

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Matthew C. Patrick

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 to Establish the Oil Heat Energy Efficiency Program.

PETITION OF:

NAME:

Matthew C. Patrick

DISTRICT/ADDRESS:

3rd Barnstable

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT TO ESTABLISH THE OIL HEAT 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:

1 Chapter 25A of Massachusetts General Laws (M.G.L.) is hereby amended by adding after **Section 11G**
2 the following section:

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4 **Section 11H: (1)** An assessment of \$.005 cents (one half cent) per gallon shall be imposed on all gallons
5 of oil heat fuel sold in Massachusetts in order to establish the Oil Heat Energy Efficiency Program. The
6 assessment shall be collected at the point of sale of oil heat fuel by a wholesale distributor to a person
7 other than a wholesale distributor, including a sale made pursuant to an exchange. A wholesale
8 distributor shall be responsible for payment of the assessment to the Commonwealth on a quarterly
9 basis; and shall provide to the Commonwealth certification of the volume of fuel sold.

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

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14 Such funds shall be deposited by the commissioner of administration and finance in a separate interest
15 bearing account with the state treasurer pursuant to M.G.L. Chapter 7 section 4F, and this account shall
16 be known as the Oil Heat Energy Efficiency Trust. The Trust shall be expended by the commissioner for
17 the sole purpose of providing financial incentives for a residential demand-side management program
18 that improves energy efficiency and reduces oil consumption in single and multi-family residential
19 homes heated by oil including the replacement of older, inefficient oil heating systems and any
20 necessary oil heat storage tank replacement or integrated hot water system installation; insulation;
21 storm windows; and blower door air sealing services. Such oil heating systems replaced shall be at least

22 20 years old or operate at less than 80% combustion efficiency and shall be replaced with a new oil
23 heating system. The commissioner shall expend these funds at the direction of the Secretary of
24 Executive Office of Energy and the Environment (EOE&E) which shall designate the commissioner of the
25 Division of Energy Resources (DOER) as the program administrator to deliver these services in a cost
26 effective manner that is coordinated with other energy efficiency programs.

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28 At least 20 % of the funds collected shall be spent on comprehensive low-income residential oil heat
29 demand-side management and education programs. The Secretary shall designate that these programs
30 be administered in conjunction with the low income weatherization funds administered by the
31 Department of Housing and Community Development (DHCD) and delivered through the Heating Energy
32 Assistance Task Weatherization Program (HEARTWAP) and Low Income Home Energy Assistance
33 Program (LIHEAP) pursuant to the qualification guidelines outlined by said programs.

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41 (2) To implement Section 11H (1) the DOER is hereby directed and authorized to enter into a contract
42 with an appropriate organization or organizations, selected through a competitive procurement process,
43 to deliver and operate, in a cost-effective manner, the Oil Heat Energy Efficiency Program to be provided
44 by retail home heating oil dealers and other business entities with qualified technical personnel
45 including oil heat technicians in good standing with the Commonwealth in possession of a certificate of
46 competency as defined by Code of Massachusetts Regulation (CMR) 527 CMR 4.00.

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48 The financial incentives used in said program can be a combination of low or zero interest loans or direct
49 subsidies. The DOER shall solicit input from the oil heat industry, banking and lending institutions, and
50 low income advocacy groups on the development of the regulations implementing this section and
51 delivery of all program services.

52 The DOER shall issue regulations implementing this section within three months of enactment of this
53 section and shall enter into a contract with an appropriate organization within 6 months after such
54 regulations have been made final.

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56 **Section (TBA): Definitions:**

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58 The term “oil heat fuel” means No.1 distillate and No.2 dyed distillate that is used as a fuel for non-
59 industrial commercial or residential space or hot water heating.

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61 The term “No. 1 distillate” means fuel oil classified as No. 1 distillate by the American Society for Testing
62 and Materials (ASTM).

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

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68 The terms “fuel oil industry or oil heat industry” mean persons in the production, transportation, or sale
69 of oilheat fuel; and persons engaged in the manufacture or distribution of oil heat fuel utilization
70 equipment.

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72 Exclusion- The terms “fuel oil industry” and “oil heat industry” do not include ultimate consumers of oil
73 heat fuel.

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75 Retail Marketer- The term “retail marketer” means a person engaged primarily in the sale of oil heat fuel
76 to ultimate consumers.

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78 The term “wholesale distributor or” means a person or business entity that produces No. 1 distillate or
79 No. 2 dyed distillate; imports No. 1 distillate or No. 2 dyed distillate; or transports No. 1 distillate or No.
80 2 dyed distillate across state boundaries or among local marketing areas; and sells the products to
81 another person that does not produce, import, or transport No. 1 distillate or No. 2 dyed distillate across
82 state boundaries or among local marketing areas.

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