



## Legislative and Regulatory Action Center

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### 2013 National Public Policy Agenda

The New England Fuel Institute (NEFI) continues to be a strong voice and fierce advocate for its mostly small business member-dealers. NEFI remains committed to advancing the national public policy goals of the heating oil industry in the region and in Washington, DC. This public policy agenda, which is approved annually by NEFI's Board of Directors, is meant to provide a comprehensive yet flexible framework for our legislative and regulatory efforts and to communicate the industry's interests to lawmakers, regulators and the general public. It prioritizes those issues that most dramatically affect our members, with the ultimate goal of preserving a strong, vibrant and competitive marketplace for years to come.

#### ***An "All-of-the-Above" Approach to American Energy***

The once unfathomable dream of North American energy freedom is within reach. Thanks to new oil exploration and recovery technologies, progress in the areas of energy conservation and efficiency, and ongoing investments in alternatives such as biodiesel, experts believe we have the potential to be completely energy independent within a decade. But more must be done to unleash the full potential of American-made energy and bring stable and affordable energy to consumers. In writing energy policy, we urge federal and state officials to:

- **Maximize Domestic Energy Production.** The good news is that America is producing more oil today than at any point in the last 15 years. Yet, most of these gains are the result of shale oil and tight oil production on private land. To realize our full potential, Congress and the administration must remove barriers to energy production on public lands and waterways. Policymakers must also lift restrictions on sea-borne vessels and permit the construction of new pipelines necessary to transport low-cost North American crude oil to refineries and on to U.S. consumers. NEFI therefore continues to urge the immediate approval of the long-delayed TransCanada Keystone XL pipeline.
- **Invest in Energy Efficiency, Conservation and Renewables.** Our industry continues to be a leader in energy efficiency and conservation. Average per-home heating oil use has dropped by more than 40 percent in recent decades. We are now embracing a low-sulfur (15ppm) and, as a result, cleaner-burning fuel that will reduce carbon emissions, improve system performance, and allow the introduction of ultra-efficient heating technologies and provide even greater consumer savings. Furthermore, blending renewable fuels into heating oil could displace over 800 million gallons per year of petroleum. Overall emissions from this low-sulfur, bio-blended and more efficient fuel rival those of natural gas. In order to make further gains, Congress should renew the National Oilheat Research Alliance (NORA) program, strengthen tax incentives for the installation of efficient home heating appliances and preserve the biodiesel tax credit and Renewable Fuel Standard (RFS).
- **Promote Fairness & Competition.** The home heating oil industry employs more than 150,000 people nationwide and represents billions of dollars in economic activity and investments in a cutting-edge fuel delivery infrastructure that is ready to bring the heating fuel of tomorrow to American homes *today*. Therefore, state and federal governments need to embrace policies that promote an "all-of-the-above" approach to energy and that encourage market competition and consumer choice. Government policies should work for all industries- *not against any one*. America's home heating oil providers, mostly small family-owned business, are the backbone of many local communities. Government policies that chose one fuel over another can hurt this segment of the economy and jeopardize our nation's energy security,

#### ***Promoting Market Stability & Confidence***

Beyond investing in the extraordinary potential of American energy in a way that is fair and comprehensive, we must also bring renewed stability and confidence to the energy markets. Recent economic upheaval, unwarranted volatility in the commodity futures markets and partisan gridlock in Washington have taken their toll on our members and consumers. There are several things that Congress and the President must do to bring meaningful relief to energy consumers:

- **Implement Dodd-Frank.** After years of delay, regulators must implement and enforce Dodd-Frank Act reforms designed to bring renewed transparency and oversight to the futures and swaps markets and prevent fraud, manipulation, and excessive speculation from continuing to distort prices and harm businesses, consumers and broader economy. Congress must also provide the funds necessary to accomplish these goals,
- **Protect Hedgers.** The MF Global crisis of 2011 harmed several NEFI members, It must not happen again. Therefore, we encourage the Congress and regulators to strengthen consumer protections, including the expansion of bankruptcy protections to commodity hedgers by creating a new federal insurance program modeled after programs that already exist for securities investors and commercial bank depositors.

- **Stop Printing Money.** The Federal Reserve must put the brakes on “quantitative easing” and other monetary policies that have been proven to drive inflation and artificial increases in the price of commodities, including crude oil, gasoline and diesel fuel.
- **Fund LIHEAP.** Congress must fully fund the Low Income Home Energy Assistance Program (LIHEAP). Fuel assistance cuts harm the neediest Americans, including military families, veterans and the elderly and encourage state governments to consider higher taxes and fees on already struggling businesses in an effort to close the potential funding gap.

### **Regulatory Relief for Small Energy Providers**

NEFI encourages smart, effective and responsible regulations that are sensitive to the needs of consumers and small businesses and that encourage innovation, a competitive market and overall economic security. However, unnecessary, duplicative or costly regulations stifle growth and competitiveness of the small business home heating industry and have a negative impact on employees, consumers and local economies. We are ready to respond to our members’ needs in this regard.

**Compliance Assistance** - NEFI will continue to provide timely regulatory guidance to its member in an effort to reduce costs and avoid fines for fees associated with non-compliance. This includes regulatory compliance kits, bulletins, updates on newly proposed or existing federal regulations and direct member access to NEFI regulatory compliance experts. NEFI webinars and other educational offerings will help the industry to fully understand and comply with the rules and regulations for an effective and efficiency operation.

**Regulatory Advocacy** - As the Obama administration and regulators throughout the region consider new proposals that affect our industry, NEFI stands ready to voice the concerns of our members loud and clear. Some specific regulatory issues are already on the move and we are fully engaged. This includes:

- **Measures to Increase Supply and Decrease Disruptions.** Of the 6.9 million homes in the U.S. the use home heating oil, 80 percent reside in the Northeast – making this region especially vulnerable to supply disruptions. Distillate supply to this region must be plentiful at all times and free of disruptions and bottlenecks that cause prices to increase and limit the market competitiveness and viability of heating oil. NEFI will press the administration to restore the one million barrels cut in capacity of the Northeast Home Heating Oil Reserve and ensure that emergency draw downs during the winter heating season do not negatively impact residential home heating. NEFI is also working to ensure that federal agencies adopt coordinated disaster relief procedures designed to maintain supply during emergency events by waiver of state and federal regulations that act as barriers to distribution of available supply.
- **Fighting Natural Gas Conversion Policies.** NEFI members are experiencing a wave of conversions from heating oil to natural gas. NEFI will work to help stem such conversions by ensuring that federal and state regulations do not provide a competitive advantage to the natural gas industry, or any one industry. NEFI will oppose any federal funding through the Department of Energy and other agencies that incentivize conversions to natural gas. Current federal policies artificially depress natural gas prices. NEFI will seek to reduce these anti-competitive price advantages by removing federal barriers to natural gas exports and increasing regulatory oversight of natural gas extraction from shale formations.
- **Reducing Regulatory Burden.** Escalating compliance costs imposed by federal regulations is an increasing burden on America’s mostly small business home heating oil dealers. To reduce these burdens, NEFI will continue to educate federal regulators on the difference between “big oil” and small energy distributors operating downstream of the refineries. NEFI will oppose one-size-fits-all regulations that unfairly impose the same compliance burdens on both large producers and small energy distributors. NEFI will continue to pursue regulatory relief to reduce overall compliance costs. NEFI will accomplish this by continuing to advocate for lower regulatory fees on small business, the adoption of cost-reducing alternative methods of compliance, reduction of federal paper work and reporting requirements and an increase in regulatory exemptions for small businesses.

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