



Legislative and Regulatory Action Center

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2012 Legislative & Regulatory Accomplishments

The 112th Congress was one of the least productive in history thanks to partisan politics and legislative gridlock. With the Senate controlled by Democrats and the House of Representatives by a new breed of small government “Tea Party” Republicans, the two parties and the Obama Administration agreed on very little and it was a struggle for lawmakers to reach bipartisan agreement on even the most uncontroversial legislation. This presented a challenge for all Washington-based trade associations and non-profits with agendas important to their membership, including NEFI. Despite this, in the last two years NEFI was hard at work, educating lawmakers and policy makers on industry issues and reading thousands of pages of pending legislation, rules and regulations for issues of interest to its membership.

Legislative Initiatives - 112th Congress (2011-2012)

- ✓ **Educated Lawmakers on the Oilheat Industry** – NEFI professional staff participated in over 100 meetings with members of Congress and/or their staff to educate them on the many challenges facing the home heating oil industry and its consumers, and to urge support for industry legislative priorities.
- ✓ **Organized Industry-wide Grassroots Actions** – NEFI spearheaded high-profile letter-writing campaigns on top issues including energy prices, NORA reauthorization, energy production, the Keystone XL pipeline and LIHEAP funding. As a result of these efforts, NEFI members and supporters sent 2,400 letters to members of the 112th Congress. NEFI also participated in PMAA’s “Day on the Hill” events and sponsored the National LIHEAP Action Day.
- ✓ **Pushed for Affordable, American-made Energy** – Due to massive oil finds and new drilling technologies, experts believe the U.S. will be 100% energy independent within ten years. Federal policy must help bring about – not obstruct – this new American energy renaissance. NEFI has remained a vocal advocate for American-made energy. As an active member of the Consumer Energy Alliance, NEFI has pressed for expanded access to U.S. oil reserves and minimal tax and regulatory burdens on producers, refiners, transporters and marketers.
- ✓ **Supported Energy Infrastructure** - NEFI was a strong advocate for the Keystone XL pipeline, which would create thousands of new American jobs and transport some 700,000 barrels per day of North American crude oil to the U.S. market. As a result of overwhelming public support, President Obama is expected to approve the pipeline’s construction sometime in the coming year.

- ✓ **Blocked Anti-Oilheat Legislation** – NEFI spoke out against legislation that would have encouraged heating oil customers to convert to natural gas or wood pellets (biomass). NEFI also opposed calls for legislation to create a national “Low Carbon Fuel Standard” (LCFS), a “Cap & Trade”-like program for liquid fuels that would have driven up prices for gasoline, diesel fuel and home heating oil. All of this legislation died in the 112th Congress.
- ✓ **Supported NORA Reauthorization** – NEFI was a national partner in the effort to renew the National Oilheat Research Alliance (NORA), which expired on Feb. 6, 2010. NEFI helped to recruit nearly 100 bipartisan co-sponsors and led the grassroots effort that included the publishing of the advocacy website www.SupportNORA.org. NORA legislation stalled in the 112th Congress due to opposition from now-retired Senate Energy Committee Chairman Jeff Bingaman (D-NM). Incoming Chairman Ron Wyden (D-WA) is supportive of NORA’s mission and conditions seem favorable for passage in the new Congress.
- ✓ **Supported Greater Energy Efficiency** – NEFI helped draft the bipartisan “Home Energy Savings Act,” which would double the existing tax credit for the installation of energy efficient appliances from \$500 to \$1,000, eliminate the current \$150 limit on heating appliances and greatly expand eligibility for oilheat systems. Congress opted to temporarily extend the current (and inadequate) credit through 2013. NEFI will support the reintroduction of the Home Energy Savings Act in the new Congress and continue to press for these changes.
- ✓ **Introduced Low Sulfur Heating Oil Legislation** – NEFI helped draft federal legislation to require ultra-low sulfur (15ppm) heating oil nationwide by June 1, 2016. It would replace the patchwork of mandates that current exist or that have been proposed at the state level by creating a single uniform fuel specification. It would also improve heating system efficiency and make oilheat more environmentally secure. NEFI is currently working with lawmakers to reintroduce this important legislation in the 113th Congress.
- ✓ **Renewed the Biodiesel Tax Credit** - Working with the biodiesel industry and our national partner PMAA, NEFI helped secure passage of a retroactive extension through 2013 for the \$1 per gallon biodiesel blenders’ tax credit. It is likely that the 113th Congress will resume debate over biofuel tax credit and may consider a comprehensive overhaul of federal biofuel blending mandates in the EPA’s Renewable Fuel Standard (RFS). NEFI will remain engaged in these issues given the growing importance of biodiesel to the home heating oil industry.
- ✓ **Fought for Tax Relief** – NEFI supported national efforts that successfully repealed expanded tax reporting requirements that would have required the filing of a 1099-MISC form for each and every transaction for goods and services provided by a vendor that is greater than \$600. NEFI also helped to repeal a new requirement that federal, state and local governments withhold three percent (3%) of payments to government contractors effective January 1, 2013. These requirements would have been very costly for many NEFI members.
- ✓ **Raising Truck Weight Limits** – NEFI partnered with other industry groups and transportation safety advocates to successfully pass legislation that renewed for twenty years a program allowing trucks of up to 100,000 lbs. to travel on inter-

state highways in Vermont and Maine. This will increase transportation efficiency and road safety and relieve congestion in small communities.

- ✓ **Delayed Costly Wetline Retrofits** - NEFI supported efforts that successfully enacted legislation to block for two years a U.S. Department of Transportation proposal that would have imposed an arbitrary mandate that wetlines on transport trailers be retrofitted with purge pumps that remove product from external pipeline after each delivery (cost estimates range between \$8,000 and \$10,000 per transport). Regulators must now conduct a comprehensive study and cost-benefit analysis before finalizing a rule.
- ✓ **Defended Futures Trading Reforms** – NEFI continued its leadership of a broad national coalition that includes transportation, manufacturing, agricultural and consumer groups. NEFI and its allies successfully defeated over a dozen Wall Street-backed bills that would have weakened, delayed or repealed new derivatives (futures & swaps) market trading reforms or that would have dramatically cut federal funding necessary to implement and enforce them.
- ✓ **Urged Greater Protections for Energy Hedgers** - Following the bankruptcy of commodity broker MF Global and the subsequent freezing of its assets, NEFI worked with affected heating oil companies to reestablish hedging positions and to unfreeze accounts. NEFI also successfully pressed regulators to expand existing rules for brokers and is working with lawmakers on new legislation that would extend federal bankruptcy protections to commodity hedgers.
- ✓ **Fought to Maintain Fuel Assistance Funding** – NEFI efforts helped defeat dramatic cuts to federal LIHEAP funding proposed by the Obama administration. NEFI also opposed funding cuts to weatherization assistance and state energy programs. Not only would the neediest Americans be harmed by these cuts (including military families, veterans and the elderly) but it would also put added strain on state budgets and may lead to higher taxes and fees on already struggling businesses as state governments close the potential funding gap.

Regulatory Initiatives – 2012 Year in Review

- ✓ **Commodity Trading Reform** – NEFI professional staff met frequently with regulators at the Commodity Futures Trading Commission (CFTC) to press for stronger limits on commodity speculation, transparency requirements and protections for commodity hedgers. Two and a half years after the Dodd-Frank Act was signed into law, many new commodity trading reforms are delayed but expected to be phased-in during 2013. NEFI will continue its efforts and will support the CFTC as it appeals a recent court ruling vacating speculation limits.
- ✓ **Fighting New Underground Storage Tank Requirements** – NEFI is working with PMAA and other stakeholders fighting new UST regulations that would impose \$6,100 per year in new compliance costs on petroleum marketers with UST systems. The proposed rule would impose new walkthrough inspections and integrity testing of secondarily contained equipments including pipes, dispensers and sump areas. NEFI has been meeting with EPA staff, writing comments and enlisting the help of the Small Business Administration to help

rollback these onerous regulations in favor of a more balanced and flexible approach with lower annual compliance costs.

- ✓ **Defeated Proposal to Eliminate 1993 Combustible Classification** – NEFI successfully beat back a proposal by the U.S. DOT to eliminate the “1993 combustible” hazardous material classification. Under the rule, heating oil dealers would be forced to reclassify distillates as “1203 flammable” and retire from service non specification cargo tanks and transports. The change would have cost heating oil dealers thousands in new compliance costs. NEFI played a key role in the withdrawal effort by writing comments on the proposal, meeting with DOT officials in Washington, D.C. and presenting supporting information demonstrating the need and value of maintaining the 1993 combustible classification. As a result of NEFI efforts, the DOT agreed the cost of the rule would be too high, and withdrew the proposed rule in May.
- ✓ **Working to Prevent New LIHEAP Paperwork** – NEFI is meeting with Department of Health and Human Services (HHS) to prevent new red tape that would significantly increase the amount of paperwork heating oil dealers must submit for LIHEAP reimbursement. The HHS is requiring more accountability in the LIHEAP program due to recent reports of fraud. Specifically, HHS is requiring states to audit recipient claim information more closely for LIHEAP eligibility. NEFI is working with HHS to ensure that the new audit requirements do not add to the already significant paperwork burden on heating oil dealers who participate in LIHEAP. NEFI is making it clear to HHS that heating oil dealer margins on LIHEAP reimbursements are already too lean and the added administrative burden of new paperwork could lead to many heating oil dealers dropping out of the program altogether.
- ✓ **Creating Streamlined Fuel Waiver Process During Storm Emergencies** - The state and federal government’s emergency response efforts with respect to fuel distribution in the wake of hurricane Sandy was slow and uncoordinated. The federal government did not act quickly enough to ensure through regulatory waivers that sufficient supply of fuel was available for emergency generators in the run-up to Hurricane Sandy or for emergency response efforts for afflicted areas after the storm. NEFI is working closely with FEMA, the EPA, U.S DOT, IRS, state emergency authorities and state association executives to streamline and coordinate the fuel waiver process and enable the agencies to be more proactive during the next weather-related emergency. Of particular concern is the need for proactive measures to ensure emergency generators can be filled with higher sulfur heating oil in place of ULSD in the run-up to a large storm event. Waivers allowing heating oil to be used on-road in emergency equipment are also vital to relief efforts.