FUEL NEUTRAL POLICIES

BACKGROUND

Unfair policies that favor one fuel over another, “fuel switching,” are threatening thousands of home heating oil businesses and may ultimately harm consumers. Policy makers fail to acknowledge recent technological advances in heating oil efficiency. New high efficient oilheat equipment combined with the near elimination of sulfur content and BioHeat® makes heating oil cheaper, more efficient, safer and cleaner than natural gas. Unlike electric and natural gas utilities, oilheat infrastructure was developed without taxpayer or ratepayer money and none is needed to maintain it. Incentivizing oilheat customers to make costly conversions to natural gas and other fuels is not fair and is unlikely to result in lower heating costs or emissions. Additionally, Congress should be treating both oil and natural gas pipelines fairly but recent legislation favors natural gas over oil.

PRESIDENT’S LIHEAP BUDGET AND “FUEL SWITCHING”

Last year, PMAA was concerned with language in the President’s 2016 Low Income Home Energy Assistance Program (LIHEAP) budget which required states to spend at least 10 percent (and up to 40 percent) of their LIHEAP formula and another $200 million in merit-based grants in support of programs that encourage “fuel switching.” Fortunately, the President’s fuel switching request wasn’t included in the omnibus spending package that provided $3.39 billion.

However, now that Obama is near the end of his term and with a plan that has zero chance of passing Congress, the President included a $10.25 tax on every barrel of oil in his 2017 budget request which would pay for billions in investment on his green transportation projects. The tax would include a 15-percent set-aside for aid to low-income families whose heating bills would increase because of the resulting increase in fuel prices. Heating oil also would see a temporary exemption from the tax in an effort to minimize in the short term its impact on lower-income households. In addition, the set-aside could be used for switching from home heating oil to natural gas.

President Obama’s fuel switching proposal is short sided especially because the Administration fails to acknowledge the recent advancements made by the heating oil industry which is now cleaner and cheaper than natural gas.

THE NORTH AMERICAN ENERGY SECURITY AND INFRASTRUCTURE ACT (H.R. 8)

Last December, the House passed the “North American Energy Security and Infrastructure Act” (H.R. 8) which concerns PMAA because it is not fuel neutral since it would expedite interstate natural gas pipeline approvals at the Federal Energy Regulatory Commission (FERC) and does nothing to expedite oil pipelines. Rather than deregulate the natural gas pipeline permitting process, Congress should require that regulators and gas companies

May 2016
increase system efficiency by requiring that the thousands of miles of existing natural gas pipelines that are aging or obsolete be repaired or replaced.

THE ENERGY POLICY MODERNIZATION ACT OF 2015 (S. 2012)

In April, the Senate passed S. 2012, the “Energy Policy Modernization Act of 2015,” which would require the Department of Energy (DOE) to approve or deny the use and operation of an LNG export facility no later than 45 days after an environmental review conducted by the Federal Energy Regulatory Commission (FERC). It would also require the DOE to gather and distribute data on the destinations of LNG exports. Fortunately, the Senate bill does not include language expediting interstate natural gas pipeline approvals.

“THE ASK”

Despite passage of the North American Energy Security and Infrastructure Act (H.R. 8) in the House, PMAA urges lawmakers to oppose inclusion of the natural gas pipeline language in a final energy conference report. PMAA also urges Congress to work with heating oil customers to make simple, cost effective upgrades that are fuel neutral and to oppose the President’s tax increase proposal on barrels of oil in his 2017 budget request.

PMAA STAFF CONTACT: Sherri Stone, sstone@pmaa.org
Bradley Norman, bnorman@pmaa.org

May 2016