address some of the court’s concerns. NEFI is engaging Commissioners to discuss proposed changes.

Other Key Legislative Issues: Other key legislative issues include: measures to force approval of the long-delayed Keystone XL oil pipeline; possible legislation to address the 34-hour restart provision included in new Hours-of-Service (HOS) regulations; renewal of the \$1 per gallon biodiesel tax credit; reform of the Renewable Fuels Standard (RFS); combating efforts to delay, weaken or repeal key futures market reforms; enacting stronger protections for small hedgers following the MF Global crisis; and funding for the Low Income Home Energy Assistance Program and the Northeast Home Heating Oil Reserve. We also continue to be actively engaged in a number of key coalitions, alliances and partnerships that advocate for regulatory relief for small businesses, common sense tax reform and enactment of fair, sensible and consumer-oriented energy and economic policies.

Continued...

1. Fighting Natural Gas Conversions

Estimated Cost If Conversion Rate Continues: Continuing loss of heating oil customers to natural gas utilities.

NEFI continues to fight against natural gas conversions by opposing regulatory policy that would increase the supply of cheap natural gas in the Northeast. NEFI is closely monitoring and counteracting electric utility efforts to build new natural gas pipelines to the New England area. NEFI is also advocating for increased exportation of natural gas to relieve the current domestic supply glut in order to bring artificially low prices back up to a level where they are more competitive with HO. NEFI is also pushing for more federal regulation for natural gas fracking. A more heavily regulated natural gas industry would drive domestic prices up and production down creating a more competitive market place for heating oil dealers. Finally, NEFI will continue to promote heating oil as a safer and more environmentally friendly choice for residential and commercial users.

2. Leading the Effort to Reduce LIHEAP Paperwork

Estimated Compliance Cost if Policy Finalized: LIHEAP accounts become more costly to maintain.

States are under increasing pressure to collect additional information from LIHEAP recipients in the aftermath of a 2010 General Accounting Office (GAO) report finding 9% of LIHEAP households do not qualify for assistance under the federal program. Due to budget cuts, many state programs are pushing new data collection requirements onto heating oil dealers. The cost of the increased household data collection could make LIHEAP accounts unprofitable for many heating oil dealers. NEFI has alerted the U.S. Department of Health and Human Services (HHS) to this new threat to the LIHEAP program and is working to find a solution to the increasing paperwork burden. NEFI efforts will keep LIHEAP compliance costs down for heating oil dealers.

3. Ensuring Continued Fuel Supply during Emergency Weather Events

Estimated Compliance Cost if Current Policy Not Corrected: Loss of customer accounts due to fuel shortages.

State and federal government emergency response efforts designed to maintain an uninterrupted supply of fuel in the wake of critical weather events is slow and ineffective. State and federal officials do not respond quickly enough to ensure fuel supply availability before and after both anticipated and unexpected weather events. Lack of reliable supply hinders NEFI member's effort to maintain deliveries to residential and commercial accounts and provide fuel for emergency response. NEFI is working with federal emergency authorities to coordinate response efforts with state and local jurisdictions. Specifically, our goal is to make the regulatory waiver process more timely and responsive so heating oil dealers can readily provide heating oil as a substitute for ULSD in a rapid, efficient manner. NEFI also is working to ensure that fuel supplies and costs for residential use are not affected by such waivers. NEFI is also working on emergency response guidelines and procedures for state heating oil associations as a reference in order to achieve a more coordinated federal emergency response that is quick, efficient and proactive and ensures the uninterrupted supply of heating oil, other distillates and gasoline to stricken areas.

4. Defeating Proposal to Require Wet Line Retro Fit for Transports Hauling Combustibles

Estimated Compliance Cost Avoided: \$8,000 to \$10,000 in retro-fit costs for heating oil and diesel transports.

Background: NEFI convinced the U.S. DOT to drop a proposed requirement to retro fit cargo tank vehicles and transport trailers hauling distillates with wet line purge pumps. If finalized as written, the purge pump rule would have cost heating oil dealers between \$8,000 and \$10,000 per vehicle in retro-fit costs. NEFI's efforts led directly to the elimination of provisions that would have imposed the retrofit requirement on cargo tank vehicles and transport trailers hauling diesel fuel and heating oil. The U.S. DOT is continuing to propose the retro fit requirement for cargo tank vehicles and transport trailers hauling flammables under the "1203" hazard classification. NEFI is continuing to fight against this portion of the proposal and is asking DOT to withdraw the rule altogether.

Action: NEFI will oppose retrofit requirement in written comments and through industry stakeholder coalition efforts.