

HOUSE No. 3099

The Commonwealth of Massachusetts

In the Year Two Thousand 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
2 after Section 11G the following section:

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

13 Such funds shall be deposited by the commissioner of administration and finance in a
14 separate interest bearing account with the state treasurer pursuant to M.G.L. Chapter 7 section
15 4F, and this account shall be known as the Oil Heat Energy Efficiency Trust. The Trust shall be
16 expended by the commissioner for the sole purpose of providing financial incentives for a
17 residential demand-side management program that improves energy efficiency and reduces oil
18 consumption in single and multi-family residential homes heated by oil including the
19 replacement of older, inefficient oil heating systems and any necessary oil heat storage tank
20 replacement or integrated hot water system installation; insulation; storm windows; and blower
21 door air sealing services. Such oil heating systems replaced shall be at least 20 years old or
22 operate at less than 80% combustion efficiency and shall be replaced with a new oil heating
23 system. The commissioner shall expend these funds at the direction of the Secretary of Executive
24 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
26 cost effective manner that is coordinated with other energy efficiency programs.

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

34 (2) To implement Section 11H (1) the DOER is hereby directed and authorized to enter
35 into a contract with an appropriate organization or organizations, selected through a competitive

36 procurement process, to deliver and operate, in a cost-effective manner, the Oil Heat Energy
37 Efficiency Program to be provided by retail home heating oil dealers and other business entities
38 with qualified technical personnel including oil heat technicians in good standing with the
39 Commonwealth in possession of a certificate of competency as defined by Code of
40 Massachusetts Regulation (CMR) 527 CMR 4.00.

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

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

48 Section (TBA): Definitions:

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

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

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

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

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

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

64 The term “wholesale distributor or” means a person or business entity that produces No.
65 1 distillate or No. 2 dyed distillate; imports No. 1 distillate or No. 2 dyed distillate; or transports
66 No. 1 distillate or No. 2 dyed distillate across state boundaries or among local marketing areas;
67 and sells the products to another person that does not produce, import, or transport No. 1
68 distillate or No. 2 dyed distillate across state boundaries or among local marketing areas.