SENATE DOCKET, NO. FILED ON: 1/9/2009

**SENATE . . . . . . . . . . . . . . . No.**

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The Commonwealth of Massachusetts

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PRESENTED BY:

**Morrissey, Michael (SEN)**

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General
 Court assembled:*

 The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act establishing the oilheat energy efficiency program.

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PETITION OF:

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| --- | --- |
| Name: | District/Address: |
| Morrissey, Michael (SEN) | Norfolk and Plymouth |

The Commonwealth of Massachusetts

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**In the Year Two Thousand and Nine**

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An Act establishing the oilheat energy efficiency program.

 *Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

 SECTION 1. Chapter 25 of the General Laws is hereby amended by adding after section 19 the following new section:-

Section 19A: (1) An assessment of $.005 cents (one half cent) per gallon shall be imposed on all gallons of oil heat fuel sold in Massachusetts in order to establish the Oil Heat Energy Efficiency Program. The assessment shall be collected at the point of sale of oil heat fuel by a wholesale distributor to a person other than a wholesale distributor, including a sale made pursuant to an exchange. A wholesale distributor shall be responsible for payment of the assessment to the Commonwealth on a quarterly basis; and shall provide to the Commonwealth certification of the volume of fuel sold.

No. 1 distillate and No. 2 dyed distillate fuel sold for uses other than as oil heat fuel are excluded from the assessment. Distillate fuel used by vessels, railroad, utilities, farmers and the military are exempt from the assessment.

Such funds shall be deposited by the commissioner of administration and finance in a separate interest bearing account with the state treasurer under section 4F of chapter 7, and this account shall be known as the Oil Heat Energy Efficiency Trust. The Trust shall be expended by the commissioner for the sole purpose of providing financial incentives for a residential demand-side management program that improves energy efficiency and reduces oil consumption in single and multi-family residential homes heated by oil including the replacement of older, inefficient oil heating systems and any necessary oil heat storage tank replacement or integrated hot water system installation; insulation; storm windows; and blower door air sealing services. Such oil heating systems replaced shall be at least 20 years old or operate at less than 80 per cent combustion efficiency or be determined inoperable and shall be replaced with a new oil heating system. The commissioner shall expend these funds at the direction of the secretary of executive office of energy and the environment which shall designate the commissioner of the department of energy resources as the program administrator to deliver these services in a cost effective manner that is coordinated with other energy efficiency programs.

At least 20 per cent of the funds collected shall be spent on comprehensive low-income residential oil heat demand-side management and education programs.  The secretary shall designate that these programs be administered in conjunction with the low income weatherization funds administered by the department of housing and community development and delivered through the Heating Energy Assistance Task Weatherization Program and Low Income Home Energy Assistance Program pursuant to the qualification guidelines outlined by said programs.

(2) To implement this section the department of energy resources is hereby directed and authorized to enter into contracts with appropriate organizations, selected through a competitive procurement process, to deliver and operate, in a cost-effective manner, the Oil Heat Energy Efficiency Program to be provided by retail home heating oil dealers and other business entities, organizations and agencies with qualified technical personnel includingoil heat technicians in good standing with the Commonwealth in possession of a certificate of competency as defined by Code of Massachusetts Regulation (CMR) 527 CMR 4.00.

The financial incentives used in said program may be a combination of low or zero interest loans or direct subsidies. The department of energy resources shall solicit input from the oil heat industry, banking and lending institutions, and environmental, consumer, and low income advocacy groups on the development of the regulations implementing this section and delivery of all program services.

The department of energy resources shall issue regulations implementing this section within 3 months of enactment of this section and shall enter into contracts within 6 months after such regulations have been made final.

(3) For the purposes of this section, the following terms shall have the following meanings:

“Fuel oil industry” or “oil heat industry”, persons in the production, transportation, or sale of oilheat fuel; and persons engaged in the manufacture or distribution of oil heat fuel utilization equipment; provided that “fuel oil industry” or “oil heat industry” shall not include ultimate consumers of oil heat fuel.

“No. 1 distillate”, fuel oil classified as No. 1 distillate by the American Society for Testing and Materials (ASTM).

“No. 2 dyed distillate”, fuel oil classified as No. 2 distillate by the American Society for Testing and Materials (ASTM) that is indelibly dyed in accordance with regulations prescribed by the Secretary of the Treasury under section 4082(a) (2) of the Internal Revenue Code of 1986.

“Oil heat fuel”, No.1 distillate and No.2 dyed distillate that is used as a fuel for non- industrial commercial or residential space or hot water heating.

 “Retail marketer”, a person engaged primarily in the sale of oil heat fuel to ultimate consumers.

“Wholesale distributor”, a person or business entity that produces No. 1 distillate or No. 2 dyed distillate; imports No. 1 distillate or No. 2 dyed distillate; or transports No. 1 distillate or No. 2 dyed distillate across state boundaries or among local marketing areas; and sells the products to another person that does not produce, import, or transport No. 1 distillate or No. 2 dyed distillate across state boundaries or among local marketing areas.