

SENATE No. 1520

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

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:

1 SECTION 1. Chapter 25 of the General Laws is hereby amended by adding after section
2 19 the following new section:-

3 Section 19A: (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 under section 4F of chapter 7, and this
15 account shall be known as the Oil Heat Energy Efficiency Trust. The Trust shall be expended by
16 the commissioner for the sole purpose of providing financial incentives for a residential demand-
17 side management program that improves energy efficiency and reduces oil consumption in single
18 and multi-family residential homes heated by oil including the replacement of older, inefficient
19 oil heating systems and any necessary oil heat storage tank replacement or integrated hot water
20 system installation; insulation; storm windows; and blower door air sealing services. Such oil
21 heating systems replaced shall be at least 20 years old or operate at less than 80 per cent
22 combustion efficiency or be determined inoperable 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 which shall designate the commissioner of the department
25 of energy resources as the program administrator to deliver these services in a cost effective
26 manner that is coordinated with other energy efficiency programs.

27 At least 20 per cent 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 and delivered through the Heating Energy Assistance Task Weatherization Program and Low
32 Income Home Energy Assistance Program pursuant to the qualification guidelines outlined by
33 said programs.

34 (2) To implement this section the department of energy resources is hereby directed and
35 authorized to enter into contracts with appropriate 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 organizations and agencies with qualified technical personnel including oil heat technicians in
39 good standing with the Commonwealth in possession of a certificate of competency as defined
40 by Code of Massachusetts Regulation (CMR) 527 CMR 4.00.

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

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

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

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

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

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

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

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

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