



Fuel Dealers Challenge Energy Proposals

By Ed Burke, Dennis K. Burke Inc.

RECENTLY ANNOUNCED PROPOSALS TO revamp state energy policies are not sitting well with everyone. A few of the Northeast states are pushing plans that would spend lots of tax dollars for natural gas companies to expand pipelines.

Understandably, local heating oil and propane dealers feel they're being treated unfairly. At issue, government's role here is not to pick winners and losers.

MAINE PICKS FAVORITES

Maine Gov. Paul LePage has announced his plans to fast-track natural gas throughout the state. Referencing Maine's high energy prices, specifically electric, he noted that "Maine has picked favorites" before.

About 25 years ago, Maine began requiring electric utilities to buy non-oil generated electric at higher prices. Lawmakers predicted that oil prices would quickly reach \$200 a barrel and never come down. As it turned out, heating oil was the better value for most of those years, and unfortunately, consumers ended up with higher electricity rates.

Today, natural gas has the price advantage. Their price has increased over 70 percent in the past year but is still low compared to heating oil.

OIL AND PROPANE'S POSITION

Average homes using heating oil have reduced consumption by 40 percent in recent decades. Our industry is moving to a cleaner, low-sulfur fuel needed for the introduction of new ultra-efficient technologies. Many oil dealers have also

embraced Bioheat®, reducing overall emissions to rival those of natural gas.

If we're just talking about price, propane tracks closely with natural gas and is competitively priced. If it weren't for the local propane marketer's infrastructure (truck, tanks, and rail facilities), propane could be as "cheap" as natural gas.

So, why should the people of Maine be subsidizing pipelines to extend where the owners of the natural gas utilities won't go?

It's a poor return on investment for the natural gas companies to open markets in rural areas with their own profits. Maine's 8,000-plus employees in the oil and propane business have reliably delivered high value products and services throughout "all of Maine" without government subsidies. These small businesses have provided decades of employment and support in their communities.

Additionally, LNG is already available for anchor loads in Maine. The paper mills can truck in LNG at a fraction of the cost of building new pipelines. It is slightly more expensive, but it's market driven and doesn't require government support.

As for subsidizing natural gas pipelines, take me back to the good old days, when "fast-track" meant that the government was going to cut some of the red tape for a project, not pay for it.

CONNECTICUT'S ENERGY VISION

Connecticut Gov. Dannel P. Malloy has announced a proposal that would convert hundreds of thousands of heating oil and propane customers to natural gas.

The proposal has an estimated cost of \$6.8 billion, and no one has any idea how it will be paid for.

Representing more than 13,000 workers in Connecticut's heating oil industry, business owners met with legislators to discuss the proposal's impacts. Talking with local fuel dealers, the speaker of the house made it clear that he does not "support picking winners and losers" and doubted that the legislature would approve an energy plan that "uses taxpayer dollars" to expand natural gas lines throughout Connecticut. The speaker also spoke about how oil dealers need to embrace change, diversify, and position themselves to become energy advisers. An energy bill is expected sometime this month.

VERMONT'S HEAT TAX

A proposal that would impose a Heat Tax to convince Vermonters to use less heating fuel has received a cold reception. In a report released to state lawmakers, the Thermal Efficiency Task Force finalized their recommendations.

Currently, Vermonters pay a one-half cent tax on heating fuel to help fund the state's weatherization program. The task force is asking for more than \$276 million to weatherize 80,000 Vermont homes over the next seven years.

The report suggests that homeowners either pay a Carbon Tax (10-cent per gallon on heating oil, 5-cents on propane); a BTU tax (12-cent per gallon on heating oil, 8-cents on propane); or a heating oil sales tax, which adds more than 20-cents per gallon.

Thankfully, the Heat Tax has been shelved for now. Like most lawmakers, the governor said he embraces the goals of the Thermal Efficiency Program, but not the tax.

Thermal Efficiency Program legislation is expected to take shape this month. Honestly, does anyone believe that a hefty tax on heating fuel will drive down usage?

These are just a few of the state proposals challenging our industry. Federal mandates and regulations continue to diminish our position in the marketplace, while countless taxpayer dollars are spent on technologies like wind and solar with little or no results.

Almost everyone agrees that we need energy policies with an "all of the above" approach. More to the point, we need policies that are fair, don't limit customer choice, and don't pick one energy source over another. ☒

